

# SUSTAINABLE FUTURE



ANNUAL REPORT 2018



**PROPERTY  
DEVELOPMENT  
& INVESTMENT**  
A Member of Central Group

# Central Pattana Public Company Limited

<b>Location</b>	10 <sup>th</sup> , 30 <sup>th</sup> – 34 <sup>th</sup> Floor, The Offices at CentralWorld, 999/9 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand
<b>Telephone</b>	+ 66 (0) 2667 5555
<b>Corporate Website</b>	<a href="http://www.cpn.co.th">www.cpn.co.th</a>
<b>Registration No</b>	0107537002443
<b>Year of Establishment</b>	1980
<b>Business Overview</b>	Develop and invest in retail property for rent comprising large-scale shopping complexes and other related and supportive businesses, such as office buildings, hotels, residential development and food court. In addition, the Company invests in and is the property manager of CPN Commercial Growth Leasehold Property Fund (CPNCG) and CPN Retail Growth Leasehold REIT (CPNREIT).
<b>Securities Information</b>	Common shares of Central Pattana Plc. were listed and traded on the Stock Exchange of Thailand in 1995 under the abbreviated security name of “CPN”.
<b>Registered Capital</b>	Baht 2,244,000,000
<b>Issued and Paid-up Capital</b>	Baht 2,244,000,000 comprising ordinary shares of 4,488,000,000 shares Par value of Baht 0.5 per share
<b>Contacts</b>	<b>Company Secretary</b> Telephone : + 66 (0) 2667 5555 Ext. 1665, 1684, 1685, 1686 and 1687 Email : <a href="mailto:co.secretary@cpn.co.th">co.secretary@cpn.co.th</a>  <b>Investor Relations</b> Telephone : + 66 (0) 2667 5555 Ext. 1614, 1632 and 1689 Email : <a href="mailto:ir@cpn.co.th">ir@cpn.co.th</a>

Investors can obtain further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.cpn.co.th](http://www.cpn.co.th)

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# S U S T A I N A B L E F U T U R E



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# S U S T A I N A B L E F U T U R E

As “**The Most Admired and Dynamic Regional Retail Property Developer with World-Class Rewarding Experience**”, CPN advances towards “**growing a sustainable future**”, the ultimate goal through the aspiration of becoming the “**Center of Life and Communities**”, the core strategy to concretely develop and strengthen the growth of retail properties by providing unique and fulfilling experiences not replicable through online. Together with the development in the three pillars of sustainability: the economy, the society and the environment, CPN adheres to create shared value for the business, stakeholders and environment.



“To be the most admired retail property developer that delivers unique and rewarding value beyond expectations.”



“To be the retail property developer that tenaciously delivers innovative retail formats with new and dynamic range of shops to correspond with the contemporary and fast-changing lifestyles of target customers.”



“To be the eye-catching retail property developer with leadership potential in the region.”



“To be the retail property developer entrusted by customers, above competitors in all areas of operations, to provide wondrous shopping experience.”

# S U S T A I N A B L E B U S I N E S S

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Having recognized the fast emergence of new business models that arise from digital technology development, CPN prepares to modernize its organization through the three pillars of sustainability, namely the economy, society and environment. Through the objective of **“Becoming the center of customers’ needs”**, the retail properties have evolved into safe and convenient destinations to shop, play, learn, work and live, suitable to customers of all generations.

## **Ensure the new to fulfill the customers’ desires.**

Currently, CPN operates the retail property and real estate development primarily in shopping centers, office buildings, hotels and residences. Furthermore, CPN continues to expand and diversify into new businesses both domestically and internationally, as well as enhance the potential of strong-performing existing retail properties exemplified through the makeover of CentralWorld as a global lifestyle destination and the implementation of destination concepts that address the local communities’ lifestyles, such as Sport Destination at CentralPlaza Nakhon Ratchasima for the sports and health communities, and Pet Destination at CentralFestival EastVille for the pet-loving communities.

**Collaborate with strategic business partners from diversified expertise to create new attractions,** such as “Aquaria”, a contemporary aquarium format,

and “TRIBHUM: The Mystic of Three Worlds”, the first 3D walkthrough theme park in the world, at Central Phuket Floresta, as well as a joint agreement with Common Ground Group to further integrate the shopping centers and office buildings in the future.

## **Embrace new technologies and digital platforms to assist the conveniences of customers and tenants,**

such as cashless payment channel through QR code to process the purchases quickly and conveniently. Moreover, a new communication channel with customers through the LINE official account under the name @central Life was introduced and the “CPN Serve” application was developed for tenants to contact the Company for assistance more easily and conveniently, as well as elevate the quality of existing services to a new level, such as providing park-and-charge stations for electric vehicles (EV).







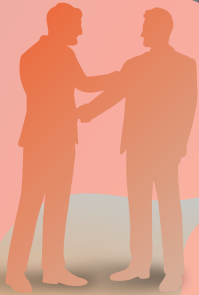
# S U S T A I N A B L E S T A K E H O L D E R S

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In the context of a changing world, CPN not only seeks to fulfil customer satisfaction but also co-create shared values with “**business stakeholders and society**”, which includes customers, tenants, employees, business partners, shareholders, financial institutions, society, communities and the environment. As the stakeholders are integral to creating a strong and sustainable organization, CPN emphasizes on the importance on communication and participation with the “business stakeholders and society” in a comprehensive and timely manner, such as through the online social media sources, namely Facebook, Instagram, YouTube and LINE. Furthermore, to support the business management strategy, CPNlead, a development program for new-generation businesses, has been reiterated to strengthen the capabilities of local small-medium enterprises (SMEs) to capitalize on business growth and expansion, together with the Company. The program not only supports the civil state policy and the

economy but also creates opportunities for new potential tenants, which result in having more dynamic products and services at CPN’s shopping centers. In addition, CPN engages with local communities by incorporating distinguished cultures, customs and goods found only in those communities and provinces into the project design in a contemporary and unique locale representation, as exemplified in the architectural design of Central Phuket Floresta, inspired by a combination of fishery and textile traditions with Sino-Portuguese architecture. CPN also supports the government offices and education centers by providing venues for events and exhibitions, both in Bangkok and the provinces, as well as creating innovative marketing campaigns jointly with business partners, develop the local community economy, and enhance employee capabilities to steer the organization towards becoming an “innovative organization” and “employer of choice”.







# SUSTAINABLE RESOURCES

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Having recognized the impact of business operations to the environment, CPN sets the direction on operating a sustainable business based on effective use of resources through the principles of 4Rs: Reduce, Reuse, Recycle and Responsible. The principles are applied to all projects under CPN, which resulted in positive impact to the economy, society and the environment. More importantly, CPN determines a long-term objective for sustainable environment development to align with the United Nation's Sustainable Development Goals (UN SDGs), which lead to reduction of electricity consumption at shopping centers, reduction of greenhouse gas emissions,

and effective use of natural resources, such as promote green area through plantations at the Central Phuket Floresta not only to filter dusts at the vicinity but also to provide a peaceful ambience for the building, roads and the surrounding communities. The sheer determination to consistently deliver initiatives based on these principles was among the factors for CPN to be the first and only Thai real estate developer selected to the Dow Jones Sustainability Indices (DJSI) in 2018, which includes inauguration to the DJSI World and selection to the DJSI Emerging Markets for the fifth consecutive year.









# VISION

**“To be the most admired and dynamic regional  
retail property developer with world-class  
rewarding experience”**

# MISSION

**Based on the vision, CPN strives to accomplish four missions to turn its vision into reality.**

## **1. MOST ADMIRED RETAIL DEVELOPER OF ALL STAKEHOLDERS**

**“To be the preferred mall of choice, delivering extraordinary values that exceed all stakeholders’ expectation”**

- To be the investor of choice by delivering competitive and sustainable returns to shareholders, investors, and strategic partners.
- To be the happiness experience destination of targeted shoppers by delivering world-class rewarding experience.
- To be the most preferred partner of targeted tenants and partners by delivering business success together with long-term relationships.
- To be the top-ranked employer of choice by offering brilliant career opportunities and engaged society.
- To be the most socially and community-admired brand through CPN’s shopping mall positioning and signature corporate social responsibility programs.

## **2. DYNAMIC RETAIL DEVELOPER**

**“To create new retail formats and merchandising mix that fit better with our targeted customers’ changing lifestyles.”**

CPN fully recognizes that customers’ dynamicity poses a key challenge. By the minute, customers have higher expectations, more complicated needs, and ready access to information. CPN’s own dynamicity pushes its shopping centers toward greater sophistication to cater to customers’ lifestyles. To this end, CPN never stops inventing formats for shopping centers, selects novelty shops and outlets that are both modern and match customers’ needs, applies advanced technology to customer services, stages outstanding and unique activities to create new experiences for customers, and synergizes with affiliates in catering to customers’ needs while striving for maximum impression among service users.

## **3. REGIONAL RETAIL DEVELOPER**

**“To be a potential leader in the region and be considered as threat in all markets that we operate in”**

CPN is committed to steady, sustainable growth, with the next step being a regional organization. To this end, we are committed to becoming a renowned retail property developer, with rapidly successful regional projects. Our prospective markets are clearly identified after prudent, strategic deliberation, with business plans and alliance formation plans that can promptly address business opportunities. All the time, the organization and its teams develop themselves for the capability and readiness to operate overseas business as envisioned.

## **4. WORLD-CLASS REWARDING EXPERIENCE**

**“To be the shopping mall destination delivering world-class shopping experience superior to those of our competitors in all markets that we have presence in”**

Constantly recognizing that CPN is not just a shopping center developer, but also a deliverer of happiness to everyone, we ensure that all components of our shopping centers pay due attention to service users—whether through shop selection aimed for diversity and novelty, staging of interesting activities, or complete amenities. CPN is convinced that high standards and world-class qualities lead to market leadership, which is why we are always committed to attaining world-class status. We are convinced that our world-class happiness experience can put CPN at the top of customers’ mind and at the top of regional shopping center developers’ list in the future.



# CORE VALUES

“Because we care.. I·CARE”

CPN has defined **I·CARE** as the core values that need to be transferred and instilled in all employees to ensure that its operational goals are aligned, contributing to good organizational culture. I·CARE comprises:

### I-INNOVATION

**Creation of new products**, welcome every opportunity and challenge to improve quality and produce more effective performance.



CPN stands ready to encourage and support all personnel in facing changes without pre-judgement, in overcoming all limitations and achieving all possibilities, in consistently examining and exchanging knowledge, and in fearlessly innovating with readiness to modify and improve in the turning of ideas into real practice.

### R-RELATIONSHIP

**Common spirits** with colleagues, business partners and society, for sustainable growth



CPN recognizes the importance of valuing and respecting differences and diversity in age, culture, and gender to promote a workplace where care, sincerity, flexibility and consideration of colleagues, business partners and society are key factors. We emphasize the keeping of promises to foster confidence and trust in our work, as well as creating an awareness of social responsibility for sustainable growth.

### C-CUSTOMER

**Focus on customers**, determined to provide excellent service with care and attention for internal and external customers.



CPN listens to customers' needs and trains its personnel to know products and customers' requirements in depth to provide service beyond expectation, all the while considering customers' points of view, even in tough times. CPN is ready to admit mistakes when they are made and find immediate solutions to respond to customers' changing requirements.

### E-ETHIC

**Respect of ethics** in business operations



CPN upholds ethics in all our business dealings, emphasizes good corporate governance, and promotes personnel responsibility in forging integrity and trustworthiness for oneself and others. Our employees work with transparency, full disclosure and accountability, do not tolerate wrongdoings in the company, as well as obeying all rules, regulations, and the Company's Code of Ethics.

### A-ALLIANCE

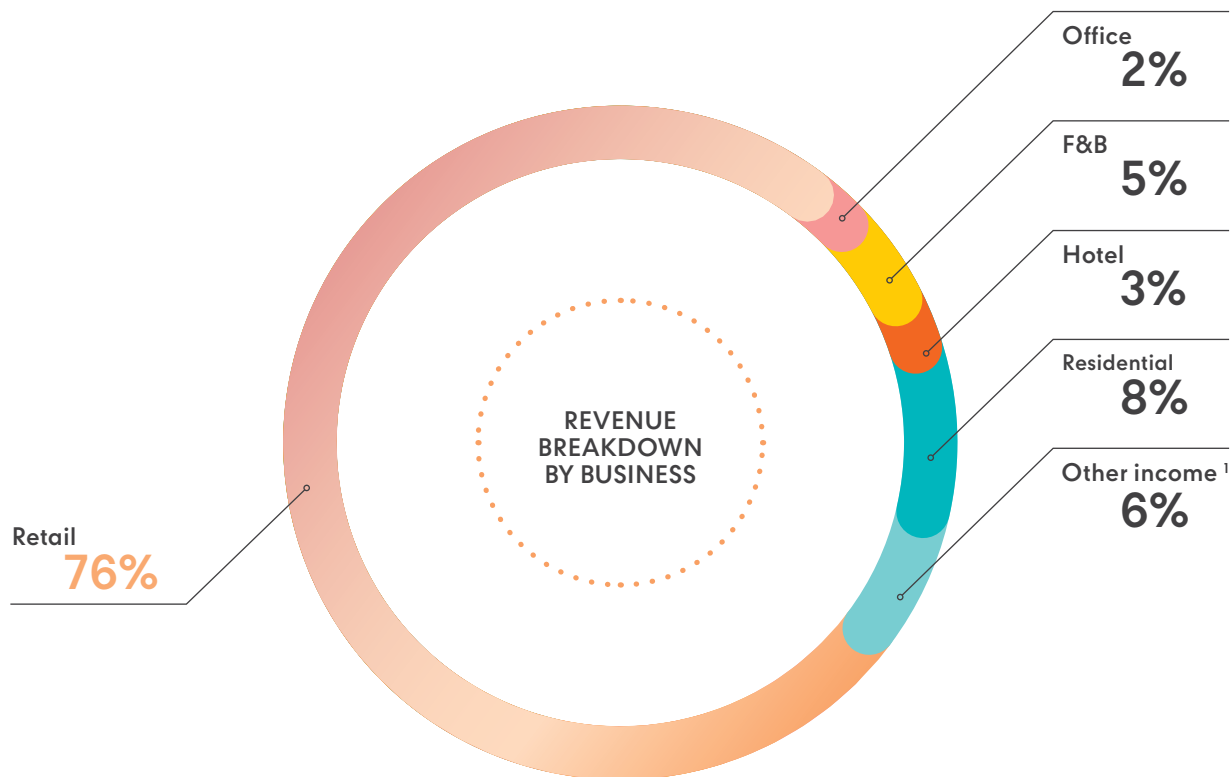
**Work as a team for the progress of the business group**



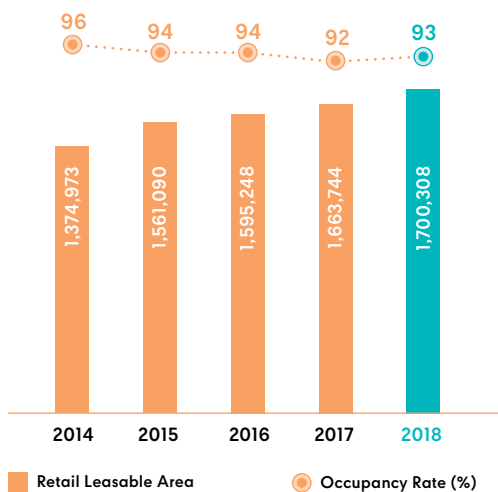
CPN drives its personnel to work for the corporation under the same overarching goals and bases its business decisions on choices that lead to the highest benefit for all. We listen to and respect all viewpoints, building new knowledge networks to raise expertise standards and foster joint experiences, as well as creating cooperation between branches and business groups, to become an organization of unity.

These key components have become CPN's core value.  
**"Because we care.. I·CARE"**

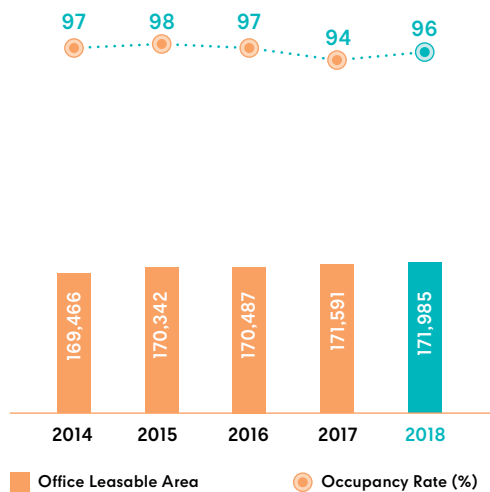
# FINANCIAL HIGHLIGHTS



**Shopping Center**

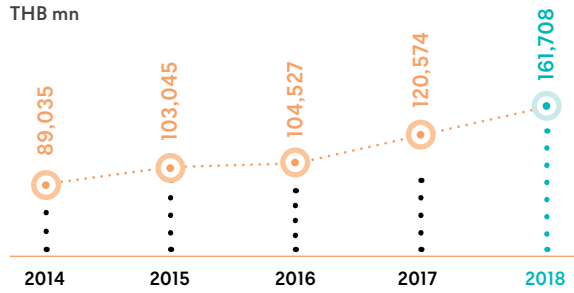


**Office**

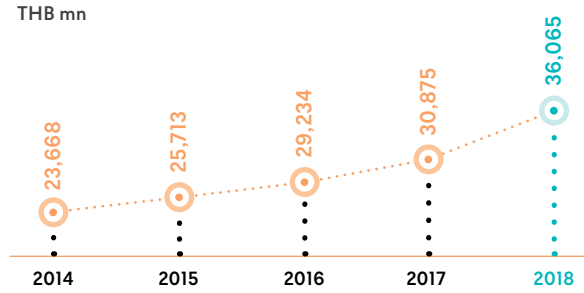


Remarks : <sup>1</sup> Excludes interest income, dividend income, share of profit from associates, and non-recurring income

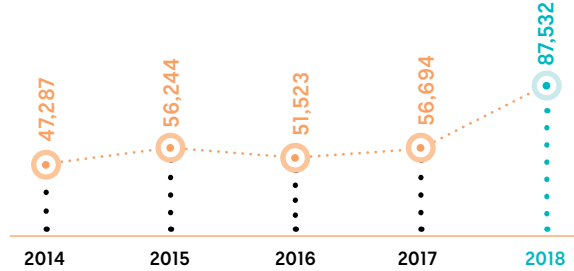
**Total Assets**  
THB mn



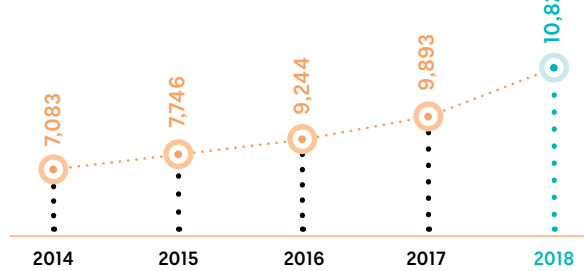
**Total Revenues<sup>2</sup>**  
THB mn



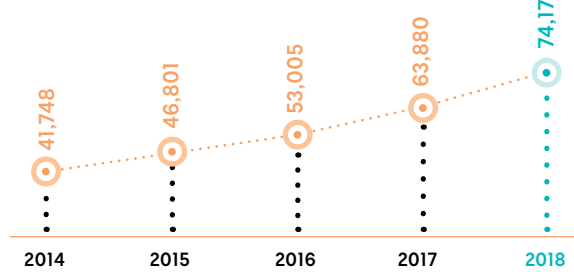
**Total Liabilities**  
THB mn



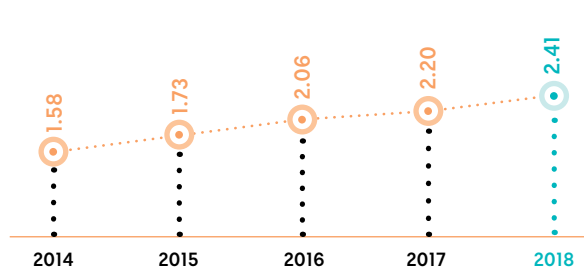
**Adjusted Net Profit<sup>2</sup>**  
THB mn



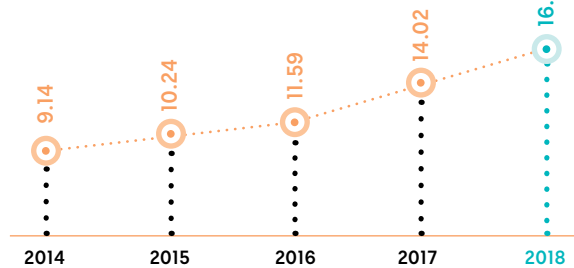
**Total Shareholders' Equity**  
THB mn



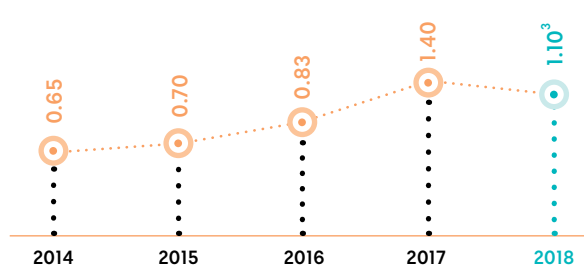
**Adjusted Earnings<sup>2</sup> per Share**  
THB



**Book Value per Share**  
THB



**Dividend per Share<sup>3</sup>**  
THB



Remarks : <sup>2</sup> Excludes non-recurring items

<sup>3</sup> Subject to AGM 2019 approval

## FINANCIAL HIGHLIGHTS

As at 31 December	2014	2015	2016	2017	2018
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### Operational performance of assets under CPN's management

Leaseable Area (square metres)	1,550,812	1,732,999	1,767,302	1,836,902	1,873,860
Retail	1,374,973	1,561,090	1,595,248	1,663,744	1,700,308
Office	169,466	170,342	170,487	171,591	171,985
Hotel (room)	561	561	561	561	561
Residential	6,373	1,567	1,567	1,567	1,567
Occupancy Rate (%)					
Retail	96	94	94	92	93
Office	97	98	97	94	96
Hotel	75	77	83	85	85
Residential	53	30	21	21	23

### Consolidated Financial Results (Unit: '000 Baht)

Total Revenues <sup>1</sup>	23,667,717	25,713,003	29,233,920	30,875,333	36,064,592
Revenue from Rental & Service, Food & Beverage, Hotel and Real Estate Sales	22,307,540	24,282,565	27,633,700	28,785,006	33,887,062
Cost of Rental & Service, Food & Beverage, Hotel and Real Estate Sales	11,616,239	12,633,723	14,040,598	14,518,159	17,579,004
Gross Profit <sup>2</sup>	12,051,478	13,079,280	15,193,322	16,330,158	18,485,588
Net Profit	7,306,953	7,880,310	9,243,797	13,567,645	11,215,653
Adjusted Net Profit <sup>2</sup>	7,083,269	7,745,912	9,243,797	9,892,890	10,822,653

### Consolidated Financial Position (Unit: '000 Baht)

Total Assets	89,035,187	103,044,632	104,527,348	120,573,590	161,707,826
Total Liabilities	47,287,267	56,243,515	51,522,547	56,693,804	87,532,089
Net Interest-Bearing Debt <sup>3</sup>	12,245,660	18,297,518	14,700,513	4,168,025	27,331,567
Total Shareholders' Equity	41,747,921	46,801,117	53,004,802	63,879,787	74,175,737
Retained Earning	30,258,196	35,174,147	41,276,432	51,114,634	55,231,535
Issued and Paid-up Share Capital	2,244,000	2,244,000	2,244,000	2,244,000	2,244,000
Total Number of Shares ('000 Shares)	4,488,000	4,488,000	4,488,000	4,488,000	4,488,000



As at 31 December	2014	2015	2016	2017	2018
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#### Consolidated Financial Ratios

Net Interest-Bearing Debt to Equity <sup>3</sup> (time)	0.29	0.39	0.28	0.07	0.37
Gross Profit Margin <sup>2</sup> (%)	50.92	50.87	51.97	52.94	51.26
Net Profit Margin <sup>2</sup> (%)	28.60	29.10	30.70	31.17	29.12
Return on Assets (%)	8.77	8.21	8.91	12.05	7.95
Return on Equity <sup>4</sup> (%)	18.93	18.12	18.87	23.84	17.59
Earnings per Share <sup>5</sup> (Baht)	1.63	1.76	2.06	3.02	2.50
Adjusted Earnings per Share <sup>2,5</sup> (Baht)	1.58	1.73	2.06	2.20	2.41
Book Value per Share (Baht)	9.14	10.24	11.59	14.02	16.06
Dividend per Share (pay in the following year) (Baht)	0.65	0.70	0.83	1.40	1.10 <sup>6</sup>

#### CPN Stock Price <sup>7</sup>

Market Cap of Year End (million Baht)	204,204	210,936	254,694	382,602	335,478
Close Price as of Year End (Baht)	45.50	47.00	56.75	85.25	74.75
High Price (Baht)	50.25	49.25	61.75	87.00	87.25
Low Price (Baht)	36.25	39.75	43.00	53.75	68.25
Average Price (Baht)	44.92	44.61	54.35	68.95	78.30
P/E (times)	28.22	27.08	28.50	28.42	30.47
P/B (times)	5.21	4.79	5.11	6.42	5.24

#### Remarks :

<sup>1</sup> Excludes interest income, dividend income, share of profit of associate, and non-recurring incomes.

<sup>2</sup> Excludes non-recurring items.

<sup>3</sup> Net interest-bearing debt excludes loans from related parties.

<sup>4</sup> Excludes minority interest in subsidiaries.

<sup>5</sup> Basic earnings per share only attributable to ordinary shareholders.

<sup>6</sup> Subject to AGM approval

<sup>7</sup> Data from SETSMART



# MESSAGE FROM THE BOARD OF DIRECTORS

## To The Shareholders

Central Pattana Public Company Limited (CPN) marked another year with great pride to be selected as the member of the 2018 Dow Jones Sustainability Indices (DJSI) under the DJSI World Index for the first time and the DJSI Emerging Markets Index for the fifth consecutive year. CPN is the first and only Thai company in the real estate sector to have been selected as the index component of DJSI, which assesses sustainable business development among leading companies of the world. The accolades underlined CPN's success in putting our philosophy on sustainable business growth into real practices by taking consideration of all aspects—economic, social, community and environment – and further accentuate our vision as a leader in property development in the regional retail market.

CPN has adhered to grow our business sustainably with continual domestic and international expansion, notably in the Southeast Asian region such as in Malaysia and Vietnam. The plan is aimed to launch new-style living malls. In 2018, for instance, Central Phuket Foresta was inaugurated as a world travel destination in an effort to elevate Phuket to be a complete beach resort destination with 'Leisure and Luxury' lifestyle, featured with world-class entertainment and attractions. In 2019, CPN has plans for domestic expansion including a launch of Central Village, the first comprehensive international luxury outlet in Thailand to accommodate Thai and foreign shoppers. Later, the next project, CentralPlaza Ayutthaya, is expected to be launched in 2020, positioned as a center of life and a new travel destination in Ayutthaya province. As for overseas investments, Central i-City project will be launched officially in Malaysia to serve as a new fully-integrated lifestyle center in western Selangor State.

With regard to future development projects, CPN plans to develop mixed-use projects comprising several types of properties—shopping centers, office buildings, residences and hotels all in one area—to add value to our shopping centers

and optimize land use as well as to capitalize the long-term growth prospect of our businesses. To this end, CPN has pioneered to build residences adjacent to our existing shopping malls and last year the first three condominium projects in Chiang Mai, Rayong and Khonkaen have been successfully transferred to clients on schedule. At the same time, another three new condominium projects located next to our malls in Chiang Mai, Chiang Rai and Nakhon Ratchasima were offered with overwhelming sales and all fully booked. Responding to a survey of real demand in housing and condominium, CPN has also launched detached housing and condominium projects in Bangkok in the location close to shopping centers. In addition, CPN has moved forward its businesses through acquisition while last year CPN acquired 67.53% shares in the Grand Canal Land Plc. (GLAND) of which assets and land plots are in high-potential locations like Rama 9 and Phahonyothin Area, the Bangkok's Central Business District, capable of large-scale project development in the future. Earlier, CPN announced a joint investment with Dusit Thani Public Company Limited to develop a mixed-use project in the prime location of midtown business district Silom.

Apart from these new development projects, CPN also highlighted the asset enhancement of existing shopping centers to respond to dynamic demands posed by customers' lifestyles in the digital age. Shopping malls are no longer traditional places to go shopping, but it is a challenging task for the Company to make them a venue that imparts happiness experiences unattainable online to customers. CPN has then leveraged its strength in retail business by elevating each shopping center into the "Center of Life" for the modern community and society, covering all target groups in all aspects via its presentation of experiences and inspiration to all. Furthermore, CPN has driven to change the role of each shopping mall into a center of the community, a meeting venue that is connected to the community through shared activities and bring prosperity wherever CPN does businesses by way of supporting local enterprises and promoting community arts and culture by allocating special community goods zones and venues for organizing major events.

To affirm CPN malls to truly become the Center of Life, we have initiated "Destination Concepts" that transform areas innovatively within the shopping malls to accommodate different lifestyle and tastes of varied groups. Family Destination is a place to enjoy joint activities with the family. Food Destination provides complete culinary experiences in form of a large variety of food shops. Fashion Destination showcases a variety of brands and fashion styles with inspirational activities and displays of new trends. Sport Destination is a hub for health, sport and exercise enthusiasts, while Co-working Destination is a shared office space designed for creative individuals pursuing inspiration to share their ideas as well as experiences. CPN has started applying these concepts into the renovation and development of areas in various CPN malls. Last year, for instance, CentralWorld has been remodeled as the world-class lifestyle shopping destination under the "Central to your wOrld" theme, embodied with a variety of the aforementioned destination concepts.

CPN has been entering into new business platforms in cooperation with several partners who have expertise in creating new magnets for shopping centers. For example, Central Phuket is home to a global attraction "Aquaria", Thailand's newest format of aquarium and a joint investment attraction "Tribhum (The Mystical Three Worlds)" theme park, a 3D virtual adventure in the world's first fantasy walk-through.

Lately, CPN has collaborated with Malaysia's "Common Ground Group" to develop co-working space business under the "Common Ground" brand to link shopping centers and office buildings in the future. Likewise, IKEA Bangyai, the partnership project between CPN and its global partner IKEA, was fully operational at the beginning of 2018, thus helping complement CentralPlaza WestGate and affirming its position as the ultimate super regional mall. IKEA Bangyai is the latest model in Thailand and the largest IKEA store in Southeast Asia, with entrances connecting to the shopping mall on every floor and with 29 checkpoints located on every floor for shopping convenience to customers.

In addition, CPN has maintained the initiative in an effort to consistently support and strengthen Small and Medium Enterprises (SMEs) by organizing the CPNLead (CPN Leading Entrepreneur Advanced Development) project for the second consecutive year to help business partners and new entrepreneurs upgrade and expand their own businesses, growing alongside CPN. This initiative supports the government's public-private partnership policy (Pracharath) in general, while enabling CPN to recruit new tenants for shopping complexes and offer alternative choices in both products and service to consumers. In promoting local businesses and SMEs in other forms, CPN introduced the SMEs Market Place activities that involve marketing events and provision of regular selling space. Moreover, CPN has initiated to develop a system that links online and offline marketing to increase sales channels for our mall tenants in the future, at the same time, to provide opportunities for online businesses to open up physical shops in our malls.

Concerning services to clients and entrepreneurs, CPN has applied technology that facilitates customers and tenants by introducing the use of QR (Quick Response) Code to expedite trading and also align with the government's policy toward a cashless society. CPN has also launched a LINE Official Account "central Life" (@centrallife) to grow channels of communication on announcing news, activities and new services, which cater to modern customers' lifestyles. Another technology application includes a store search and wayfinding feature (indoor map navigation), and the online vehicle parking reservation system. In the meantime, CPN has developed the "CPN Serve" application for tenants to contact the company more conveniently. With respect to internal office

administration and cost and expense reduction in mall management, CPN is harnessing the Smart Office system to increase work efficiency, reduce paper use and better manage energy consumption within malls, among others.

Following such approaches has enabled CPN to sustain continual growth as planned. Respectively, CPN has won prestigious awards in varied categories for its efforts e.g. the Drive Award 2018 in Financial Excellence category for the second consecutive year, presented to companies showing widely accepted excellence in financial management, financial strategy, corporate governance and financial operations performance. CPN also earned an Outstanding Company Performance Awards for listed companies with exceptional performance and good governance, and accepted the Thailand's Top Corporate Brands 2018 for the fifth consecutive year for listed companies with the highest brand value in the Thai property development sector. Apart from pride in our robust business, we are always proud to see

contented customers when using services in our malls and even more proud to see the community and a large number of enterprises grow along with our businesses.

On behalf of the Board of Directors, we would therefore like to express our heartfelt thanks to all stakeholders—shareholders, shops, tenants, customers, business partners, financial institutions, the media, as well as the public and private sectors—for their perennial confidence in and support to our business. Our appreciation also goes to all our personnel who have dedicated their best effort under good governance principles to take good care of customers and tenants, leading to our goal accomplishment in revenue growth and branch expansion, together with their cooperation on energy saving and vigorously and continually devotion to the environment, the community and society. Our company is committed to conducting business with respect for good governance and social responsibility in the best interests of all stakeholders, with a fervent wish that everyone will develop and strive for sustainable growth along with CPN.



**Mr. Suthichai Chirathivat**  
Chairman



**Mr. Preecha Ekkunagul**  
President and CEO

# REPORT OF THE AUDIT COMMITTEE

## To The Shareholders,

Consisting of four qualified independent directors, the Audit Committee is chaired by Mr. Paitoon Taveebhol, who is knowledgeable and duly experienced in reviewing financial statements, with Mr. Karun Kittisataporn, Mrs. Jotika Savanananda and Mr. Veravat Chutichetpong serving as members.

This year there were a total of 11 meetings, where the Committee consulted the management, the internal auditor, and the external auditor on related matters and obtained data from other management team members on agenda items related to all its charter duties. The Committee freely provided candid views and recommendations. It reported its performance to the Board of Directors In eight meetings, with the following highlights of performance and views.

### Accuracy, completeness, and reliability of financial reports

Reviewed were the quarterly and annual financial statements, key accounting policies and significant financial reports. After the Committee's consideration of the audit scope and plans, audit methods, and detected issues jointly consulted with the management and the external auditor, in addition to two meetings with the external auditor in the absence of the management to discuss the auditor's freedom for carrying out its duties, its view was that the Company's financial reports, prepared under the accounting policy designed by the Federation of Accounting Professions, were accurate, complete, and reliable with a sensible choice of accounting policies.

### Adequacy of internal control system, internal audit, risk management, and good corporate governance

The Committee reviewed the findings of the audit reports of Internal Audit and the external auditor concerning assessment of the internal control system; ensured sound risk management practices with comprehensive risk assessment; and supported and counseled on corporate governance tasks. These actions played a role in CPN's domestic and international awards, including SET Sustainability Award 2018 (outstanding level)

and a fifth consecutive year of DJSI membership selection. In addition, the Committee valued the process of the whistleblower system, which formed part of the anti-corruption process. It was the Committee's view that CPN's internal control system was adequate and appropriate under the COSO Framework and the CG Code.

This Committee reviewed and endorsed the annual risk-based audit plan and regularly consulted Internal Audit executives in the absence of the management. It urged Internal Audit to develop its professional skills and apply programs, particularly data analysis to improve its efficiency and effectiveness. This year the committee revised the Internal Audit charter to align with the updated international standards for the professional practice of internal auditing and with the best practices recommended by third-party quality assurance reviewer.

Also, quality assessment of internal audit is scheduled by the committee every year, this year the outcome being regarded as good. The committee's opinion was that Internal Audit had observed the defined international standard of internal auditing.



#### Compliance with securities and exchange laws, SET's requirements, and applicable laws

Reviewing compliance with securities and exchange laws, the requirements of the Stock Exchange of Thailand ("SET"), and applicable laws, the committee regularly monitored remedial approaches of the management, while overseeing revision of the code of conduct and the corporate governance policy in line with new and international standards. It assigned the management to review CPN's performance to ensure compliance with the 2018 CG Code. Finally, the Committee regarded CPN's practices as being in compliance with all the above laws and requirements.

#### Related party transactions or transactions with potential conflicts of interest

The Audit Committee especially values the quarterly reviews of related party transactions as well as those transactions that may involve conflicts of interest under all laws and regulations of SET. It assigned Internal Audit to monitor and verify their preliminary accuracy and stressed that all involved observe the Company's policies and requested the external auditor to undertake a full review of all these transactions annually. The Committee considered these transactions part of the normal course of business with regular commercial (arm's length) conditions, sensible and fair conditions, and in CPN's best interests.

#### Suitability, review, selection, and nomination of the external auditor

The Audit Committee assessed the independence of the external auditor and reviewed their performance of 2018. The overall performance was considered remarkable, and the external auditor has been duly independent in its audit activities. Additionally, the Committee held two meetings with the external auditor in the absence of the management to seek its opinions on audit activities and coordination issues with related members of the management.

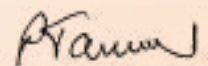
In selecting and nominating the external auditor for 2019, the committee has considered the performance outcomes, work

scope, and work volumes compared with the proposed audit fees for 2019 and agreed to nominate KPMG Phoomchai Audit Ltd. ("primary external auditor") to provide its views on the consolidated financial statements of CPN and its subsidiaries for 2019 and approved its 2019 audit fee of up to Baht 8,565,000 together with a fee of up to Baht 803,502 for the secondary auditor(s) of CPN's selected subsidiaries registered in other countries.

#### Overall views and remarks on conformance to the Audit Committee Charter

The Audit Committee engaged in self-assessment of its overall performance for 2018 on January 9, 2019. This assessment was in two parts: First, the overall activities during the year. And second, the specific activities, namely (1) reviewing of the financial reports for accuracy and adequacy, (2) reviewing the effectiveness and efficiency of internal control systems and internal audit practices, (3) reviewing compliance with all the requirements of the securities laws, SET's requirements, and applicable laws, (4) selection and nomination of the external auditor, (5) reviewing related party transactions, and (6) preparing its own report.

The Audit Committee's overall view is that it has performed the duties and responsibility stated in its Board-approved charter sufficiently and thoroughly with due competence, care, prudence, and independence for all stakeholders' equitable interests.



**Mr. Paitoon Taveebhol**  
Chairman of the Audit Committee

# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE



## To The Shareholders

In 2018, the Nomination and Remuneration Committee held three meetings and reported its performance to the Board for acknowledgment after each meeting, summarized below:

1. Recruited suitable candidates for tabling to the Board and the 2018 Annual General Meeting of Shareholders (AGM) for consideration. CPN offered minor shareholders a chance to nominate directors from 29 September 2017 to 15 January 2018. Since no such nomination emerged, the committee recommended that the directors who completed their terms in 2018 should be reappointed to another term. The 2018 AGM approved the appointment of all nominated directors.
2. Considered the 2018 remuneration for the Board and the subcommittees, comprising the Audit Committee, the Nomination and Remuneration Committee, and the Risk Policy Committee, and



then submitted to the Board and the shareholders' meetings for consideration and approval, taking into account their responsibilities and performance related to revenue earned and other relevant factors. The remuneration amounts are also compared with industry peers and met with approval from the shareholders.

3. Evaluated the President & CEO's performance in the preceding year and worked with the President & CEO in setting goals and evaluation methods for his performance in the current year
4. Reviewed the succession plan for the President & CEO, with his involvement in the review and data presentation.
5. Acknowledged the CPN's 2018 Board diversity information, which comprises the number of independent directors, their genders, ages, tenures, and Board Skill Matrix, as information for the consideration on the nomination of qualified candidates who are knowledgeable and skillful in diverse fields relevant to CPN's business operation; and, reviewed the opinions and suggestions from shareholders over CPN's Board composition and structure.
6. Acknowledged the 2018 Employee Bonus Payment Policy and provided suggestions to the management as supporting guidelines for deciding reasonable payment.
7. Acknowledged the outcomes of the Committee's self-assessment for 2017 as input for the development of its performance in line with corporate governance practices.
8. Monitored and provided comments on the policy and practices of human capital management and organizational management, including plan and operation in 2018, recruitment, turnover rate and staff development plan.
9. Acknowledged the change in CPN's management structure that aims at enhancing management efficiency and flexibility.
10. Acknowledged the corporate governance and sustainability practices relating to the Nomination and Remuneration Committee, in comparison with the Corporate Governance Report of Thai Listed Companies issued by the Thai Institute of Directors, the ASEAN Corporate Governance Scorecard, and the Dow Jones Sustainability Indices.
11. Reviewed the Charter of the Board and that of the Nomination and Remuneration Committee. No amendment was made this year since the contents in the current charters are still duly complete and suitable.

The Nomination and Remuneration Committee cautiously completed its duties with integrity, based on the responsibilities designated in its charter. It adhered to the principle of good governance adequately and suitably for the balanced and sustainable benefits of all stakeholders.



**Mr. Karun Kittisataporn**  
Chairman of the Nomination and  
Remuneration Committee

# REPORT OF THE RISK POLICY COMMITTEE



## To The Shareholders

Sustainable risk management is highly valued at CPN as a means of supplementing value to relevant parties. An explicit risk management policy was spelled out, while the Company is committed to developing comprehensive business risk management and turning it into a corporate work culture. Identified key risk factors span all aspects at the corporate and business unit levels, after which suitable risk management strategies minimize them to keep them manageable under the supervision of the Risk Policy Committee. At the same time, the Risk Management Committee engages in the management of risks. This year the Risk Policy Committee held four meetings, as did the Risk Management Committee. The performance outcomes are highlighted below:

1. Reviewed annual corporate risk issues: Taken into account were the dynamics of external changes in economic, social, climate, and technological innovation aspects affecting consumers' lifestyles and behavior, coupled with increasingly fierce competition with those in the same industry and new competitors from other substitute industries. Also considered were internal factors so as to

define a risk universe of five key risks: strategic, operational, compliance, financial, and hazard risks. Details about each of these appear under "Risk Factors". The opinions of the Risk Policy Committee and the Risk Management Committee were also surveyed to jointly assess key corporate risks.

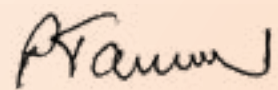
2. Reviewed emerging risks potentially with significant impacts on CPN's mission, goals, strategies, or operations. Below are the risks considered by the Risk Policy Committee:

- a. Risk of adaptation to changing business in a new environment or new business: Focusing on growth, the corporate strategy adjusts the current business pattern and seeks new business opportunities. CPN's adaptation to those changes is the key factor for project successes and corporate reputation. As a result, CPN has ensured its preparedness by adjusting policies, implementing management restructuring, reviewing work flow, and developing the employees' knowledge and ability to serve the Company's growth
- b. Risk of adaptation to IT disruption: This includes changes that may create new businesses and affect current ones. To adapt itself, CPN has to apply technologies to directly and indirectly optimize its competitiveness. Furthermore, it has to seize new opportunities by deploying new technologies in tool development to improve its services and operation and better serve the needs of customers and partners. It also enhances employees' knowledge, capacity and adaptability to be ready for changes. The key strategies in 2018 will be carried on in the following year.
- c. Cyber security risks: CPN recognizes cyber threats as a result of dependence on more and more technologies and digitalization as a channel for customers and partner service, operations and data storage connected with third-party systems. This dependence breeds more information thefts and cyber-attacks, affecting CPN's business continuity and reputation. CPN therefore issued several risk management measures. 1) For computer system security, CPN has been developing and enhancing computer systems such as hardware, software and computer network to protect them from different types of attacks. 2) For personnel, CPN created awareness of cyber threat, communicated with employees via several channels to educate them on how to safely use systems, and held a seminar featuring third-party specialists. 3) To deal with the potential incidents, CPN adjusted its business continuity

plan (BCP) and disaster recovery plan to be aligned with the environment and computer systems in use. It also implemented drills of these plans and put cyber insurance in place to mitigate the damage in case of incidents.

3. Approved the risk register, defined key risk indicators, and defined acceptable risks
4. Tracked the status of key risks and reviewed risk response plans of risk owners
5. Tracked branches' risk management, constantly revising emerging risks and mapping out their mitigation plans for all branches
6. Endorsed the revised risk management plans fitting the current business and execution with an eye for efficient risk management

The Risk Policy Committee constantly reported risk management outcomes to the Board of Directors. This year the Risk Policy Committee and the Risk Management Committee comprehensively reviewed all risk factors while regularly managing and tracking key risks. CPN has efficiently managed key corporate risks to manageable levels, which has promoted its full achievement of goals under its vision and mission.



**Mr. Paitoon Taveebhol**  
Chairman of the Risk Policy Committee

# REPORT OF THE CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT COMMITTEE



## To The Shareholders,

CPN's Board of Directors has stipulated that the Company continually operates under the Code of Conduct and Corporate Governance Principles, as well as adheres to the sustainable development policies. The Corporate Governance and Sustainable Development Committee (CGSD) constantly regulates, monitors, and publicizes the implementation of the policy throughout the corporation. In 2018, the Committee held five meetings and reported to the Audit Committee and the Board of Directors. Below are notable activities in 2018:

- |  |   |
|--|---|
| 1. Acknowledged the recertification of the Collective Action Coalition Against Corruption (CAC) on February 12, 2018. The Committee also submitted considerations and suggestions concerning anti-corruption actions.  | Policy, as well as applicable communication campaigns to ensure an organizational culture that values honesty, transparency, and concerns for the well-being of others, with a focus on anti-corruption.  |
| 2. Reviewed and improved the Code of Conduct and Corporate Governance Principles in line with the Corporate Governance Code for Listed Companies 2017 (CG Code) to upgrade committee responsibilities and provide unified implementation guidelines for subsidiaries and associates. The Board has approved the recommendations. | 4. Organized the annual "CG Individual Assessment" for employees and executives. In 2018, the questions have been shortened and revised to be straighter to the point in order for the results to be used for developing an action plan and mainstreaming good corporate culture throughout the organization. |
| 3. Reviewed and advised a working group in the organization of anti-corruption training, CPN's No-Gift   | 5. Applied eight objectives of the United Nations Sustainable Development Goals (SDGs) related to the   |

business context to CPN's sustainability issues and established a more concrete and streamlined strategies, plans, and objectives.

6. Reviewed and approved significant sustainable, risks, and opportunity issues to determine suitable strategies to become a "Center of Life" by integrating and defining main sustainability indicators in CPN's strategic plans and monitoring quarterly results. The focus was on risk distribution, development of innovation, treatment of stakeholders, and management excellence.
7. Adopted new innovations and technologies to enhance the work processes and operating performances, as well as to welcome feedback to strengthen bonds with key stakeholders.
8. Considered the approval of the direction to mitigate the impact of operations to the environment, which includes the promotion to increase clean energy and water recycling usages for shopping center operations. Furthermore, all 32 shopping centers will be applied for carbon footprint organization certification, based on international practices, and readily-qualified projects will be applied for Leadership in Energy & Environmental Design (LEED) certification.
9. Provided support to develop and strengthen the economy of local communities by firmly establishing trade venues for small local businesses, as well as providing marketing channels, educating the local operators on the knowledge and expertise to conduct retail businesses under modern trade format, and promoting local employment driven by the Company, business partners and contractors.
10. Became an SD Champion role model to drive the Company's operations toward its sustainable development goals in line with corporate governance principles and the business code of conduct. At the same time, market situations and global trends under the environmental social governance (ESG) scope were noted and incorporated.
11. Encouraged participation by providing all main stakeholders including shareholders, tenants, customers, employees, business partners and society with a more

detailed understanding of sustainable development approaches through meetings, seminars, information sharing, activities and media of both internal and external communications.

With a commitment to operating the business under a sustainable development model and striking a fine balance between nurturing performance growth as well as caring for its stakeholders and the environment, CPN was renowned for the first time as a member of the 2018 Dow Jones Sustainability Indices of the DJSI World in the property business and a member of the DJSI Emerging Markets for the fifth consecutive year. It was also certified by other international sustainability index analytical agencies such as the FTSE4Good Index Series and MSCI Global Sustainability Indexes and was awarded with the SET Sustainability Award 2018 in the outstanding category from SET. These recognitions prove CPN's success derived from collaboration and determination in being the leader in the real estate development business under the sustainability framework and stands ready to transform the organization to strike a good balance in profit, people and planet to ensure the utmost benefit to the country and global society.



**Mr. Preecha Ekkunagul**  
Chairman of the Corporate Governance  
and Sustainable Development Committee

# BOARD OF DIRECTORS



1.



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4.



5.



6.



7.



8.



9.



10.



11.



12.

1. **Dr. Supachai Panitchpakdi**  
Honorary Chairman

4. **Mr. Karun Kittisataporn**  
Independent Director

7. **Mr. Suthikiati Chirathivat**  
Director

10. **Mr. Kobchai Chirathivat**  
Director

2. **Mr. Suthichai Chirathivat**  
Chairman

5. **Mrs. Jotika Savanananda**  
Independent Director

8. **Mr. Sudhisak Chirathivat**  
Director

11. **Mr. Prin Chirathivat**  
Director

3. **Mr. Paitoon Taveebhol**  
Independent Director

6. **Mr. Veravat Chutichetpong**  
Independent Director

9. **Mr. Sudhitham Chirathivat**  
Director

12. **Mr. Preecha Ekkunagul**  
Director



# EXECUTIVE MANAGEMENT



1. **Mr. Preecha Ekkunagul**  
President & CEO

2. **Ms. Wallaya Chirathivat**  
Deputy Chief Executive Officer

3. **Mr. Suthipak Chirathivat**  
Senior Executive Vice President,  
Office of the President

4. **Ms. Naparat Sriwanvit**  
Senior Executive Vice President,  
Finance, Accounting  
and Risk Management

5. **Mr. Pakorn Partanapat**  
Senior Executive Vice President,  
Commercial

6. **Mr. Chanavat Uahwatanasakul**  
Senior Executive Vice President,  
Development Workgroup

# MILESTONE DEVELOPMENT IN 2018



## March

### The opening of IKEA Bangyai at CentralPlaza WestGate

IKEA Bangyai, the latest flagship superstore and the largest IKEA store in Southeast Asia with an area of more than 50,000 sq.m., features a unique format with multiple entries and exits at three levels seamlessly integrated with CentralPlaza WestGate. Through the strategic partnership with IKEA, a world-class furniture brand, CentralPlaza WestGate cements its position as the super-regional mall in western Bangkok and support the urbanization in the Bangyai area.



## April

### Dividend payment of Baht 1.40 per Share

The Annual General Meeting of Shareholders No. 1/2018 on April 27, 2018, approved the dividend payment from the 2017 financial results at Baht 1.40 per share, totaling to Baht 6,283,200,000 of dividend paid or a dividend payout ratio at approximately 46.3% of net profit in 2017. The payout ratio is made up of 40% payout from the normal operating profits and accordingly with the dividend policy, as well as 64% payout from revenue from the insurance claim.



## May

### Purchase of ordinary shares in Dusit Thani Public Company Limited

The Board of Directors Meeting No. 4/2018 on May 9, 2018, approved the purchase of 194,926,920 ordinary shares in Dusit Thani Public Company Limited ("DTC"), or equivalent to 22.93% of total shares issued and paid-up of 850,000,000 shares. The transaction amount was Baht 2,141.4 million and the purpose of the transaction was for long-term investment with no intention to be involved in the management of DTC.

### Announcement of 2 new shopping malls

#### Central Village

The first international luxury outlet in Thailand located on a 100-rai land close to Suvarnabhumi Airport. Catered towards both foreign tourists and local visitors, the outlet mall will showcase more than 235 iconic brands, ranging from luxury to mass appeals, as well as fine dining area, children playground and a hotel. Decorated with a blend of outdoor nature and contemporary Thai designs. Central Village is expected to open in 3Q19.

### CentralPlaza Ayutthaya

The new lifestyle destination located next to the Asia Highway in Ayutthaya province. A blend of cultural heritage and contemporary conventions, the shopping mall, expected to open in 2020, will become the landmark for tourism and the destinations for lifestyle recreations, relaxation and a stopover for both foreign tourists and local visitors in Ayutthaya province.



## June

### The extension of land leases of CentralPlaza Rama 2

CPN successfully finalized extension of land leases for CentralPlaza Rama 2 for an additional 30 years, expiring in 2055 and 2060 (some parts). The transaction brings forth the opportunity to continuously develop the shopping mall. CPN is currently preparing the proposal of terms and conditions for the land and property sublet rights to CPN Retail Growth Leasehold REIT (CPNREIT) to consider the extension of the leasehold of CentralPlaza Rama 2.



## August

### The re-opening of CentralPlaza Rama 3 after the major renovation

CentralPlaza Rama 3 organized a grand opening of the all-new design under the framework of becoming the "Center of Hip Lifestyle Quality". Featuring new shops, restaurants and new destination concepts, the new-look shopping mall accommodates the lifestyle preferences of both locals in the Rama 3 area and foreigners through the incorporation of green environment, as well as implementation of rest areas and co-working spaces.



## September

### The opening of Central Phuket Floresta

Opened on September 10, 2018 and connected to the Central Phuket Festival, the entire complex is known as Central Phuket, the largest shopping complex in southern Thailand, located on a 111-rai land in the bustling downtown of Phuket as the first luxury flagship for CPN that impeccably combines lifestyle experience and relaxation to become the "Magnitude of Luxury & Leisure Resort Shopping Destination" not only for local communities but also foreign tourists. It also features the world's premier



attractions, namely 1) TRIBHUM, the virtual 3D interactive walkthrough experience ; 2) Aquaria, which features over 25,000 marine species and 3) Tales of Thailand, the center of cultural heritage, from past to contemporary, from all parts of Thailand.

#### The acquisition of shares in Grand Canal Land Public Company Limited or “GLAND”

CPN Pattaya Co., Ltd., (“CPN Pattaya”), a wholly owned subsidiary of CPN, acquired shares of GLAND equivalent to 67.53% of total issued and paid-up shares, which consists of 50.43% acquired from a group of major shareholders and the remaining 17.10% from the tender offer at Baht 3.10 per share, for a sum of Baht 13,607 million. The acquisition of shares in GLAND, a property developer for real estate projects for sale and for lease, which includes office buildings, hotel, residential projects and retail area, as well as projects under development and land bank in several locations, unlocks the potential to develop mixed-use projects based on the business strategy and create long-term returns to shareholders.

#### Member of the Dow Jones Sustainability Indices (DJSI)

CPN is the only Thai company in the real estate industry and one of the eight Thai companies selected as a member of the 2018 Dow Jones Sustainability Indices (DJSI), namely inauguration to the DJSI World and, for the fifth consecutive year, to the DJSI Emerging Markets (2014-2018). This is a testimony to CPN’s philosophy on sustainable business operations by taking into consideration the interests of the whole, the environment, the related parties and continuously partake in driving the well-being of society and communities forward.

#### Pre-sale launch of the Phyll Phahol 34 condominium project

The first low-rise condominium project in Bangkok Metropolitan Area, featuring a total of 358 units in 4 buildings with 8 storeys each, including a clubhouse and swimming pool designed under the concept of “Live Everyday in Urban Hideaway”. The project is

located at the entrance of Phaholyothin 34 Road, conveniently accessible via the Senanikom skytrain station on the green line and in close proximity to CentralPlaza Lardprao and Kasetsart University.

### November

#### The joint-venture agreement to run a co-working space business in Thailand

CPN announced a joint venture agreement with Common Ground Works Sdn. Bhd. and MSB Asia Ltd. from Malaysia to establish a joint venture entity, with an ownership structure of 51%, 29% and 20% respectively, to operate the co-working space business in Thailand.

#### Launch of the Niyham Boromratchachonnani single-detached housing project

The first low-rise residential project developed by CPN Residence is designed with a modern classic uniqueness with the “Niyham”, or definition, of “perfection exists”, which emphasizes on privacy coupled with convenience through a complete range of amenities provided inside homes. The project is located on the Boromratchachonnani Road, conveniently accessible via both the elevated highway and the Si Ratch Expressway - Bangkok Outer Ring Road and close to the light red rail line, as well as within commuting distance to CentralPlaza Pinklao and CentralPlaza Salaya.

### December

#### Pre-sales launch of ESCENT Ubonratchathani condominium project

Located next to CentralPlaza Ubonratchathani, the condominium project consists of one building with 14 storeys and the interiors are designed under the concept of Modern North East to fulfill the lifestyles of residents with happiness.

# AWARDS OF GREAT PRIDE



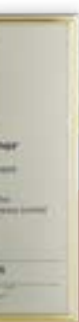
Achievement Awards  
for Project Design and  
Development

01

**“Asia Pacific Property Awards  
2018-2019” Award Winner in Retail  
Development**

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The award is the region's biggest and most respected real estate awards programme granted to the biggest and best achievers real estate developer and projects in Asia Pacific. This award is considered at an international level and widely recognized in the real estate industry. CPN has received this award for 2 projects: CentralPlaza Nakhonratchasima and CentralPlaza Mahachai.



Achievement Awards  
for Marketing and Branding

02

**“Thailand’s Top Corporate Brands  
2018” Award for five consecutive  
years**

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Given to public-listed Thai companies jointly by the Master of Science in Marketing Program of Chulalongkorn Business School, the Stock Exchange of Thailand and the Manager Media Group, the award was presented to CPN as the most valuable corporate brand in the property development sector with 161,686 million Baht of brand value.



03

**“Thailand’s Most Social Power Brand  
2018 (Shopping Plaza)” from  
BrandAge Media**

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CentralWorld was selected as Thailand's Most Social Power Brand 2018, which was the most successful brand on social media - Facebook, Instagram, Twitter and YouTube. This award was given by BrandAge Magazine, in collaboration with WiseSight – a social media analysis company.



### Achievement Awards for Financial and Business Management

## 04

**“Best CEO Awards 2018”  
from SET Awards 2018**

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Mr. Preecha Ekkunagul, President & CEO of CPN was awarded the “Best CEO 2018” at the SET Awards 2018. Amongst over 500 listed companies, the prestigious award is given to the top management personnel who displayed exceptional vision, strategic and organizational management capabilities, demonstrated outstanding performances in the company’s business and sustainable development, and greatly involved in the company’s investor relations activities.

## 05

**“Outstanding Company Performance  
Awards” from SET Awards 2018**

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This award was granted to listed company with outstanding performance in SET market capitalization of over 100 billion Thai Baht. The award is given to listed companies with outstanding in terms of business performance, good corporate governance, compliance with the SET regulations, as well as the quality of information disclosed in the financial statements.

## 06

**“Drive Awards 2018 Finance  
Excellence” Award**

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Given in to companies and organizations with noteworthy contributions to both effectively and efficiently drive the country’s economy, as well as making the difference to benefit the society, the inaugural award was presented to CPN jointly by The Chulalongkorn University Master of Business Administration (MBA) Alumni Association and the MBA Program, Faculty of Commerce and Accountancy, Chulalongkorn University, in recognition of CPN’s excellence in finance strategic and corporate governance directions.



8



9

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

## Achievement Awards for Corporate Governance and Sustainable Development

07

**First year member of Dow Jones Sustainability Indices (DJSI) World 2018 and five consecutive years member of Dow Jones Sustainability Indices (DJSI) Emerging Markets 2018**

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CPN remains the first and only Thai property development company which had been selected to be a member of DJSI Emerging Markets for five consecutive years, and had been rewarded to DJSI World for the first year in 2018. The DJSI comprises a series of globally renowned indices based on corporate economic, environmental and social performances. The DJSI is managed cooperatively by RobecoSAM and S&P Dow Jones Indices to assess leading companies from stock exchanges globally that demonstrate exemplary business performance, market capitalization, transparent management with sound corporate governance, and contribution to social and environmental well-being.

08

**“Sustainability Report Award 2018” – recognition award**

• • • • •

from the Listed Companies Association, jointly with the Securities and Exchange Commission Thailand and ThaiPat Institute, to the listed and non-listed companies that demonstrated exemplary efforts to prepare the sustainability report that covers operational, social, economics, governance and environmental aspects.

09

**“SET Sustainability Investment Awards 2018” and “Thailand Sustainability Investment (THSI) 2018”**

• • • • •

organized by the Stock Exchange of Thailand whereby CPN received the following awards:

- **SET Sustainability Awards 2018-Outstanding Awards**

for a public company that has an outstanding in sustainable development chosen from a group of companies with market capitalization above Baht 100,000 million.

- **Thailand Sustainability Investment 2018 Award**

for the fourth consecutive year (2015–2018) and is awarded to public companies that conduct their businesses towards sustainable development, having excelled in environmental, social and governance (ESG) aspects. The award was established by the Stock Exchange of Thailand, corresponds to international standard and serves as information for investors to invest in high quality stocks with continuous returns in the long term.

## 10

### Excellent" CG Score on the Corporate Governance Report of Thai Listed Companies 2018 for ten consecutive years

Published by the Thai Institute of Directors Association (IOD) and commissioned by the Stock Exchange of Thailand, the report shows CPN with "Excellent" CG score during 2009–2018.



11

## 11

### Recertification of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

CPN has joined CAC, the collaboration among 8 organizations namely the Thai Chamber of Commerce, International Chamber of Commerce, the Federation of Thai Industries, Thai Listed Companies Association, the Thai Bankers' Association, the Federation of Thai Capital Market Organizations, Tourism Council of Thailand, and Thai Institute of Directors, since 2015 and must recertify once every three years. Due to consistent implementation of anti-corruption, CPN was recertified on February 12, 2018.

### Achievement Awards for Environmental Conservatism

## 12

#### "Thailand Energy Awards 2018"

Presented by the Department of Alternative Energy Development and Efficiency, the Ministry of Energy, as the pinnacle and internationally recognized award in Thailand for energy conservation and global warming reduction, Thailand Energy Award is given in acknowledgement of factories, buildings, personnel and supporters that resulted in meaningful energy saving and adoption of renewal energy. CPN received four awards as follows:

- **Energy Conservation (designated building)**  
awarded to CentralPlaza Khonkaen and CentralFestival Chiangmai
- **Energy Conservation (EE Creative Building – New and Existing Building)**  
awarded to CentralPlaza WestGate and CentralPlaza Nakhon Si Thammarat



13

## 13

#### "The Building Plan's Energy Conservation Awards" (BEC Awards)

The Coordinating Center for Energy Conservation Building Design and the Department of Alternative Energy Development and Efficiency have certified the design standard for energy efficiency for two of CPN shopping centers, namely:

- **"Outstanding" Certification**  
for CentralPlaza Nakhon Ratchasima
- **"Very Good" Certification**  
for CentralPlaza Mahachai



# ECONOMIC AND INDUSTRY OVERVIEW

## 2018 THAILAND ECONOMIC OVERVIEW

The GDP of Thailand grew 4.1% in 2018, an increase from 4.0% recorded in 2017. Factors contributing to this higher growth are 1) the continuous expansion of private consumption following more distribution of household income apart from the agricultural sector and consistently higher employment in the industrial and agroindustry sectors, 2) growth of the export and service sectors after the global economic recovery of the first half of the year but declining in the latter half due to the trade war between the U.S. and China, 3) continual rise in tourism as Thailand remains the destination of tourists worldwide and continuous increase in conferences and seminar events, 4) higher public and private investments following state investment acceleration and expansion of the manufacturing sector, and 5) slightly higher headline inflation to 1.1%, driven by higher prices of energy and major food and beverages.

With a rise of 4.6% versus 3.0% in 2017, the 2018 domestic private consumption was considerably improved, mainly from the middle-income and high-income groups, following the national economic growth and consumer confidence. There was a recordable growth in the lower-income group but rather gradual, reflecting the income contraction of the farmer group and slight increase in wages. The nationwide private consumption growth varied from region to region and rather gradually, with exception of the area of Bangkok and its perimeter, where growth was more rapid: recorded at 4.0% in the North and Northeast and only 1% in the South. The slower private consumption growth in the South was far below other regions due to the lower income of producers and exporters of rubber and rubber products, following falling prices of rubber. Nearly all types of commodity grew, especially durable and semi-durable goods. Nevertheless, the high household debt of 77.8% of GDP will continue to pose threats to the overall private consumption growth.

The 2018 export growth slowed down from 9.8% in 2017 to 7.7%. However, this growth was still higher than the five-year average between 2013-2017. The export drop took place in the latter half of the year following the U.S.-China trade war and especially commodities in the electronics and automotive groups, in line with other export markets in Asia. The export growth in primary markets including the U.S., Japan and the

EU, was recorded at 7.7%. The highest record of 13.0% was with the Japanese market. Exports to secondary markets included 17.0% with India and 14.0% with ASEAN(9), while export growth to China was recorded at a record low of 2.3%.

Domestic investment in 2018 was higher than that of the previous year, following the acceleration of government budgetary disbursement from -1.2% in 2017 to 3.3% in 2018. Private investment followed in the same direction from 2.9% to 3.9% for the same period, particularly from the producer-to-export group. Investments by the retail sector, including those in modern trade, continued to invest and expand their presence, as well as renovating their existing channels throughout the year.

Tourist arrivals in 2018 rose by 7.3% from 2017 to 38 million with the highest number from China (8% growth from the previous year), South Korea (5%), Malaysia (16%), and Laos (4%). The highest growth from the previous year in percentage were from Hong Kong (25%), Malaysia (16%), India (12%) and Vietnam (10%). The overall tourism revenue increased by 9.0% to Baht 2 trillion. Tourism growth will likely continue to drive the Thai economy for years to come.

## 2019 THAILAND ECONOMIC OUTLOOK

The 2019 projection of the Thai economy is set to slow down from 4.1% in 2018 to 4.0%, but still higher than the most recent five-year average (2013-2017) of 2.8%. Domestic demand will continue to be the main driver, especially the projected 4.2% expansion in private consumption. Following public investment in key infrastructural projects, private investment growth is expected to follow at 6.6%, while the utilization capacity and tourism are likely to grow by 4.7% and 6.2%, respectively. On the other hand, international demand will likely fall, reflecting the impacts of the U.S.-China trade war and trade sanction policies with certain countries. Export growth is therefore project to slow down to 3.8%.

The Thai economy will, however, continue to face several challenges, including political uncertainty arising from the upcoming general election, economic and financial risks due to volatility and falling growth of the global economy, driven mainly by trade barrier measures between the U.S. and China, economic contraction in China, and uncertain future on



Brexit if the negotiation between the U.K. and the E.U. cannot materialize. These three factors will directly impact the export of Thai products. Other significant factors are the delay of tourism recovery, especially from the Chinese and Russians, due to the economic slowdown in China and the weakening currencies of the Chinese RMB and the Russian Ruble, and the rise of interest rates in the global market above the fundamentals, driving the higher costs of production and inflation affecting the overall economic recovery.\*

## 2018 RETAIL INDUSTRY OVERVIEW

The domestic retail industry accounts for 15.0% of the total GDP. The overall retail industry growth rose from 6.0% in 2017 to 10.0% in 2018; under this growth, the sector of department stores and general shops grew by 4.0% with a focus on durable and semi-durable goods, while consumption growth of general consumer products remained low. The main purchasing power came from the middle-income, upper-income and fixed-income

consumers. A positive sign of consumption from the majority of the population, consumers of the middle-income, lower-income and farmer groups mostly in rural areas, was recognized but not in full recovery, partially due to the fact that income growth for farmers was still too low and household debts remained high. These negative attributes were, however, offset by positive economic support coming from the spending of foreign tourists in Bangkok and other major destinations.

Retail markets continued to expand in 2018, according to a research paper conducted by Colliers International Thailand Co., Ltd. With an increase in retail space of 89,657 square meters, the total retail space in Bangkok and its perimeter rose to 7,968,326 square meters. Shopping centers accounted for 56.0% of the total space, followed by community malls at 35.0% and supplementary retail space at 9.0%. The overall occupancy rate in 2018 exceeded 90.0%, according to a retail space research paper in 3Q 2018 by Colliers International Thailand Co., Ltd.

\* Source: Office of the National Economic and Social Development Board, the Bank of Thailand, Ministry of Commerce, and Ministry of Tourism and Sports.

## Shopping Centers and Department Stores

The overall retail gross floor area of all department stores in Thailand in 2018 stood at 20.2 million square meters and is expected to rise to 20.9 million square meters. New projects launched in 2018 were ICONSIAM, Terminal 21 at Pattaya, Gateway Bangsue, and Singha Complex. New projects set to be launched in 2019 are Central Village, The Market Bangkok, Mixt Chatuchak Shopping Mall, Ekamai Mall, Wizdom 101, Samyan Mitrtown, Siam Pivat-Simon Village, People Park Onnuch, and Market Place Dusit.

Operators of shopping centers and department stores are now facing a new set of challenges originated by changing consumer behavior. Today's consumers demand shopping experience, personalization, convenience and speed. Other challenges are consumers' preference for online shopping, lifestyle retail and new concept retail: a newly designed retail space tailor-made to fit lifestyles and the livelihood of consumers and tourists. The rapid growth of the food delivery business has created a negative impact on the visit frequency to shopping centers and department stores. With these challenges, operators of shopping centers and department stores therefore need to develop a new set of strategic moves and continuously improve their services to respond to the changing needs of customers who always look for new experiences.

## Community Malls and Lifestyle Retail

The community mall market continually grew in 2018, even though at a slower pace. 47,000 square meters of space were added, mostly from new projects launched in 2018, such as Market Place Nanglinchee and Lasalles Avenue

The overall community mall and lifestyle retail market, both for retail and wholesale, is under active competition with shops in surrounding communities and large department stores. Business operators of this group must therefore adjust themselves to differentiate and respond to the changing needs and lifestyles of their target customers and tourists. These can be done by selection of shopping sites close to communities, renovation and expansion of projects, locating new and diversified tenants like those in large department stores, organizing market activities and promotions to retain their customer bases and attract new bases of customers, as well as providing convenient and complete facilities. All these efforts require uniquely skilful management under exposures of risks and rising costs.

## Hypermarkets and Convenience Stores

Operators of hypermarkets opted to expand their businesses to offer a greater variety of goods and services to better respond to the needs of customers in the communities in 2018 rather than launching new facilities. Many operators continue to expand their businesses with small stores, with modification toward supermarkets, or known as 'super-convenience store' and 'convenience store'. These operators are mini Big C, Tesco Lotus Express, Tops Daily, and MaxValu Tanjai. Some now look like open markets as long as it supports the rapid expansion with ease, coverage of diversified customers, and coverage of distant areas. Online shopping has been offered to provide convenience to certain target customer groups, with higher and higher projected generated income following behavioral change of consumers toward speed and convenience.

The market for convenience stores remains focused on continual expansion of branches to maximally cover geographic space with more strategic concentration on franchising. To better respond to the changing consumer behavior and lifestyles, these convenience stores have been modified to offer a variety of hygienic foods and beverages for all age groups, and unique goods and services specific to the needs of local customers, with a focus on speed, modern outlook and use of high-tech applications. E-commerce and online shopping have been offered to provide more convenience and speed. More social media applications have been added to provide direct and effective communication with customers. Joint investment with foreign investors has been increased, pushing major operators in this sector to expand more branches and organize more activities and promotions to build and retain relationship with their customers.

## 2019 RETAIL INDUSTRY OUTLOOK

The retail industry is expected to grow 4.0-6.0% in 2019 in line with the economic recovery. The major driver of this growth is public investment on infrastructure, leading to more investments in the value chain, including the retail industry. More mixed-use and new models of the retail industry will surface in 2019. About 9.0 million square meters of retail space will be added in Bangkok and its perimeter. Following economic growth, urban private consumption including that by foreign



tourists will increase consumption demand, additional supply of retail space, including those from newly launched projects, will catch up, creating more retail space for tenants to lease and expand their businesses. The occupancy rate and retail space rental rate in 2019 are therefore likely to increase.

Large-scale department stores scheduled for first launch in 2019 in Bangkok Metropolitans are Central Village, The Market Bangkok, Mixt Chatuchak Shopping Mall, Ekamai Mall, Siam Pivat-Simon Village, Wizdom 101, and Samyan Mitrtown. The last two, are mixed-use including a shopping arcade, office space, and a residential and entertainment center. Additional 300,000 square meters will be added to the total net retail area for Bangkok and its perimeter. New projects set to be launched in 2019 in provincial areas include CentralPlaza Ayuthaya and Central Patong.

Four more large-scale shopping centers are set to debut in Bangkok during 2020-2023, most of which are mixed-use to respond to the urban lifestyle needs. These are 1) The Parq, 2) One Bangkok, 3) The EmSphere, and 4) Bangkok Mall. The Parq and One Bangkok are large-scale projects on Rama IV road, developed by a joint venture of TCC Assets (Thailand) Company Limited and Frasers Property Holding (Thailand) Company Limited. The EmSphere is the 3<sup>rd</sup> shopping center under The EM District located in the Phrom Phong area, and Bangkok Mall is located at the Bangna-Trad junction. Both are developed by the Mall Group.

Following public investments on infrastructure including the transport network megaproject, the Eastern Economic Corridor, and clusters of regional special economic zones, domestic and international trade and economic networks are set to expand significantly. Massive investments from both public and private sectors, particularly foreign investors, are expected to pour in for many years to come. This will trigger sizeable employment in many parts of the country creating more purchasing power and interest among the retail industry and project developers. Locations of high interest are major cities, satellite towns, and towns along the national border in all directions. More mini-scale development of super store malls, specialty stores, shopping centers and department stores have been lined up for rural consumers.

Modern-day retail market competition has evolved to a different battleground. From competing among retail players, non-retail players have entered the market. Operators of office

space have begun to offer retail shops in a new look known as 'retail podium' to meet the new lifestyle demand of customers. With a customer-centric concept, anyone can enter the retail industry only if they have shop fronts. Market competition has become much more active when many retail players have adopted the e-commerce market channel, creating a bigger number of large competitors and consistently high competition. Gearing toward creation of customer experience, the market competition factor is not limited to only pricing, but also differentiating services, leading the market to expand rapidly and increasing market shares for certain retail players.

Getting to fully understand evolving customer behavior and lifestyles is the key to retail business success, especially when changes of technology and customer needs are more rapid. Applying suitable technology to identify customer behavior and reduce costs of administration is crucial to the current retail business. Big-data analytics and artificial intelligence will likely become technologies of choice for all retail operators in 2019, including their integrated applications to enhance management and optimize the network and connection between online and offline, known as O2O (Online to Offline).

## PROPERTY INDUSTRY OVERVIEW 2018

The overall 2018 property industry continued its growth from the 2017 level with many new launches of projects in Bangkok and its perimeter, including single houses, twin houses, townhouses, shop houses, condominiums and residential properties. These were driven by the national economic expansion, led by export and tourism, as well as public investment in megaprojects like various approved skytrain projects and high-speed rail lines. The recently launched mortgage control measure by the Bank of Thailand is expected to accelerate the transfer of rights and the approval of mortgages before the effective date of April 1, 2019. Intended to control the overall loan level, the measure demands a 10% down payment for the second housing loan, assuming the first has been paid with installment for more than three years previously. Otherwise, the required down payment for the second loan must be up to 20%, and up to 30% for the third loan. But if the property value exceeds Baht 10 million, the measure demands 20% down payment regardless of previous mortgages.

## Residential Property Overview in Bangkok and Perimeter

According to the data surveyed by the Real Estate Information Center (REIC), Government Housing Bank, 118,271 new residential units were added in 2018, equivalent to 3.6% growth over 114,194 new units sold in 2017. The growth in 2018 was the record high for the last five years. These new units came from 450 projects, 48 higher than 2017 (growth of 11.9% year-on-year). The types of new residential projects included:

### Housing Estate (Low-Rise) Projects

There were 45,063 residential units newly launched in 2018, a drop of 4,178 units or 8.5% from 2017. The total unsold housing units in 2018 stood at 74,200, a drop of 6,249 units or 7.8%, while finished units were 34,807, a 12.9% increase. Ownership rights of 99,311 residential units were transferred, a rise of 19.3%. Ownership rights of 51,585 residential houses were transferred, 8,104 units or 18.6% more than the previous year.

### Condominium Projects

This year, 73,208 new condominium units were launched, a rise of 8,255 or 12.7% from 2017. The total unsold units were 59,200, down by 3,211 units or 5.1% from the previous year. The total number of completely constructed units was about 69,872 units, 6,553 units more than in 2017 or 10.3%. The number of condominium ownership right transfers was 72,079 units, a rise of 11,962 units or 19.9%.

This year the total overall number of new residential projects in Bangkok and its perimeter, including single detached house, townhouses, and condominiums, was a record high in the last 25 years. A large number was condominium projects, mostly at moderate to high prices, especially projects located along existing routes and extensions of the skytrain. More mixed-used projects have been developed and joint investments with foreign investors have been more active, leading to better developed residential products to meet higher demand by customers.

The newly registered residential properties in Bangkok and its perimeter rose 3.3% in 2018, corresponding to the rising trend of joint-venture projects with foreign investors, adjustment of property project development by many

developers to better match the target groups, as well as plans to extend the mass transit system.

In 2018, the ownership rights of 196,630 residential units were transferred with a total value of Baht 565,112 million, equivalent to unit growth of 20.3%. The ownership rights of 163,468 units, worth Baht 427,728 million, were transferred, in line with the information on new housing loans nationwide worth Baht 712,565 million, 12.4% higher than the previous year when the transfer value was Baht 633,990 million.

The 2018 prices of predeveloped land assets and residential units increased in all categories:

- The pricing index of predeveloped land plots in Bangkok and its perimeter rose 31.2% from the previous year to 219.2.
- The pricing index of new condominium units for sale in Bangkok and its perimeter, including Nonthaburi and Pathum Thani, rose 11.0% from the previous year to 143.0.
- The pricing index of new housing units for sale in Bangkok and its perimeter, including Pathum Thani, Nonthaburi and Samut Prakan, rose 4.3% from the previous year to 123.0.

## Provincial Residential Property Overview

The demand significantly grew. The number of units and value of right transfer rose 21.0%, mostly in major tourist provinces, including Eastern Economic Corridor (EEC) provinces, namely Chon Buri, Rayong and Chachoengsao. The supply, however, slowed down as seen in the declining requests for construction permits, especially condominium construction permits that dropped 49.0%, while the construction permits of residential project development increased only 2.9%. This showed more balance between demand and supply.

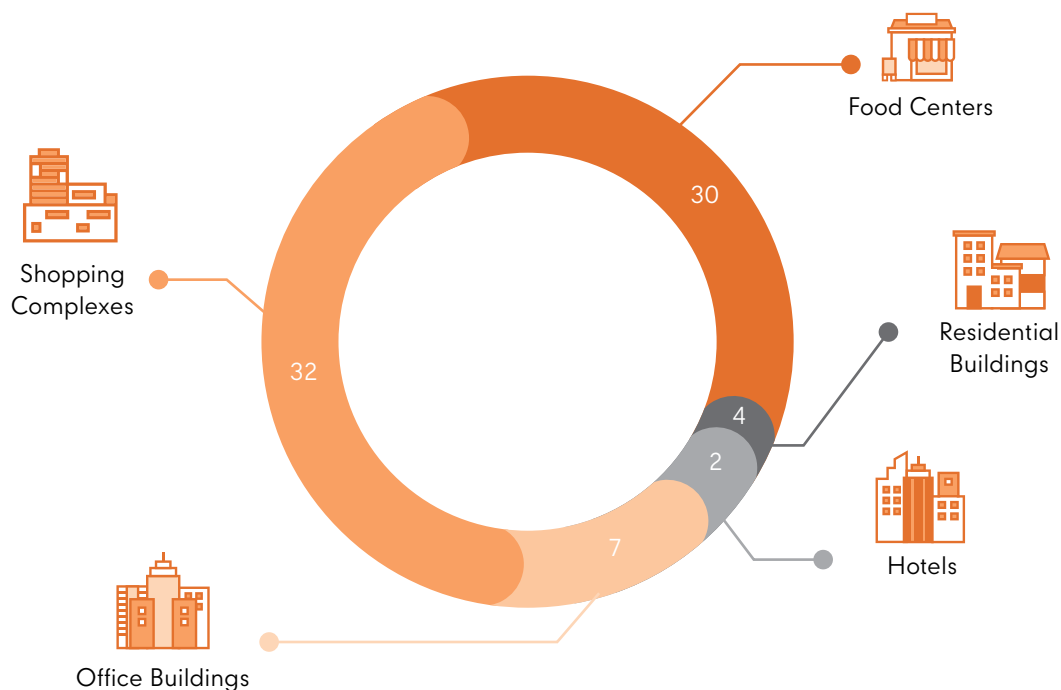


## 2019 PROPERTY MARKET OUTLOOK

Affected by several negative factors, the property market outlook in 2019 for Bangkok and its perimeter is expected to slow down in property units and monetary value. These factors are mostly economic, including higher interest rates, mortgage control measure, higher bad debts or non-performing loans. Even under this economic slowdown, major developers will continue to hold a larger market share of new products and adapt by jointly investing with foreign developers and investors. Small to medium developers, with less competitive power, are likely to slow down their new projects under this highly competitive environment. Additionally, the overall economic slowdown, rising interest rates and the result of BOT mortgage control measure will cause the residential market demand and supply to become sluggish as well as purchasing power from speculative investors.

The provincial residential market in 2019 is expected to follow the same trend as Bangkok, with a slowdown together with lower demand and supply because the developers are postponing new projects. Higher household debts due to lower income from falling farm produce prices and stricter mortgage control on residential property are the main factors. The main focal areas for growth, continued from 2018, are regional economic centers such as Songkhla, Phuket, Chiang Mai, Udon Thani, Khon Kaen, Chon Buri, Rayong, and the special economic zones under public policy.

# NATURE OF BUSINESS



## BUSINESS OVERVIEW

Central Pattana Public Company Limited (“the Company” or “CPN”) was established under the name of “Central Plaza Co., Ltd.” on June 17, 1980, with an initial registered capital of Baht 300 million. In 1982, CPN launched CentralPlaza Lardprao, the first fully integrated shopping center in Thailand, followed by CentralPlaza Ramindra and CentralPlaza Pinklao, both of which are multipurpose shopping complexes with office buildings, and Central Center Pattaya (currently CentralMarina). CPN was listed on the Stock Exchange of Thailand (SET) on March 1, 1995, with a registered capital of one billion baht and a par value of Baht 10 per share. Currently, its paid-up capital is Baht 2,244,000,000, with a par value of Baht 0.5 per share, of which the majority is held by Central Holdings Co., Ltd., and Chirathivat family members.

CPN has been expanding its large-scale integrated shopping centers by developing new shopping centers under the “CentralPlaza” brand in big cities and “CentralFestival” in major provinces that are tourist destinations. This included the acquisition of shopping centers such as CentralPlaza Chiangmai Airport (1996), CentralWorld (2002), CentralPlaza Rattana Thibet (2003), CentralPlaza Udon Thani (2009) and CentralFestival Phuket (2015) and continuous renovation programs of existing shopping centers to serve customers’ needs. In 2005, the Company established the CPN Retail Growth Leasehold

Property Fund (CPNRF) to raise funds from domestic and foreign investors to invest in properties with potential benefits. CPNRF made initial investments in most of CentralPlaza Rama 2 and CentralPlaza Rama 3 and additional investments in CentralPlaza Pinklao and CentralPlaza Chiangmai Airport. In 2017, CPNRF units were successfully converted into CPN Retail Growth Leasehold Investment Trust (CPNREIT) units with additional investments in CentralFestival Pattaya Beach and Hilton Pattaya.

With a strong commitment to sustainable growth, CPN has opened 2-3 new shopping centers each year since 2011. In 2012, CPN established the Commercial Growth Leasehold Property Fund (CPNCG) to invest in The Offices at CentralWorld and its benefits. In 2015, due to changing retail environment and consumer behavior, CPN adopted a new strategic direction to turn its shopping centers into the “Center of Life” to better serve the changing lifestyles of people of all ages and genders. Under the concept of “Innovative and Lifestyle Shopping Mall”, the shopping centers applied innovations to structural designs, features and services with emphasis on convenience, safety, health and environmental friendliness. Examples of these shopping centers included CentralPlaza WestGate and CentralFestival EastVille (opened in 2015), CentralPlaza Nakhon Si Thammarat (opened in 2016), CentralPlaza Nakhon

Ratchasima and CentralPlaza Mahachai (both opened in 2017). The latest shopping mall development was Central Phuket Floresta (opened in 2018) connected to Central Phuket Festival, making both buildings, henceforth called Central Phuket, the largest shopping complex in southern Thailand that features unique attractions, such as “TRIBHUM”, the 3D interactive walkthrough theme park, and “Aquaria”, the largest aquarium in Thailand, catered towards both tourists and local visitors.

Moreover, CPN continues to expand its business through the development of new retail formats, such as Central Village, an international luxury outlet mall to open in 2019, and through geographical expansion, particularly in Southeast Asia, where CPN plans to open the Malaysia-based Central i-City in early 2019. CPN sees the opportunity to grow its business through mixed-use development, such as residential, office building and hotel development, to maximize land utilization, increase revenue base and visitor traffic to support the shopping mall business. Residential development commenced at locations either adjacent to or in close proximities to the shopping malls, where the first 3 projects are completed and gradually transferred to customers in 2018 and 2019. In addition, CPN entered a joint venture agreement with Dusit Thani Public Company Limited (“DTC”) to develop a mixed-use project in the Silom area, acquired a 67.53% ownership stake in Grand Canal Land Public Company Limited (“GLAND”) with development opportunities on land located at Rama 9 and Phaholyothin areas, and entered a joint venture agreement to conduct the co-working space business to synergize the shopping mall business with the office buildings going forward.

## NATURE OF BUSINESS

CPN’s core businesses comprise the development of shopping complexes and other complementary mixed-use projects, which include residences, office buildings and hotels, to add value to the shopping complexes. By the end of 2018, CPN manages 32 shopping centers, 14 in Bangkok Metropolitan Area and 18 in prime provincial areas (includes Central Phuket: Central Phuket Festival and Central Phuket Floresta); seven office buildings in Bangkok; two hotels, namely Centara Hotel and Convention Center Udon Thani and Hilton Pattaya; Hotel and one residential project in Bangkok. Furthermore, CPN invested in CPN Retail Growth Leasehold Investment Trust (CPNREIT) and CPN Commercial Growth (CPNCG), the properties under both of which are also managed by CPN.

CPN’s project development starts from securing strategic locations at reasonable prices and onto conducting feasibility studies, controlling design and construction processes,

overseeing lease progress, and finally managing shopping complexes and office buildings after commercial openings, which extends to the provision of utilities, security and cleaning services at each site. Furthermore, CPN operates certain complementary businesses, such as food centers, multi-purpose convention halls, entertainment and leisure attractions at some shopping complexes to accommodate customers. Regarding the hotel business, CPN has employed expert hotel management companies to manage its hotels and maximize benefits from the properties.

### CPN’s business

Categorized based on sources of revenue in six business groups described as follows:



#### 1. Shopping Complexes

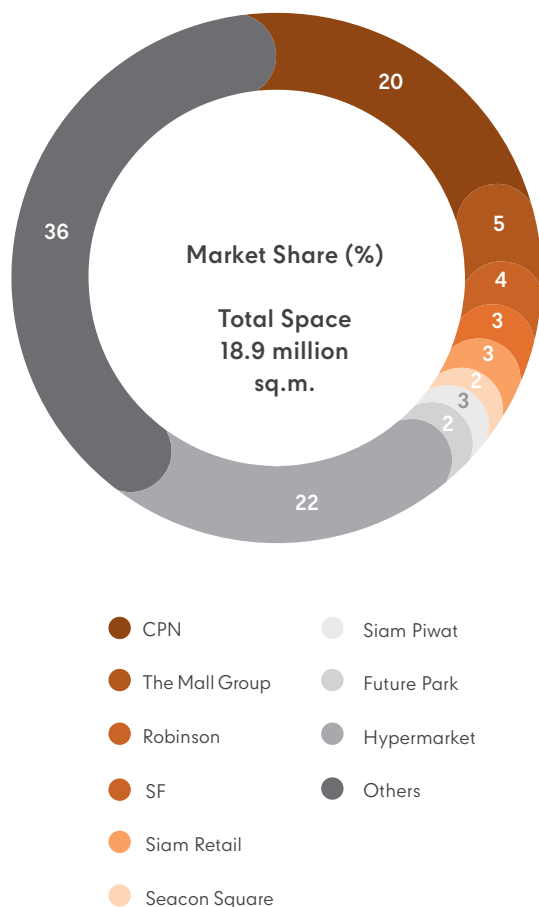
CPN’s main source of revenue, the shopping complex business accounts for more than 76% of the total revenue. Revenue is derived from rental of retail space, utility and security services, cleaning services, rental & services of convention halls, and onsite media services at 32 properties – 14 in Bangkok Metropolitan Area and 18 in prime provincial areas – of which 27 projects are owned by CPN and the other 5 projects leased out to CPN Retail Growth Leasehold Investment Trust (“CPNREIT”) in which CPN is the property manager.

CPN continues to develop and expand the shopping complex business through opening new shopping centers domestically and internationally, renovation of existing shopping centers to contemporary standards, and enhancing the space utilization in shopping centers to sustain revenue generation. These initiatives resonate CPN’s vision to become the “Center of Life” to better address consumers’ dynamic lifestyle preferences by offering a wide range of products and services, as well as through the implementation of various destination concepts that match the lifestyle desires of customers at all ages and interests. Moreover, CPN shopping centers integrate iconic local heritage and identity as part of their designs. The interior of the shopping center creates an attractive ambience for customers to have enjoy shopping experiences. These distinguished features continue to elevate CPN’s shopping center as the leader in the shopping complex business.

In September 2018, CPN opened Central Phuket Floresta, connected to Central Phuket Festival, making Central Phuket the largest shopping complex in southern Thailand. In 2019, CPN plans to open Central i-City in Malaysia, its first international

retail project, and Central Village, the first international luxury outlet in Thailand. As for the asset enhancement initiatives in 2018, CPN has undertaken a major renovation at CentralWorld to become a global lifestyle destination, as well as a major renovation at CentralPlaza Rama 3 to become the lifestyle destination of local communities.

According to its estimated data as of December 31, 2018, CPN has 20% market share of the retail industry in Bangkok Metropolitan Area based on gross floor area, excluding parking space.



## 2. Office Buildings



The office building business involves the development of office buildings for rent not only for their complementarity with the shopping complex, but also for their value accretion from the optimization of land use and efficiency of car park management.

The decision to develop an office building in any shopping center area is based on the strategic location together with the demand and supply of office space in that area. The revenues from office building include rental of office space, rental of retail space within the office building, and revenue from utilities services.

At present, CPN runs 7 office buildings on the premises of 1) CentralPlaza Lardprao, 2) CentralPlaza Pinklao (2 towers), 3) CentralPlaza Bangna, 4) CentralWorld (The Offices at CentralWorld), 5) CentralPlaza Chaengwattana, and 6) CentralPlaza Grand Rama 9. For office buildings, CPN owns 4 projects and manages the other 3 projects, 2 of which are under CPNREIT (Pinklao Tower A and B Office buildings at CentralPlaza Pinklao) and the other under CPNCG (The Offices at CentralWorld). Tenants of office buildings in CentralPlaza Lardprao, CentralPlaza Pinklao, CentralPlaza Bangna, CentralPlaza Chaengwattana, and CentralPlaza Grand Rama 9 projects are mostly operators of businesses that benefit the shopping mall business, such as tutorial schools, language and music schools, beauty parlors, and securities brokerage firms. In contrast, The Offices at CentralWorld is a grade A office building located in the heart of the business district. Its tenants are, therefore, leading Thai and multinational companies.

## 3. Hotels



The hotel business on the same premises as shopping centers complements the shopping center business in terms value accretion to the overall project by making the most use of properties for the maximum return on investment. Key consideration factors of hotel investment include project location, demand and supply, surrounding environment, and the project's growth potential. The hotel business comprises guest rooms, food outlets, seminar rooms and convention

centers to serve the growth of the MICE (Meeting Incentive Convention and Exhibition) industry. Revenue from the hotel business comprises room revenue, sale of food & beverage and rental of units in buildings and service income.

CPN owns two hotels:

- 1) Centara Hotel & Convention Centre Udonthani (formerly known as Charoensri Grand Royal Hotel, a part of Charoensri Complex, acquired by CPN in April 2009) comprises 259 rooms. CPN has employed an expert hotel management company, namely Central Plaza Hotel, to manage the hotel.
- 2) Hilton Pattaya Hotel consists of 302 rooms (situated in the same complex as CentralFestival Pattaya Beach and launched in November 2010). In December 2017, CPN leased it to CPNREIT for 20 years and employed Hilton Hotel Corporation to manage the hotel.

CPN requires that all projects comply with the Building Control Act and minimizes their environmental impacts.

As of present, CPN launched 7 condominium projects adjacent to the shopping malls under the brands “ESCENT” and “ESCENT VILLE”. Amongst these projects, there are 3 that have been completed and are in the process of transfer to customers, namely at 1) CentralFestival Chiangmai; 2) CentralPlaza Khonkaen and 3) CentralPlaza Rayong. The other 4 projects are under development and are located next to 1) CentralPlaza Nakhon Ratchasima; 2) CentralPlaza Chiangrai; 3) CentralFestival Chiangmai (second project) and 4) CentralPlaza Ubonratchathani. Moreover, CPN has 2 residential development projects outside of the shopping mall area, namely 1) “NIYHAM” single-detached housing project and 2) “PHYLL” condominium. These projects are developed and managed by CPN Residence Company Limited, a subsidiary of CPN. Additionally, CPN manages a residential building project called Central City Residence Condominium, a 11-unit condominium on the premises of CentralPlaza Bangna.

## 4. Residential Buildings



Recognizing the potential of mixed-use development of shopping complex projects, CPN has developed residential projects to maximize the benefit of its core shopping-complex business. Hence, a specialized team of executives, experienced personnel and experts was set up to conduct feasibility studies on the development of residential projects and execute other relevant tasks.

The development process of CPN's residential projects starts from selecting strategic locations; conducting feasibility studies from market information and other impact factors to analyze and decide on suitable types of housing project for each location; procuring construction and decorative materials directly from suppliers through fair bidding processes to compare prices and quality and benefit from the economies of scale; setting delivery prices in advance to avoid price fluctuation; and selecting contractors who are skillful, experienced, and reputable in their respective types of work under CPN's procurement procedures and standards. CPN's control systems are also in place to ensure that construction work proceeds as planned and their quality is strictly controlled. Besides undertaking environmental impact assessment (EIA) to address environmental impacts potentially caused by the construction of residential projects and their utility systems,

## 5. Entertainment and Leisure attractions



The entertainment and leisure attraction business is supplementary to the shopping complexes through adding a variety to features and services. Not only can they attract more customers to shopping complexes, but they also bring satisfaction to customers and people in surrounding communities. For the parks to materialize, the size of land and space availability in the project are key considerations.

At present, CPN operates the following entertainment and leisure attractions at shopping complexes:

- Pororo AquaPark Bangkok, the water park located on the 6<sup>th</sup> floor of CentralPlaza Bangna decorated with the theme of a famous Korean cartoon series “Pororo: The Little Penguin” and offers new, exciting and memorable experiences to all family members.
- Central Park, a large recreational park located in the same area as CentralPlaza Rama 2 open to the general public and comprises a health park, children's playground, activity zone and famous food vendors.
- TRIBHUM: The Mystic of Three Worlds, located at Central



Phuket and will open in 2019, is a 3D interactive walk through theme park as a result of a joint venture investment by CPN and a partner with accredited expertise.

## 6. Food Centers



Food centers are considered an essential element that complements shopping complexes. Intended to provide convenience for customers with a wide variety of affordable, quick and ready-to-serve dishes, food centers at CPN shopping centers generate return from the sale of food and beverages at food centers.

CPN developed and improved food centers under the concept of Food Destination, which includes a wide selection of restaurants to serve various lifestyles, including casual dining, family restaurant, cafe, bakery or take-home food.

ChiangMai Airport. It also invested in CPN's two additional properties, namely CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel. The transfer was completed on December 1, 2017 and the lease for the two newly acquired properties will expire on August 31, 2037, for a net asset value of Baht 11.908 Billion.

CPNREIT is managed by CPN Management Company Limited, a subsidiary of CPN, as the REIT manager. It appointed CPN as property manager. CPN Pattaya Hotel Co., Ltd., a subsidiary of CPN, is a sub-lessee of Hilton Pattaya Hotel, which remains under the management of Hilton Hotels Corporation. Siam Commercial Bank Asset Management Co., Ltd., acts as the trustee and the Thailand Securities Depository Co., Ltd. (TSD) acts as the registrar.

- 2) CPNCG was registered on September 13, 2012, with an indefinite expiration date. The purpose of the fund is to raise funds from unitholders to invest in properties or leasehold properties and seek benefit from properties. CPNCG has invested in parts of The Offices at CentralWorld.

SCB Asset Management Company Limited (SCBAM) acts as the management company, Kasikorn Public Company Limited acts as the mutual fund supervisor, the Siam Commercial Bank Public Company Limited acts as the registrar, and CPN acts as the property manager.

As the property manager, CPN is entitled to monthly management fee from the fund according to the contractual agreement between the fund and the property manager.

Additionally, CPN has a 10.13% indirect ownership in GLAND Office Leasehold REIT (GLANDRT), through the acquisition of shares in GLAND. The REIT is managed by GLAND REIT Management Co., Ltd., a subsidiary of GLAND.

## 7. Investment in Property Fund and REIT (Real Estate Investment Trust)



CPN is the major unit holder of CPNREIT and CPNCG, representing 26.69% and 25.00% of total ownership respectively. It also serves as the property manager and receives monthly fees under management contracts and profit-sharing agreement based on investment proportions. The details are as follows:

- 1) CPNREIT was listed on the Stock Exchange of Thailand on December 14, 2017, after CPNRF had been converted into CPNREIT according to the resolution of the Board Meeting No. 4/2017 on May 31, 2017. It approved the conversion based on the interest of CPNRF unitholders, who would enjoy the income tax incentive and VAT exemption for property fund, specific business tax and stamp duty. Moreover, the privileges on the registration of related right and juristic acts due to the conversion will end on December 31, 2017.

CPNREIT was established on November 29, 2017, with an indefinite expiration date. It received assets transferred from CPNRF, namely CentralPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Pinklao and CentralPlaza

### Projects under the management of CPN

Projects Owned by CPN	Shopping Complexes	Office Buildings	Hotels	Residential Buildings	Food Centers
1. CentralPlaza Lardprao	•	•			
2. CentralPlaza Ramindra	•				
3. CentralMarina (formerly Central Center Pattaya)	•				•
4. CentralPlaza Bangna	•	•		•	•
5. CentralWorld	•				•
6. CentralPlaza Rattana Thibet	•				•
7. CentralPlaza Chaengwattana	•	•			•
8. CentralPlaza Udon Thani	•		•		•
9. CentralPlaza Chonburi	•				•
10. CentralPlaza Khonkaen	•			•	•
11. CentralPlaza Chiangrai	•				•
12. CentralPlaza Phitsanulok	•				•
13. CentralPlaza Grand Rama 9	•	•			
14. CentralPlaza Surat Thani	•				•
15. CentralPlaza Lampang	•				•
16. CentralPlaza Ubon Ratchathani	•				•
17. CentralFestival Chiangmai	•			•	•
18. CentralFestival Hatyai	•				•
19. CentralFestival Samui	•				•
20. CentralPlaza Salaya	•				•
21. CentralPlaza Rayong	•			•	•
22. Central Phuket					
- Central Phuket Festival	•				•
- Central Phuket Floresta	•				•
23. CentralPlaza WestGate	•				•
24. CentralFestival EastVille	•				•
25. CentralPlaza Nakhon Si Thammarat	•				•
26. CentralPlaza Nakhon Ratchasima	•				•
27. CentralPlaza Mahachai	•				•
Projects Managed by CPN	Shopping Complexes	Office Buildings	Hotels	Residential Buildings	Food Centers
1. CentralPlaza Pinklao <sup>1</sup>	•	•			•
2. CentralPlaza Rama 3 <sup>2</sup>	•				•
3. CentralPlaza Rama 2 <sup>3</sup>	•				•
4. CentralPlaza Chiangmai Airport <sup>4</sup>	•				•
5. CentralFestival Pattaya Beach <sup>5</sup>	•		•		•
6. CentralWorld <sup>6</sup>		•			

#### Remarks:

<sup>1</sup> 42% of CPN's shopping malls and the entire office buildings were subleased to CPNREIT until December 2024.

<sup>2</sup> 81% of CPN's asset leased to CPNREIT will expire in August 2035. (A 30-year lease can be renewed twice.)

<sup>3</sup> 96% of CPN's asset subleased to CPNREIT will expire in August 2025.

<sup>4</sup> 49% of CPN's asset leased to CPNREIT will expire in April 2044.

<sup>5</sup> 50% of CPN's asset and the entire hotel leased to CPNREIT will expire in August 2037.

<sup>6</sup> 97% of the Offices at CentralWorld was subleased to CPNCG from September 2012 to September 2032 (part 1) and from December 2012 to December 2032 (part 2).

# ASSETS UNDER CPN'S MANAGEMENT

## Retail Properties

Shopping Mall	Year of Operation	Development <sup>2</sup>	Land Ownership <sup>3</sup> (Year Expire)	Investment Cost <sup>5</sup> as end of 2018	Total Project GFA <sup>6</sup> (sq.m.)
1. CentralPlaza Lardprao	December 1982	G	L (2028)	4,509	310,000
2. CentralPlaza Ramindra	November 1993	G	L (2023)	664	86,000
3. CentralPlaza Pinklao <sup>1</sup>	March 1995	G	L (2027)	3,045	370,000
4. CentralMarina	July 1995	G	L (2035)	1,442	70,000
5. CentralPlaza Chiangmai Airport <sup>1</sup>	March 1996 <sup>4</sup>	A	F	2,421	250,000
6. CentralPlaza Rama 3 <sup>1</sup>	October 1997	G	F	2,035	220,000
7. CentralPlaza Bangna	December 2001 <sup>4</sup>	A	F	5,782	500,000
8. CentralPlaza Rama 2 <sup>1</sup>	December 2002	G	L (2055)	9,121	210,000
9. CentralWorld	December 2002 <sup>4</sup>	A	L (2040)	14,350	830,000
10. CentralPlaza Rattanathibet	December 2003 <sup>4</sup>	A	F&L (2034)	2,368	140,000
11. CentralPlaza Chaengwattana	November 2008	G	F	5,409	310,000
12. CentralFestival Pattaya Beach <sup>1</sup>	January 2009	G	F&L (2038)	4,500	210,000
13. CentralPlaza Udonthani	April 2009 <sup>4</sup>	A	F	4,614	250,000
14. CentralPlaza Chonburi	May 2009	G	F&L (2027)	3,131	156,000
15. CentralPlaza Khonkaen	December 2009	G	F	3,951	200,000
16. CentralPlaza Chiangrai	March 2011	G	F	2,016	110,000
17. CentralPlaza Phitsanulok	October 2011	G	F	1,590	100,000
18. CentralPlaza Grand Rama 9	December 2011	G	L (2040)	5,172	214,000
19. CentralPlaza Suratthani	October 2012	G	F	2,245	130,000
20. CentralPlaza Lampang	November 2012	G	L (2041)	1,145	110,000

Data as of 31 December 2018

Parking Space (vehicles)	Hall (sq.m.)	Leaseable Area (sq.m)	Occupancy Rate (%)	No. of Tenants	ISO 14001 <sup>7</sup>	For Convention Hall	
						ISO 20121 <sup>8</sup>	TMVS <sup>9</sup>
3,000	4,500	45,518	97	287	•	•	•
1,000		17,190	94	75	•		
3,500		63,093	97	271	•		
400		17,432	92	96	•		
2,300	4,800	76,665	93	588	•	•	•
2,300		54,390	95	237	•		
3,250		64,161	88	259	•		
3,200	4,100	91,853	96	315	•		
7,000		200,194	91	389			
2,000		77,220	96	187	•		
3,300	4,200	65,665	92	305	•		•
2,000		57,703	95	209	•		
2,000	5,000	71,716	91	223	•	•	•
2,040		38,391	94	203	•		
2,100	4,100	47,318	94	282	•	•	•
1,000		23,996	93	99	•		
1,440		26,474	97	139	•		
2,400		59,261	99	211	•		
1,400	4,700	31,262	94	127	•		•
2,000		21,977	96	92	•		

## Retail Properties

Shopping Mall	Year of Operation	Development <sup>2</sup>	Land Ownership <sup>3</sup> (Year Expire)	Investment Cost <sup>5</sup> as end of 2018	Total Project GFA <sup>3</sup> (sq.m.)
21. CentralPlaza Ubonratchathani	April 2013	G	F	1,835	151,000
22. CentralFestival Chiangmai	November 2013	G	F	4,300	260,000
23. CentralFestival Hatyai	December 2013	G	F	4,917	295,000
24. CentralFestival Samui	March 2014	G	L (2043)	1,875	76,000
25. CentralPlaza Salaya	August 2014	G	F&L (2044)	2,609	185,500
26. CentralPlaza Rayong	May 2015	G	F	2,685	155,000
27. Central Phuket Festival					
- Central Phuket Festival	June 2015 <sup>4</sup>	A	L (2056)	8,152	137,000
- Central Phuket Floresta	September 2018	G	L (2056)	5,499	242,800
28. CentralPlaza WestGate	August 2015	G	L (2043)	7,052	352,000
29. CentralFestival EastVille	November 2015	G	F&L (2045)	3,880	150,000
30. CentralPlaza Nakhon Si Thammarat	July 2016	G	F	1,833	90,000
31. CentralPlaza Nakhon Ratchasima	November 2017	G	F	4,560	233,000
32. CentralPlaza Mahachai	November 2017	G	F	2,803	131,250
<b>Total</b>				<b>131,510</b>	<b>7,234,550</b>

Parking Space (vehicles)	Hall (sq.m.)	Leaseable Area (sq.m)	Occupancy Rate (%)	No. of Tenants	ISO 14001 <sup>7</sup>	For Convention Hall	
						ISO 20121 <sup>8</sup>	TMVS <sup>9</sup>
1,500		32,182	97	141	•		
3,500		68,020	95	235	•		
2,500	5,000	66,802	88	218	•	•	•
600		31,648	90	110	•		
1,600		38,738	94	180	•		
2,000	1,000	29,466	93	188	•		
1,100		40,151	90	128			
3,200		32,468	75	103			
4,000	5,000	78,517	96	360	•		•
1,824		36,049	96	179	•		
1,500		21,329	90	143			
3,600	3,300	49,094	80	265			•
1,500		24,363	92	159			
<b>76,054</b>	<b>45,700</b>	<b>1,700,308</b>	<b>93</b>	<b>7,003</b>			

## Remarks:

<sup>1</sup> Assets leased from CPN to CPNREIT in December 2017, following the conversion of CPNRF to CPNREIT and the leases of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel, their respective ownerships by CPNREIT and lease expiry dates are as follows:

- 42% in CentralPlaza Pinklao, ending May 2027
- 81% in CentralPlaza Rama 3, ending August 2045 (extendable twice for 30 years each)
- 96% in CentralPlaza Rama 2, ending August 2025
- 49% in CentralPlaza Chiangmai Airport, ending April 2044
- 50% in CentralFestival Pattaya Beach, ending August 2037

<sup>2</sup> Development (A = Acquisition), (G = Greenfield)

<sup>3</sup> Land Ownership (F = Freehold), (L = Leasehold)

<sup>4</sup> Year of acquisition

<sup>5</sup> Includes investment of office/residential/hotel components. Excludes annual lease payments and investments of the assets leased/subleased to CPNREIT.

<sup>6</sup> GFA including NLA, parking, hall, common area, office and hotel.

<sup>7</sup> ISO 14001 is the international standard on effective environmental management by providing a framework for organizations to follow to preserve and protect damage to the environment through their operations.

<sup>8</sup> ISO 20121 is the international standard on effective management and organization of sustainable events for businesses.

<sup>9</sup> TMVS is a standard tool to systematically measure the quality of venues for hosting MICE events in Thailand.

## Office Properties

Data as of 31 December 2018

Office	Year of Operation	Development <sup>4</sup>	Land Ownership <sup>5</sup>	Leaseable Area (sq.m.)	Occupancy Rate (%)	No. of Tenants
Lardprao	December 1982	G	L (2028)	16,171	98	73
Pinklao Tower A <sup>1</sup>	March 1995	G	L (2024)	22,693	87	53
Bangna	December 2001 <sup>2</sup>	A	F	10,007	85	27
The Offices at CentralWorld <sup>3</sup>	November 2004 <sup>2</sup>	A	L (2040)	84,167	97	80
Pinklao Tower B <sup>1</sup>	March 2006	G	L (2027)	11,627	96	55
Chaengwattana	March 2009	G	F	19,942	98	40
Grand Rama 9	December 2011	G	L (2040)	7,378	100	36
<b>Total</b>				<b>171,985</b>	<b>96</b>	<b>364</b>

### Remarks:

<sup>1</sup> Assets leased from CPN to CPNREIT in December 2017, following the conversion of CPNRF to CPNREIT, with the lease terms ending in December 2037.

<sup>2</sup> Year of acquisition.

<sup>3</sup> 97% of the Offices at CentralWorld were subleased to CPNCG from September 2012 to September 2032 (part 1) and from December 2012 to December 2032 (part 2)

<sup>4</sup> Development (A = Acquisition), (G = Greenfield)

<sup>5</sup> Land Ownership (F = Freehold), (L = Leasehold)



### Hotel Properties

Data as of 31 December 2018

Hotel	Year of Operation	No. of Guest Rooms	Occupancy Rate (%)
Centara Hotel & Convention Centre Udon Thani <sup>1</sup>	April 2009 <sup>3</sup>	259	75
Hilton Pattaya Hotel <sup>2</sup>	November 2010	302	93
<b>Total</b>		<b>561</b>	<b>85</b>

Remarks:

<sup>1</sup> CPN is the project owner and Central Plaza Hotel Plc is the hotel manager.<sup>2</sup> CPNRIET has the leasehold rights from December 2017 to August 2037 and Hilton Hotel Corporation is the hotel manager.<sup>3</sup> Year of acquisition

### Residential Properties

Data as of 31 December 2018

Residential	Year of Operation	Leaseable Area (sq.m)	Occupancy Rate (%)
Central City Residence <sup>1</sup>	December 2001 <sup>2</sup>	1,567	23
<b>Total</b>		<b>1,567</b>	<b>23</b>

Remarks: :

<sup>1</sup> CPN owns strata-title of 11 units of the condominium.<sup>2</sup> Year of acquisition

# FUTURE PROJECTS

## DOMESTIC

### Central Village

The first state-of-the-art international luxury outlet in Thailand and the newest retail format introduced by CPN is the latest world-class lifestyle-oriented shopping destination for both inbound visitors from the airport and those outbound to the airport through its positioning as “A Must Visit Shopping Destination to Complete Your Trip”.



**Location:** On Bangna-Trad Road (KM.14), one of the main entrances to Suvarnabhumi Airport, and conveniently reached within 10 minutes from the airport, as well as around 45 minutes commute time from Bangkok downtown. Bangna-Trad Road is the gateway to the eastern region with more than 200,000 vehicles commuting through daily, or approximately 75 million cars annually. Commute time from Pattaya to the location takes around 75-90 minutes.

**Size:** About 100-rai plot of land with a total project area of 137,000 sqm., which includes approximately 40,000 sqm. of net leasable area. The project design is based on modern Thai architecture impeccably harmonized with the serene outdoor nature and will feature more than 235 brands across a comprehensive range of categories, such as apparels, sports accessories, watches, lifestyle products, home decorations, to name a few. Approximately 20% of the brands are well-known international luxury brands. Moreover, the project will offer a tourist service center, children's playground, a supermarket and a 200-room hotel catered to customers of all generations.

**Potential:** Situated on a prime location easily accessible from Suvarnabhumi Airport, Bangkok and the nearby provinces on the gateway to the eastern region of Thailand with voluminous number of travelers daily. The project is targeted at both Thai customers and foreign tourists, which continues to grow especially those that arrive at Suvarnabhumi Airport, the leading airport in Southeast Asia and amongst the top 10 airports in Asia in terms of passenger traffic. Plans for future infrastructural development include airport terminal expansion and a light rail extension line for Bangna-Suvarnabhumi that connects to the existing BTS Bangna station to make commuting more convenient for both locals and tourists.

**Progress:** Under construction for Phase 1, which is expected to complete and launch in 3Q 2019.

**Investment:** Approximately Baht 5,000 million (excluding investments of other business units under the Central Group, which are responsible for their own proportions of investments).

## CentralPlaza Ayutthaya

The ultimate lifestyle destination of Ayutthaya



**Location:** On Asian Highway before the elevated Ayutthaya Road in Ayutthaya province.

**Size:** With a total project area of 150,000 sqm., CPN aims to establish CentralPlaza Ayutthaya as the lifestyle destination that fulfills happiness and lively experiences. Positioned to “Experience the Essence of Ayutthaya Heritage”, the project emanates a perfectly blended atmosphere between the authenticity and prosperity of Ayutthaya and the lifestyle of modern era, fitted with a comprehensive range of shops and service centers catered for local visitors and foreign tourists, such as Thai dessert cafes, relaxation massage and spa services, souvenir shops, tourist rest area and service center.

**Potential:** Ayutthaya province is a world heritage city and a renowned tourist attraction to both Thais and foreigners, including the locals from nearby provinces and travelers to the northern region, making the location a “Strategic Gateway to the North on Asian Highway”. The project is a perfect highway destination for travelers that commute on the busy Asian Highway, serving with more than 100,000 vehicles daily through this route.

**Progress:** Under the design phase. The project is expected to commence operation in 2020.

## INTERNATIONAL

To establish and maintain a strong foundation for sustainable growth, CPN has been exploring and studying on overseas investment opportunities especially in Asian countries with high economic potential, such as Malaysia and Vietnam, to expand its business base while diversifying investment risks. In doing so, different market conditions, competition, and business risks are considered. A working committee was appointed to investigate target countries in a variety of aspects, whether economic, social, political, industrial, competition, business laws, or associated risks in each country to screen markets blessed with potential, business opportunities, and suitability to CPN's business. All projects under the plan have undergone stringent feasibility assessment for maximum effectiveness of investment decisions to ensure that its overseas investment is made on the path of sustainability and growth.

Overseas projects include the renovation of existing shopping complexes as well as development of brand-new projects in areas with great potential. To this end, CPN may undertake sole proprietorship or joint investment with overseas business allies so as to penetrate new markets rapidly, efficiently, and robustly to boost competitiveness in a given country. Moreover, CPN obtains beneficial data from the Central Group, equipped with extensive experience in overseas market, which has enabled CPN to analyze and develop overseas projects more efficiently. At this stage, CPN has participated in Malaysia's Central i-City project as its pioneering shopping complex abroad, since it envisions retail commerce there to be blessed with opportunities and growth potential, underpinned by Malaysia's economic and industrial growth outlook.







## Central i-City

**Investment Structure:** CPN set up a subsidiary with I-R&D Sdn. Bhd. (IRD), a subsidiary of Malaysia's I-Berhad, a listed company on the Bursa Stock Exchange engaged in the property development business, to develop Central i-City project. CPN holds 60% shares in the project through subsidiaries registered in Thailand, while IRD holds the rest 40%. CPN is responsible as a property manager and will get the management fee in return.

**Location:** In Section 7 of Shah Alam City, Selangor, 22 kilometers from Kuala Lumpur and between two main highways (Federal Highway and Baru Lembah Klang Highway). Directly connected to the Federal Highway, the site has convenient access from Kuala Lumpur, Klang, and Shah Alam.

**Size:** A total 11.12 acres (about 28 rai) of land under the ownership, with a total project area of 278,000 sqm. Intended as a Regional Mall, CPN is in charge of the design, development, and management. The project will make a clear differentiation to Malaysia's retail industry, bringing in leading brands from Thailand and store design innovation. A parking area for over 3,000 vehicles will be provided.

**Potential:** The project is situated in the i-City "Malaysia Cybercenter", Malaysia's new technology city of 72 acres. The project is planned as an integrated community center in the west of Selangor, serving as a main business center, a residential area, and a recreational zone equipped with complete entertainment, a shopping mall, a cyber center, office space for leading businesses, a hotel, a housing complex, retail shops, as well as a water park, a snow dome, and a Ferris wheel. It is also planned as a tourist spot with night lighting decoration. A performing arts center will be developed to attract more tourists. The target customers are some 600,000 residents of Shah Alam, comprising middle to upper-income groups, noting that the middle-income group with high purchasing power is mushrooming. The over 5 million residents of Selangor and those from nearby states are also potential customers.

**Progress:** The project is expected to commence operation in 1Q 2019.

**Investment:** About MYR 830 million or equivalent to Baht 8,300 million (total investment for whole project including investment in department store with which CPN holds 60% stake in the subsidiary company)

# Condominium

## Projects under construction: open for pre-sale in 2017

Project	ESCENT VILLE Chiangmai	ESCENT VILLE Chiangrai	ESCENT Nakhon Ratchasima
Location	By Highway 118, Chiangmai-Doi Saket Road, Fa Ham Sub District, Mueang Chiangmai District, Chiangmai	By Highway 1, Phaholyothin Road, Robwang Sub District, Mueang Chiangrai District, Chiangrai	By Highway 2, Local Road, Nai Mueang Sub-District, Mueang Nakhon Ratchasima District, Nakhon Ratchasima
Land area	5-1-10.76 Rai	2-2-35.4 Rai	2-3-78 Rai
Type	8-storey Condominium	8-storey Condominium	21-storey Condominium
No. of units	450	312	380
Unit size	23-32 sqm. (Standard room) fully furnished & ready to move in		
Construction period	Approximately 2 years; ready for transfer in 2019		
Target customer	Local residents and employees working in surrounding areas who buy property for their own use		
Project value	Baht 2,200 million		
Pre-sale (% of total)	100	100	100

## Projects under construction: open for pre-sale in 2018

Project	ESCENT Ubonratchathani	PHYLL Phahol 34
Location	Ubonratchathani Rural Roads, Chae Ramae Sub District, Mueang Ubonratchathani District, Ubonratchathani	Soi Paholyothin 34, Paholyothin Road, Senanikhom Sub District, Chatuchak District, Bangkok
Land area	3-2-24.6 Rai	3-2-7.4 Rai
Type	14-storey Condominium	4 Buildings of 8-storey Condominium, plus a 3-storey Clubhouse and Swimming Pool
No. of units	395	358
Unit size	24-63 sq.m.	25-56 sq.m.
Construction period	Approximately 2 years; ready for transfer in 2019-2020	
Target customer	Local residents and employees working in surrounding areas who buy property for their own use	
Project value	Baht 749 million	Baht 1,451 million
Pre-sale (% of total)	46	30

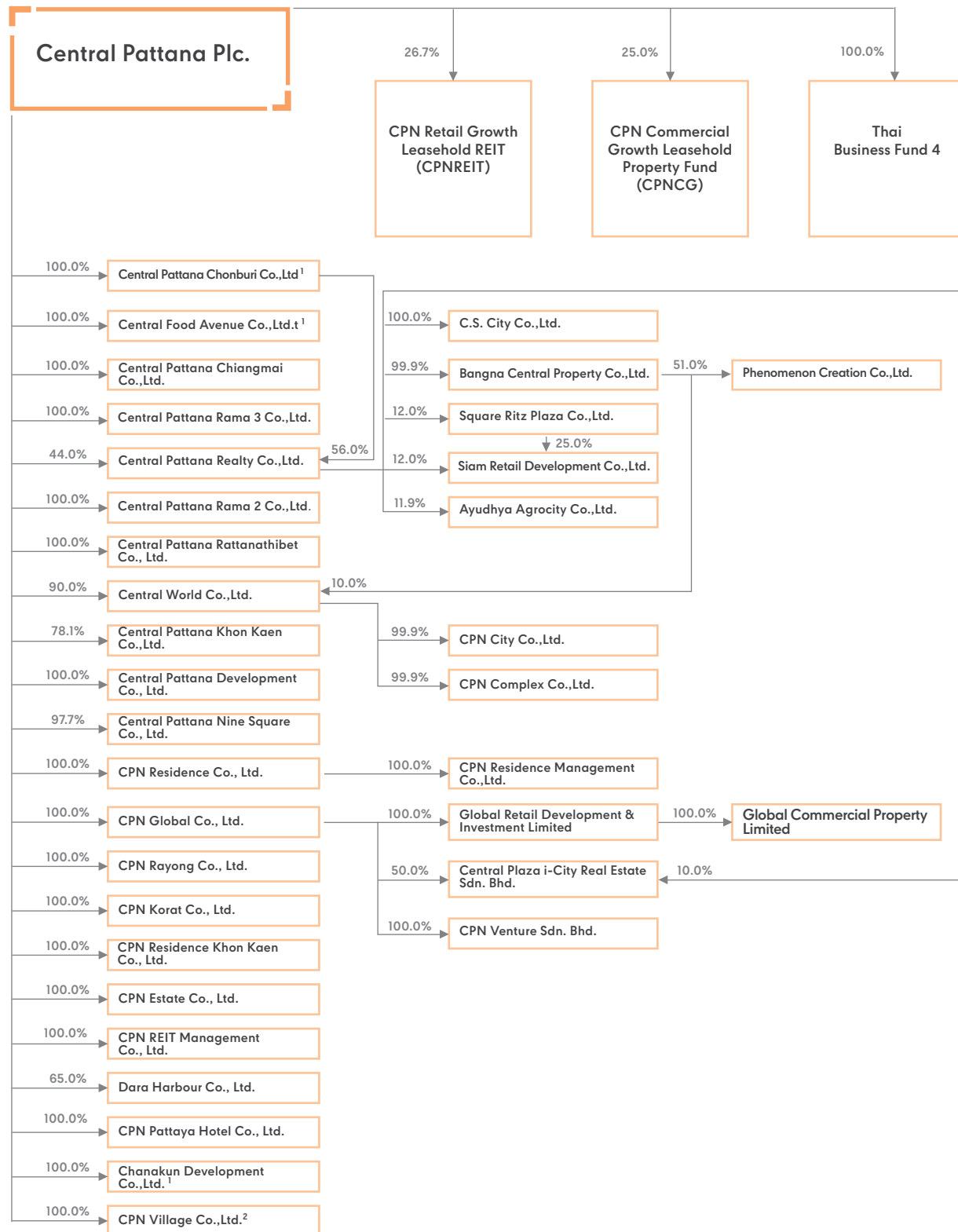
## Single-detached Houses

<b>Project</b>	<b>Niyham Boromratchachonnani</b>
<b>Location</b>	Soi Borommaratchachonnani 62, Borommaratchachonnani Road, Sala Thammasop Sub District, Thawi Watthana District, Bangkok
<b>Land area</b>	43-3-72 Rai
<b>Type</b>	2-storey luxury single-detached house
<b>No. of units</b>	71
<b>Unit land area</b>	At least 100 square wah
<b>Unit usable area</b>	387-708 sq.m.
<b>Construction period</b>	Construction in phases; complete and transfer in 2019-2021
<b>Target customer</b>	Primarily home buyers for own residence
<b>Project value</b>	Baht 2,065 million

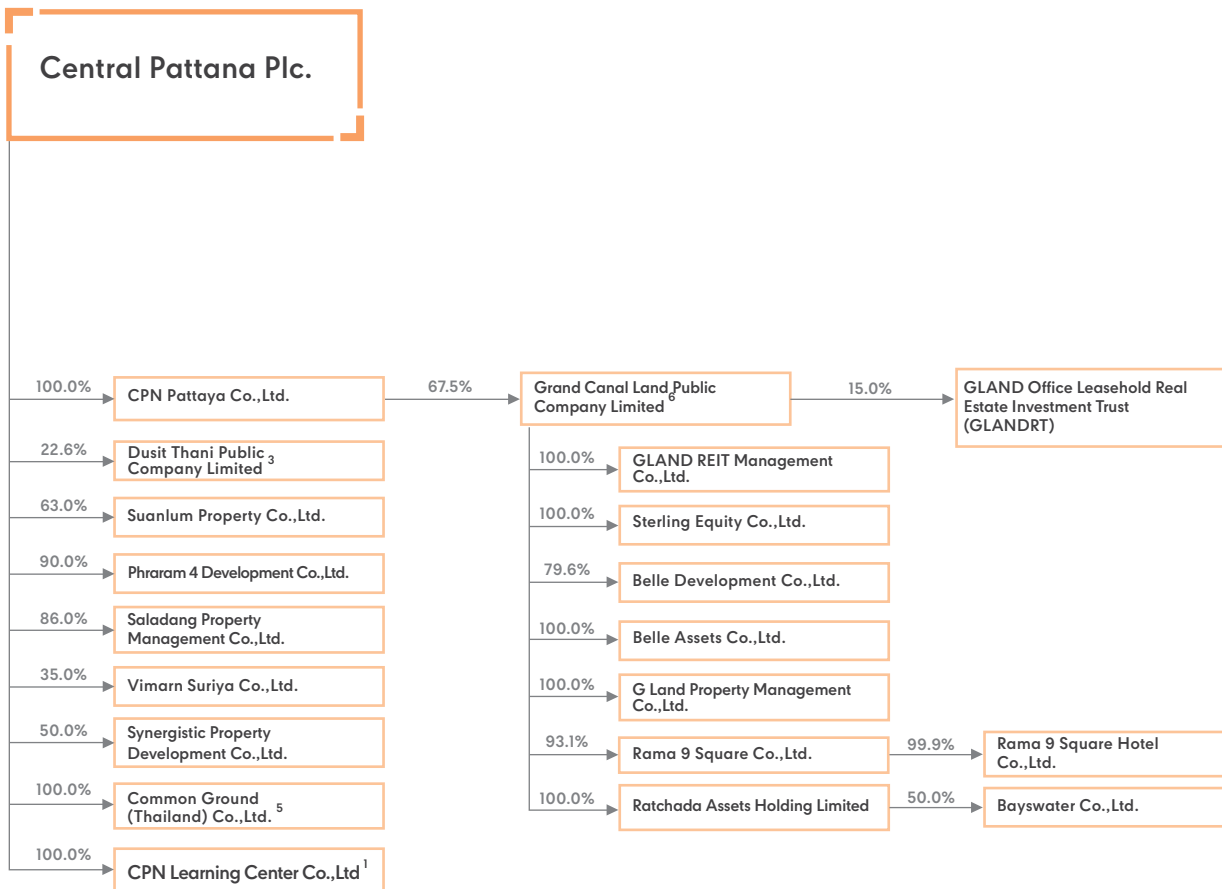
CPN Residence plans to continually launch 3-4 residential projects annually, together with CPN's shopping complexes with prime locations across Thailand. CPN will develop projects in the concept of Residential & Commercial Community, leveraging on the leading position in retail business together with its experienced real estate team to move forward with business expansion.



# INVESTMENT STRUCTURE



# INVESTMENT STRUCTURE



Remarks :

<sup>1</sup> Company is in the process of liquidation.<sup>2</sup> The established of Chanakun Development Co.,Ltd., a subsidiaries of CPN, was completed in August 2018.<sup>3</sup> The established of CPN Village Co.,Ltd., a subsidiaries of CPN, was completed in August 2018.<sup>4</sup> Shares of Dusit Thani Public Company Limited was acquired by CPN in May 2018.<sup>5</sup> Common Ground (Thailand) Co.,Ltd. was established in November 2018.<sup>6</sup> The acquisition of shares in Grand Canal Land Public Company Limited and its subsidiaries through CPN Pattaya Co.,Ltd. was completed in September 2018.

# REVENUE STRUCTURE

Unit: MB

Type of Business / Operated By	% of Shareholding	Year 2014		Year 2015		Year 2016		Year 2017		Year 2018	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Shopping Centers</b>		19,743	79.93	21,577	81.46	24,537	81.48	25,340	79.30	26,944	71.74
- Central Pattana Plc.											
- Central Pattana Chiangmai Co., Ltd.	100.0										
- Bangna Central Property Co., Ltd.	99.9										
- Central Pattana Rama 3 Co., Ltd.	100.0										
- Central Pattana Rama 2 Co., Ltd.	100.0										
- Central Pattana Rattana Thibet Co., Ltd.	100.0										
- CPN Pattaya Co., Ltd.	100.0										
- Central World Co., Ltd.	100.0										
- Central Pattana Khon Kaen Co., Ltd.	78.1										
- Central Pattana Realty Co., Ltd.	100.0										
- Central Pattana Nine Square Co., Ltd.	97.7										
- Central Pattana Development Co., Ltd.	100.0										
- CPN Rayong Co., Ltd.	100.0										
- CPN Korat Co., Ltd.	100.0										
<b>Office Buildings</b>		612	2.48	638	2.41	667	2.21	690	2.16	695	1.85
- Central Pattana Plc.											
- Bangna Central Property Co., Ltd.	99.9										
- Central Pattana Nine Square Co., Ltd.	97.7										
<b>Hotel</b>		958	3.88	983	3.71	998	3.31	1,097	3.43	1,208	3.22
- Central World Co., Ltd.	100.0										
- CPN Pattaya Co., Ltd.	100.0										
<b>Residential Properties</b>		17	0.07	10	0.04	1	0.00	1	0.00	2,681	7.14
- Bangna Central Property Co., Ltd.	99.9										
- CPN Residence Co., Ltd.	100.0										
<b>Water Park and Recreation Park</b>		3	0.01	7	0.03	42	0.14	27	0.08	37	0.10
- Central Pattana Rama 2 Co., Ltd.	100.0										
- Bangna Central Property Co., Ltd.	99.9										
<b>Food Centers</b>		975	3.95	1,068	4.03	1,389	4.61	1,631	5.10	1,843	4.91
- Central Pattana Plc.											
- Central Food Avenue Co., Ltd.	100.0										
- Central Pattana Chiangmai Co., Ltd.	100.0										
- Bangna Central Property Co., Ltd.	99.9										
- Central Pattana Rama 2 Co., Ltd.	100.0										
- Central Pattana Rattana Thibet Co., Ltd.	100.0										
- Central World Co., Ltd.	100.0										
- Central Pattana Development Co., Ltd.	100.0										
- CPN Pattaya Co., Ltd.	100.0										
- CPN Rayong Co., Ltd.	100.0										
- Central Pattana Realty Co., Ltd.	100.0										
- Central Pattana Rama 3 Co., Ltd.	100.0										
- Central Pattana Khon Kaen Co., Ltd.	78.1										
- CPN Korat Co., Ltd.	100.0										
Gland Canal Land Plc.	67.5									518	1.38
Interest Income		61	0.25	24	0.09	27	0.09	23	0.07	26	0.07
Share of Profits from investment in associates and joint ventures		813	3.29	749	2.83	853	2.83	839	2.62	1,055	2.81
Others		1,518	6.14	1,431	5.40	1,600	5.31	2,309	7.23	2,553	6.80
<b>Total Revenues<sup>1</sup></b>		<b>24,700</b>	<b>100.00</b>	<b>26,486</b>	<b>100.00</b>	<b>30,114</b>	<b>100.00</b>	<b>31,956</b>	<b>100.00</b>	<b>37,560</b>	<b>100.00</b>

Remarks: <sup>1</sup> Excluding non-recurring items.



# CPN SUSTAINABILITY

# SUSTAINABILITY MANAGEMENT

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM



2018 Constituent  
MSCI ESG  
Leaders Indexes



FTSE4Good

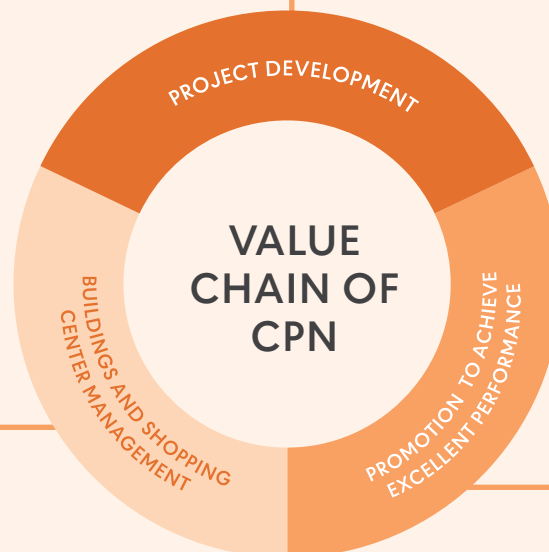
CPN became a first-year member of the Dow Jones Sustainability Indices 2018 (DJSI World) in the Real Estate category. The company has been a member of DJSI (Emerging Markets Index groups) for the fifth consecutive year and a second-year membership of SAM - The Sustainability Yearbook.

CPN is mainly engaged in the development of shopping complexes and other related real estates in Thailand, consisting of six business units, including shopping complexes, office buildings, hotels, residential building, "waterparks" and recreation parks, and food centers, and two investment units,

CPNREIT and CPNCG. The proportion of over 76% of the main income comes from the shopping center business.

CPN has adhered to good corporate governance, focusing on transparency and accountability as well as the satisfaction of all stakeholders in the entire value chain, taking into account of three dimensions of the sustainability criteria, the economics, the society, and the environmental aspects. In addition, CPN has adopted the Sustainable Development Goals-SDGs in the framework of the United Nations to formulate guidelines and goals for sustainable development.

- Securing fund
- Selecting and acquiring spaces
- Studying project feasibility
- Designing and developing the project



- Infrastructure system management
- Human resource management
- Research and development of innovation and technology
- Fair-trade business partnerships
- Customer insights management
- Creating customers' new experiences.

- Using resources efficiently for maximum benefits
- Applying alternative resources concept
- Providing services for maximum customer satisfaction
- Providing saleable areas and organizing marketing activities

## Participation and Engagement of Key Stakeholders

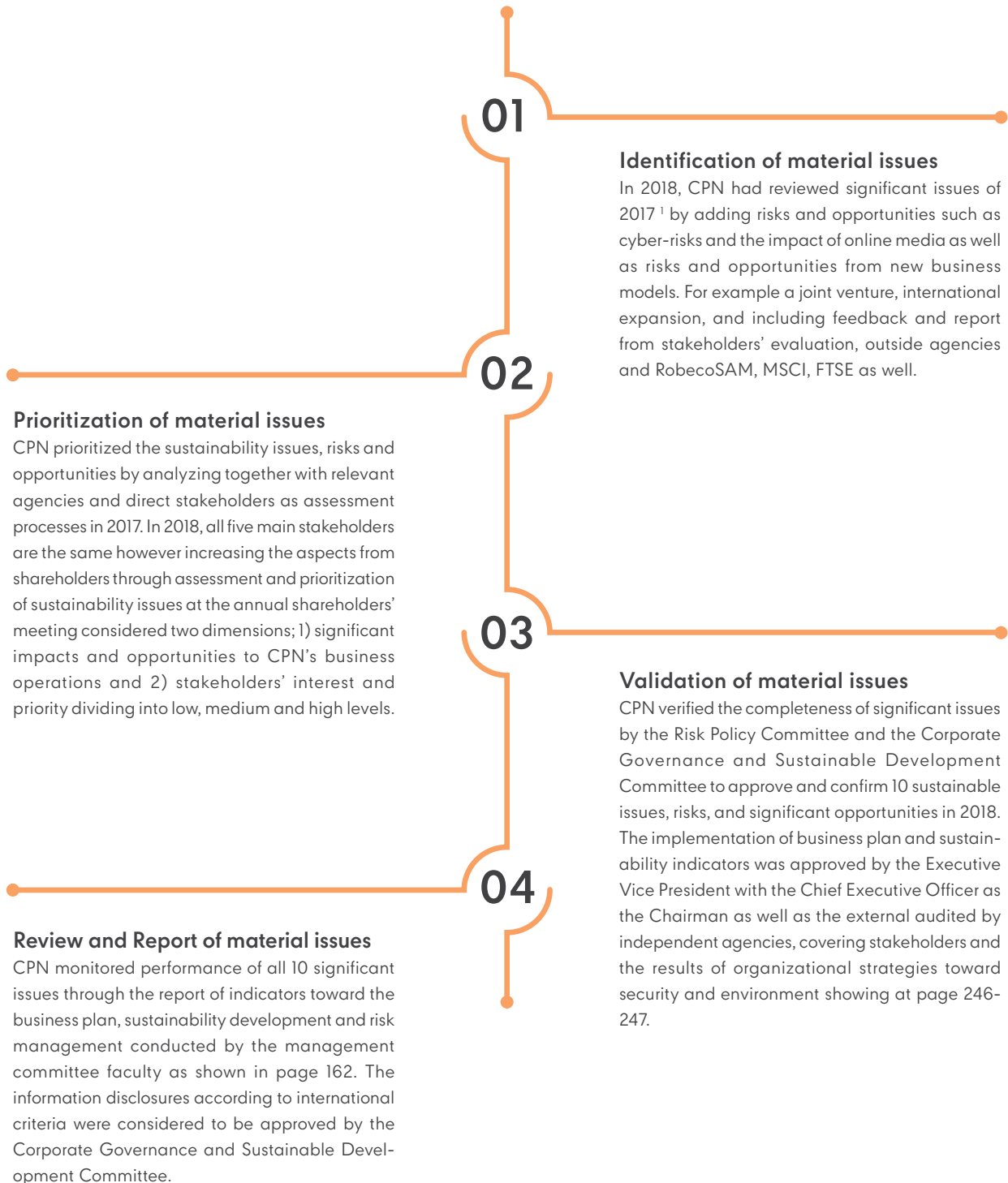
The stakeholders are divided into 9 major groups and CPN has assigned specific sections to respond to participation in all stakeholders' expectation and integrate significant issues derived from their comment and suggestion into improving service processes continuously. In 2018, CPN has increased more channels to communicate and participate with stakeholders as follow;

Stakeholder	Engagement with stakeholders	Interest and expectations of stakeholder	Response
Customers	<ul style="list-style-type: none"> <li>Customers' behavior survey for new projects by external experts (3 times)</li> <li>Annual customers' online satisfaction survey (2 times)</li> <li>Facebook, Instagram, Youtube and LINE (new projects only)</li> </ul>	<ul style="list-style-type: none"> <li>Quality of services</li> <li>Safety and convenience of services</li> <li>Reasons of selecting the services</li> <li>Ability to respond to customer needs</li> <li>Speed in receiving - sending messages</li> </ul>	page 102-111
Tenants	<ul style="list-style-type: none"> <li>Online survey toward tenant' satisfaction (1 time)</li> <li>Partner engagement meeting (1 time)</li> <li>Entrepreneurship development training</li> <li>Tenants meeting in special events</li> </ul>	<ul style="list-style-type: none"> <li>Quality of services</li> <li>Worthiness and efficiency in shopping center management</li> <li>Convenience and safety of service</li> <li>Convenient and speedy financial transaction channel</li> </ul>	page 113-116
Employee	<ul style="list-style-type: none"> <li>360-degree assessment of manager competency (1 time)</li> <li>Corporate engagement activities through CPN GEN WE applications</li> </ul>	<ul style="list-style-type: none"> <li>The experiences that match lifestyle other than work experience</li> <li>Pride of being CPN's employee</li> </ul>	page 117-123
Business Partner (Suppliers & Contractors)	<ul style="list-style-type: none"> <li>Annual meeting of business partners (2 times)</li> <li>Self-assessment of business Partner (1 time)</li> <li>Executive meeting of Joint venture</li> <li>Opinion survey and assessment of business partner meeting (1 time)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable business partner operation guidelines</li> <li>In-depth suggestions to develop innovation for business cooperation</li> <li>Progress of business operations</li> </ul>	page 124-126

Stakeholder	Engagement with stakeholders	Interest and expectations of stakeholder	Response
Community & Society	<ul style="list-style-type: none"> <li>Participating in Central Green Activity, CPN Volunteer Activity and other CSR activities (51 times)</li> <li>Study visit, cooperating with community and local wisdom in CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>Development for mutual benefits with community</li> </ul>	page 126-130
Public Sector, Educational Institutes, Independent Organization and other organizations in society	<ul style="list-style-type: none"> <li>Meeting with the public sector</li> <li>MOU meeting with public sectors, educational institutes and independent organizations</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation for knowledge management</li> <li>Cooperation for environmental management</li> <li>Information sharing</li> <li>Cooperating HR development</li> </ul>	page 126-130
Shareholder	<ul style="list-style-type: none"> <li>Survey of shareholders' perspective toward sustainability issues (1 time)</li> </ul>	<ul style="list-style-type: none"> <li>Business growth</li> </ul>	page 164-183
Competitor	<ul style="list-style-type: none"> <li>Communicating with specific group through social media such as LINE</li> </ul>	<ul style="list-style-type: none"> <li>Speedy of news distribution specifically safety and the latest announced law and regulations related to business operations</li> </ul>	page 169
Creditor	<ul style="list-style-type: none"> <li>Quarterly meeting of listed company and investors (Opportunity Day)</li> <li>Discloser data through website <a href="http://www.cpn.co.th">www.cpn.co.th</a></li> <li>Annual report</li> <li>Direct contact with financial management section</li> </ul>	<ul style="list-style-type: none"> <li>Company credit analyzing</li> <li>Future projects and productivities</li> <li>Debt repayment performance</li> </ul>	page 169



## Materiality Assessment of Sustainability Issues



<sup>1</sup> Additional information on "Materiality Assessment of Sustainability Issues" at [www.cpn.co.th](http://www.cpn.co.th) / Sustainability Management / Material Issue Identification Approach on Sustainability

## Material issues for Sustainability

The Issues	The sustainability according to CPN	The sustainability according to the GRI
Risk management	<ul style="list-style-type: none"> <li>• Business risk reduction and diversification</li> </ul>	<ul style="list-style-type: none"> <li>• Economic performance</li> </ul>
Adaptation towards consumer's behavior	<ul style="list-style-type: none"> <li>• Shopping center development</li> <li>• Innovation management</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction</li> </ul>
Developing customer satisfaction	<ul style="list-style-type: none"> <li>• Service excellence</li> <li>• Stake holder affaires</li> <li>• Convenience and public safety consideration</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> </ul>
Technology confrontation and the application of Technology	<ul style="list-style-type: none"> <li>• Enhancing organization efficiency with technology</li> </ul>	<ul style="list-style-type: none"> <li>• Securing customer information</li> </ul>
Tenant sourcing and engagement	<ul style="list-style-type: none"> <li>• Entrepreneur development</li> <li>• Cooperation with tenants</li> </ul>	<ul style="list-style-type: none"> <li>• Community development and participating with community and stakeholders</li> </ul>
Employee development and engagement	<ul style="list-style-type: none"> <li>• Selection and retention of employees</li> <li>• Personnel development</li> <li>• Organization royalty development</li> </ul>	<ul style="list-style-type: none"> <li>• Hiring</li> <li>• Training and knowledge provision</li> <li>• Diversity and equal opportunity</li> <li>• Mechanism and channel for labor complain</li> </ul>

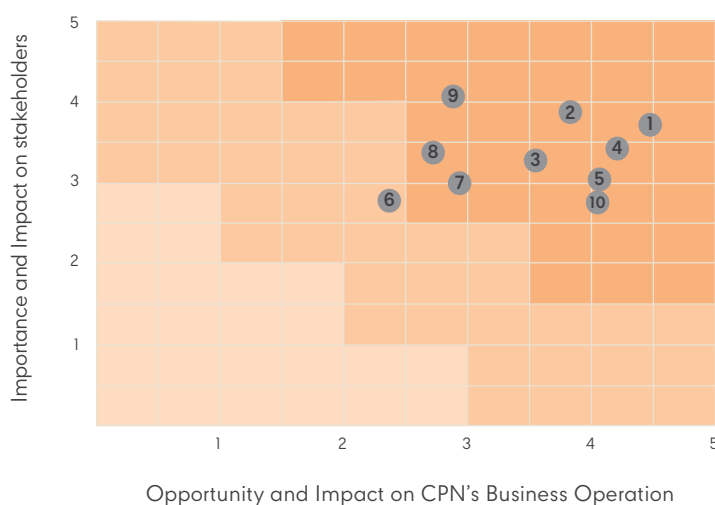
The challenge and opportunity of the company and the possible effect	Boundary of the effect within and outside the organization	Topics presented in the report
<ul style="list-style-type: none"> <li>Change in consumer behavior</li> <li>Increasing of business competitors</li> <li>New investors can create new business easier. It affects the growth of the main business</li> </ul>	CPN Shareholders	<ul style="list-style-type: none"> <li>Risk factors, page 80-84</li> <li>Management discussion and analysis, page 86-99</li> <li>Diversification of property development and management, page 101-102</li> </ul>
<ul style="list-style-type: none"> <li>Trend of the consumer behavior: the online shopping has increased 15-20%<sup>2</sup>, affecting the frequency of shopping and the number of the customers in the shopping center</li> </ul>	CPN Customers Tenants Business Partners	<ul style="list-style-type: none"> <li>Innovative property and services development, page 102-111</li> </ul>
<ul style="list-style-type: none"> <li>The customer expectation of standard services, offering convenience, swift, safety with the special treatment over their expectation. The organization needs</li> </ul>	CPN Customers Tenants Business Partners Community & Society	<ul style="list-style-type: none"> <li>Management of property and taking care of the stakeholders, page 112-116, 124-130</li> <li>Excellence in management page 105-107</li> </ul>
<ul style="list-style-type: none"> <li>The customers select the service and purchase accordingly to their life style through social media information, making decision and purchasing through online technology. This can be both challenge and opportunity for the organization to develop the work process through the new technology</li> </ul>	CPN Customers Tenants	<ul style="list-style-type: none"> <li>Management of property and taking care of the stakeholders: digital strategy page 109-111</li> </ul>
<ul style="list-style-type: none"> <li>An inconsistency of business expansion between entrepreneur and CPN, while there are increasing numbers of business competitors to do online business</li> <li>Decreasing of rental size and less varieties of goods to meet the consumer's needs</li> </ul>	CPN Shop Customer Community	<ul style="list-style-type: none"> <li>The management of the property and taking care of the stakeholder: the management and development of store, page 113-116</li> </ul>
<ul style="list-style-type: none"> <li>The million age of employees (18-30 year-olds) account for 39 percent of total employee need flexible welfare. They need to see their career growth sooner and open for the application of technology. The current employees have different goal. This situation causes the organization to change the process of recruiting, maintaining and performance assessment. It needs to utilize the new technology to enable the individual employees to increase their work efficiency</li> </ul>	CPN	<ul style="list-style-type: none"> <li>The excellence in management, page 105-109</li> <li>The good corporate governance, page 164-183</li> </ul>

<sup>2</sup>Information from Thai Retailers Association [www.thairetailer.com](http://www.thairetailer.com)

The Issues	The sustainability according to CPN	The sustainability according to the GRI
Supply chain management and business partner development	<ul style="list-style-type: none"> <li>• Business partner/supplier cooperation and partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain management</li> <li>• A business partner evaluation on environment, employment and human right</li> </ul>
Community and social responsibility	<ul style="list-style-type: none"> <li>• Responsibility to community and society</li> </ul>	<ul style="list-style-type: none"> <li>• Community development and community participation</li> </ul>
Resource and environmental management	<ul style="list-style-type: none"> <li>• Natural resource and environment management</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Water</li> <li>• Polluted air emission</li> <li>• Garbage, waste, polluted water</li> <li>• Complying with the environment law</li> <li>• Biodiversity</li> <li>• Materials</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>• Governance structure</li> <li>• Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Supervision</li> <li>• Organization ethics</li> <li>• Anti-corruption</li> </ul>

The challenge and opportunity of the company and the possible effect	Boundary of the effect within and outside the organization	Topics presented in the report
<ul style="list-style-type: none"> <li>Prepare for the changing consumer's behavior. The organization must seek for business partner and alliances to develop the innovative services to best satisfy the consumers under the effective work process, fair and transparency, reducing the negative impact on environment and society</li> </ul>	CPN Business partner Supplier Contractor Customer Tenants Community	<ul style="list-style-type: none"> <li>The management of the property and taking care of the stake holder: The Supply chain management and business partner development page 124-126</li> </ul>
<ul style="list-style-type: none"> <li>The business operation of the company positively affected the economics of different level: regional/provincial both job employment and installation of infrastructure and facility in the area. However, it also causes a problem of Traffic congestion, waste, pollution, natural resource consumption and safety</li> </ul>	CPN Community Public sector Society	<ul style="list-style-type: none"> <li>The management of the property and taking care of the stakeholder: Community and society responsibility, page 126-130</li> </ul>
<ul style="list-style-type: none"> <li>The affect of climate change become a risk factor of the business operation from designing and constructing the building to be an environment friendly, protection or be flexible from natural disaster such as flood, drought, earth quake as well as managing the consequence effect such as black out, polluted water, shortage of local construction materials</li> </ul>	CPN Community Public sector	<ul style="list-style-type: none"> <li>The excellence in environmental management, page 131-141</li> </ul>
<ul style="list-style-type: none"> <li>Supervising according to the good governance practice to assure the stock holder, business partner and the employees of the trustworthiness and the reliability. More over it is the compliance with the regulation and rules of the Stock Exchange of Thailand and other governing bodies</li> </ul>	CPN Stock holder Business partner Supplier Creditor Financial institute	<ul style="list-style-type: none"> <li>Corporate Governance, page 164-183</li> </ul>

## Assessment of Significant Sustainability Issues



1. Risk management (locally, internationally and new business)
2. Adaption to consumers' behavior
3. Developing customer satisfaction
4. Tenant sourcing and engagement
5. Employee development and engagement
6. Community and social responsibility
7. Resource and environmental management
8. Supply chain management and business partner development
9. Corporate governance
10. Technology confrontation and the application of Technology

Additional information on risk management and emerging risk issues on page 80-85

## Sustainable Business Strategies

CPN has transformed sustainable development to practical strategies by taking sustainability issues from the assessment process into the annual business strategic<sup>3</sup> planning resulting in, the long-term strategic plan: 5-Year Strategic Direction and annual strategic plan. The Board of Directors and top managements considered and formulated business strategies.



### **Diversification of Business Base of Property Development and Management**

CPN aimed to strengthen business growth and reduced business risks by diversifying the business base both geography and investment. For instance seeking opportunities to expand investment abroad such as in Southeast Asia with a potential of stable economic growth, expanding new businesses types conducive to shopping center such as condominiums, hotels, office buildings, creating a new business ecosystem such as a big scale integrated projects combining the supply chain and business groups in the same area and conducive business groups to create value added to project and respond to the changing of consumers' needs and behaviors.



### **Products and Services Innovation and Property Development**

CPN maintained competitiveness edge and continue expanding the business by developing a shopping center to provide various lifestyles and activities more than only buying goods. The development is aiming for the customer to share activities together through creativity and application of new innovations in design, decoration, of buildings. The development of new objective created the consumers to feel the differences by letting those who have the same life style to share the space under the management of CPN.

<sup>3</sup> Monitoring of 5-Years annual business stratgic consist of (1) Corporate perspective (2) Brand building perspective (3) Optimization perspective (4) Internal perspective (5) Personnel perspective



### **Property Management and Stakeholder Engagement**

CPN managed the existing shopping centers and real estate for maximum benefits based on customer needs by listening to and collaborating with stakeholders. CPN's potential and expertise were applied in creating common value with commitment to "jointly creating value with stakeholders and society in general" as well as application of technology in management and implementation within the company and shift of work processes to increase modernity, efficiency and security to all stakeholders.



### **Excellency Management**

CPN emphasized on the development and improvement of operational efficiency continuously according to international standards by reducing resources consumption, using renewable resource and environmentally friendly technologies, managing effective human resources, increasing productivity for organization and society, and creating corporate culture based on Good Corporate Governance and Sustainable Development in business, society and environment.




### **Funding and Financing Management**

CPN's intended to build financial strength aiming to sustain business expansion plans by focusing on financial prudence and provided numerous forms of funding, including funding from business operations, loans, debentures, real estate investment trust (REIT), share issuance for additional funding and efficient management of finance costs.



## Mobilizing and Follow up the Sustainable Business Strategy

In 2018, CPN reviewed and added indicators of sustainable development according to the United Nations Sustainable Development Goals (UN SDGs) by integrating a 5-year long-term strategic plan (2019-2023) and determining sustainable business direction to become the “Center of Community” and “Center of Life”. This has been used as a framework for the economic, social and environmental plans of the company. The monitoring were conducted by the Management Committee, the Corporate Governance and Sustainable Development Committee, and Risk Management Committee on a regular basis, and translating the results of the assessment indicators to the performance assessment of executives and employees, cascading down proportionally in the business functions, as well as assigning an executive as the SD Champion to promote and support the drive of the action plan to meet the targets.

SDGs	Action Plan	Indicator and Sustainability Target
<b>Sustainable Business</b>		
  <p>Sustainability Issue</p> <ul style="list-style-type: none"> <li>• Risk management</li> <li>• Corporate governance</li> </ul>	<p>CPN aims to grow in business by distributing risk in investment and create new business environment by providing job creating business opportunity and income to the community. Operating on the base of good governance, corruption prevention stimulates and promotes good governance throughout the organization.</p> <ul style="list-style-type: none"> <li>• Identify guideline for the company in supporting local entrepreneur including hiring the local people and purchasing materials in the business area site -</li> <li>• Installing the business control policy and the anti-corruption policy in the work ethics and business partner process manual</li> <li>• Organizing activity to promote understanding of control and corporate governance such as advertisement, training, self-evaluation concerning corporate governance.</li> </ul> <p>Additional details in: Strategy on Diversification of property development and management business Strategy on Excellency Management, small unit: Corporate governance</p>	<ul style="list-style-type: none"> <li>• The rate of growth and the rate of return of investment 15%.</li> <li>• Ratio of local labor hiring and purchasing from the local business owner.</li> <li>• The success in accepting the project of CAC recertification.</li> </ul>
<b>Sustainable Stakeholders</b>		
     <p>Sustainability Issue</p> <ul style="list-style-type: none"> <li>• Adaption to consumers' behavior</li> <li>• Delightful customer experience</li> </ul>	<p>CPN formulated strategy and plan according to stakeholder perspective</p> <ul style="list-style-type: none"> <li>• Customer: strategy in developing shopping complexes to be destination of life to engage activities in the same sharing space.</li> <li>• Tenant: participating and listening to tenants' voice, developing business growth and expansion, mobilizing technology for convenience to tenants and customers</li> <li>• Community: follow the plan in developing strong community, developing small business owner, developing aim for traveling, developing</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction at 85 %</li> <li>• Tenants satisfaction at 80%</li> <li>• Number of innovative product - new goals</li> <li>• Reduction of number of complain concerning services</li> <li>• Proportion of marketing activity on promoting community value increase 8 % from the year 2017</li> <li>• The total volunteer hour of the employee equal to 5,000 hours</li> <li>• The score of employees royalty is 80%</li> </ul>

SDGs	Action Plan	Indicator and Sustainability Target
<ul style="list-style-type: none"> <li>• Coping and applying technology computer and network</li> <li>• Tenant sourcing and engagement</li> <li>• Community and social responsibility</li> <li>• Employee development and engagement</li> <li>• Supply chain management and business partner development</li> </ul>	<p>market activity that promote value and signature of the community together with the education project under CPN project of “Planting Thai Wisdom” and Central Green Project.</p> <ul style="list-style-type: none"> <li>• Employees: Proposing long term goal of the organization Employer of Choice” and follow the plan of providing high quality of life. Promoting organization commitment and the preparation to the organization of innovation.</li> <li>• Business partner: Including the aspect of corporate governance, environment and society in the purchasing process. Requiring the purchasing process to be fair, transparency and utilizing technology in screening, hiring and auction with the consideration of risk management, participation in innovation development between business partner and business alliance.</li> </ul>	
<p>Additional details in:</p> <p>Strategy on Property development innovation</p> <p>Strategy on Property management and stakeholder engagement</p> <p>Strategy on Excellency Management</p>		

Sustainable Resources		
<div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> </div> <ul style="list-style-type: none"> <li>• Sustainability Issue</li> <li>• Resource and environmental management</li> </ul>	<p>CPN realized the impact of climate change that affects society and the environment and probably affects the business operation. Therefore, business plans were formulated based on efficiency resources management, including 4Rs, Reduce / Reuse / Recycle / Responsible as well as investing of alternative resources and promoting participation in the community. The long-term sustainable development goals of environment were formulated to comply with the United Nations Sustainable Development Goals (SDGs), such as goal No. 12.2; achieving sustainable and efficiency resources management, goal No. 12.5; reducing wastes by reduced, reused and recycle, goal No.13.2, reducing greenhouse gas emission to 20% in 2025, and goal No. 7.2; increasing the proportion of renewable energy.</p>	<ul style="list-style-type: none"> <li>• Reducing of electricity consumption and greenhouse gas emission by 2% compare to 2017</li> <li>• The usage of renewable water was 5% of the total amount of water consumption.</li> <li>• Waste management achieves the set standard goal.</li> <li>• Not less than 75% of operating projects requested for the accreditation of ISO 14001.</li> </ul>
<p>Additional details in:</p> <p>Strategic on Excellence management, small unit: Resource and environmental management</p>		

# RISK FACTORS

CPN takes very seriously sustainable risk management to add value to the relevant parties. It studies and applies COSO ERM 2017 to its context. It therefore formulated risk management policies to develop comprehensive business risk management and turn it into a corporate work culture. CPN constantly analyzes comprehensive aspects of risks, both internal and external, considers the likelihood for each risk, and assesses the direct and indirect impacts of risks on business. To accommodate the findings, CPN maps out concrete work plans in parallel with suitable risk management measures for the prevention, supervision, and control of assorted risks to ease impacts to manageable levels. Below are the key risks with business impacts.

## 1. STRATEGIC RISK

Based on the vision of becoming “the most admired and dynamic regional and retail property developer with world-class rewarding experience”, CPN plans to expand its property development business in different asset classes domestically and internationally, especially in Asia and Southeast Asia. The expansion plan encompasses investment, joint ventures and mergers and acquisitions of high-potential businesses. The risks that are associated with CPN’s business strategies comprise:

### 1.1 Risks from Economic Slowdown and Political uncertainty

Toward the end of this year, the Thai economy slowed down due to exports that showed signs of deceleration, caused by the trade war between the U.S. and China, which impacted partner countries’ economies. Furthermore, the tourism industry that had grown for many years slowed down in the second half of 2018, due to the drastic decline of Chinese tourists. Although private consumption tended to recover in the durable goods segment such as automobile, non-durable goods that represented household consumption remained unchanged. That is why CPN has defined its investment policy in line with prevailing surrounding factors by launching Central Phuket Floresta, which was the extension of an existing shopping complex, in September 2018 and undertaking a facelift on existing shopping complexes, namely Central World, CentralPlaza Chiang Rai and CentralPlaza Chonburi, to satisfy the needs of today’s consumers and grow asset values to accommodate long-term business growth.

Because of the economic downturn, CPN had an opportunity to implement joint ventures and M&As with prospective businesses as a channel for its sustainable growth. This year, CPN’s major acquisition was the purchase of GLAND (Grand Canal Land Plc.) stocks. It was a property developer of residential and commercial projects and owns many high-potential pieces of land that can be developed for CPN’s future growth.

### 1.2 Risks from competition

The overall retail business continues to be highly competitive because of rising demand. New shopping complexes have been launched in high-potential areas in Bangkok and its perimeter as well as tourist provinces or major economic zones. Many mega-projects are expected to launch in the next few years. However, consumers’ behavior currently shifts to more varieties of service channels to better serve their lifestyles such as ordering products or food online and doing transactions via mobile banking.

In conducting risk management, CPN conducts market research, analyzes competitors, and carefully investigates project viability. It formulates strategies to develop projects into the Center of Life, offering new functional areas in the shopping complex to create new atmosphere and experience that serves the lifestyles of each target segment. The composition of retail shops and service is appropriately laid out, together with activities that meet the needs of communities. Then, it lines up a digital platform and technological systems to enhance efficiency of communication and services for customers so as to enhance sophistication and create impressive experience. Finally, CPN strives to give higher efficiency and effectiveness to shopping complexes management.

### 1.3 Risks from Domestic Investment

Another type of risk is risks of developing new shopping complexes, which are capital intensive. The key factors for CPN performance are land acquisition, project planning and design, tenant procurement and customer findings in residential projects.

Many property developers are currently competing to acquire land, especially that located in prime areas. CPN therefore conducts studies and research to identify outstanding locations to develop future projects, acquires land plots before the areas become urbanized, and purchases large plots of land. This helps CPN purchase land at a reasonable price and support its future business expansion toward mixed-use project development, which combines shopping centers, office buildings, hotels and residential areas.

In project planning and design, CPN peruses and surveys information on target groups, direct and indirect competitors, and other key marketing information for market positioning and winning strategies before analysis of viability and investment cost-effectiveness. Finally, CPN tables its findings for committees at the management level and director level to approve before such information finds way into actual design, development, and construction.

CPN has been developing new shopping complexes and expanding branches while adhering to key risk management guidelines as follows: 1) Expanding the tenant base by acquiring new tenants and building capacity of existing tenants by valuing them as business partners that will jointly enjoy sustainable growth. Sales and Tenant Relations teams regularly monitor retail outlets' performance to formulate plans with the tenants, give advice, and support retail outlets' operations in different aspects, such as hosting training sessions and seminars to offer new business ideas and perspectives. CPN also holds co-promotion activities with partners such as credit cards and The 1 Card and listens to issues or suggestions to further improve the efficiency of tenant service. 2) When new shopping malls are open for service, CPN regularly monitors and evaluate their performances such as traffic, lease rates and project's returns compared with targets. If the performance of any shopping malls does not achieve targets, CPN's Asset Management team and Sales and Marketing team will conduct analyses to further propose suitable corrective measures.

Based on current competition in the residential markets marked by supply gluts and customers' spending with caution as well as the lack of encouragement measures issued by the public sector over this year, one sees a slowdown in the residential market. CPN therefore comprehensively conducted studies and formulated plans for all project development, from survey, customer and rival research, project design, construction administration, sale, to after-sale services. It also monitored key indicators such as bookings, customers' payment history, approval for customers' loan applications and waiting lists of customers interested in the projects. The construction of condominium projects in Chiang Mai, Khon Kaen and Rayong sold in 2016 was completed and achieved the transfer volumes as expected. Condominium projects in Nakhon Ratchasima, Chiangrai and Chiangmai 2 located in the area of shopping mall were resounding successes, with 100% booking in all three. This year CPN developed two additional projects, one condominium project on Paholyothin 34 Road and one detached-house project on Barom Rachachonnane Road, with positive response.

## 1.4 Foreign Investment Risk

CPN has expanded its investment to the Southeast Asian region to enhance opportunities for long-term growth and geographically diversify risks. Currently, it is developing its first project in Malaysia and undertaking feasibility studies for investment in other prospective CLMV countries such as Vietnam.

In supporting its foreign expansion strategy, CPN conducted studies and research on various aspects, for example, customers, competitors, marketing, social environment, culture and applicable laws; applied useful knowledge and information from subsidiaries of Central Group to analyze the feasibility and returns on investment; and submitted analysis results to the Board of Directors for consideration before making decisions on investment. Furthermore, CPN has approached business allies with competency and experience in property development in each targeted country, to jointly develop businesses and strengthen each other's operation. The Central i-City in Malaysia, for example, is a joint venture between CPN and a subsidiary of Malaysia's I-Berhad, an eminent property development company listed on Malaysia's Bursa Stock Exchange. The joint venture has been set up to invest in shopping mall development as part of mixed-use projects, incorporating office space, hotel and residential areas.

Since foreign investment is a new area, CPN conducted business with caution and restructured the organization to assign units responsible for closely monitoring and following up with the project progress so that CPN could come up with risk management plans and timely solve problems.

## 2. OPERATIONAL RISK

### 2.1 Adaptation Risk

Changes from external factors and corporate strategies drive CPN to adapt to major changes as seen below:

- 2.1.1 Focusing on growth, the corporate strategy adjusts the current business pattern and seeks new business opportunities such as joint ventures, mergers and acquisitions and foreign investment. CPN's adaptation to those changes is the key factor for the project success and corporate

reputation. As a result, CPN has ensured its preparedness by adjusting policies, implementing management restructuring, reviewing work flow, and developing employees' knowledge and ability to serve the Company's growth.

- 2.1.2 Risk of adaptation to IT disruption significantly affects CPN's business. To adapt itself, CPN has to apply technologies to directly and indirectly optimize its competitiveness. Furthermore, it has to seize new opportunities by deploying new technologies such as Big Data Analysis, AI Technology, Internet of Things and Augmented Reality in tool development to improve its services and operation and better serve the needs of customers and partners. It also enhances employees' knowledge, capacity and adaptability to be ready for changes. The key strategy in 2018 will be carried on in the following year.

## 2.2 Human Resources Risk

Human resources are vital to corporate success. CPN's objective is to do a good job of human resource management, have a sufficient and capable workforce in line with business expansion, and keep personnel happy at work and always ready to dedicate to the creation of decent work for CPN. Admittedly, the present labor market is highly competitive, making it critical for CPN to take personnel recruitment and retention of quality personnel very seriously. Below are mitigating measures.

- Recruitment of competent personnel from assorted channels. Internally, for instance, CPN investigates job rotation, transfers to hometowns, and promotion, and externally CPN uses social media and websites, searches leading universities' websites, and launches the Friend Persuades Friend, among others.
- Designation of key positions in various functions to groom successors. This move would enable such functions to continue uninterrupted when positions become vacant due to retirement or resignation.
- Personnel competency development. CPN commands concrete methods, including career path planning, individual development planning, and greater synergy with the Central Group in personnel development, including joint curriculum development and ongoing sharing of expertise and experience among affiliates' executives.

- Measures designed to retain personnel through ongoing relations activities between employees and CPN, including On Boarding activities for newcomers, New Year Greeting Communication Day, CPN Volunteers, Family Day, and Sport Day. An annual employee survey, called Power of Voice, provides findings and recommendations that find ways into improved processes and work environment. One of CPN's sustainability missions clearly focuses on employee engagement and their quality of life.

## 2.3 Cyber Security Risk

CPN recognizes cyber threats as a result of dependence on more and more technologies and digitalization. This dependence breeds more information thefts and cyber-attacks, affecting CPN's business continuity and reputation. CPN therefore issued several risk management measures. For system security, CPN has been developing and enhancing computer systems such as hardware, software and computer network to protect them from new types of attacks. For personnel, CPN created awareness of cyber threats, communicated with employees via several channels such as educating them via e-mail and the CPN newsletter and held a seminar instructed by third-party specialists. To deal with potential incidents, CPN adjusted its business continuity plan (BCP) and disaster recovery plan to align with the environment and computer systems in use. It annually implements a BCP drill and puts cyber insurance in place to mitigate the damage in case of incidents.

# 3. COMPLIANCE RISK

CPN strictly observes applicable laws and regulations to ensure a compliant, reliable and transparent conduct of its business operations, Compliance risks can be summarized as below:

## 3.1 Compliance risk concerning environmental and safety laws

Under CPN's sustainability policy, which emphasizes environmentally friendly development and management of shopping complexes to forge a safe atmosphere, the management system on safety and environmental standards is applied as guidelines to ensure that related units strictly observe CPN's policies and applicable laws, with preparation for future laws. Outside experts were hired to review and provide recommendations to further ensure that CPN's practices are correct and appropriate.

### 3.2 Fraud and Corruption Risk

Committed to operating its business sustainably, CPN focuses on good corporate governance and an effective internal control system. Besides defining the clear Anti-corruption Policy and enforcing strict compliance, CPN has joined the Collective Action Coalition against Corruption (CAC) and certified that it formulated an anti-corruption policy and guidelines that fully conforms to CAC's criteria. CPN also prepares and communicates a Code of Conduct to suppliers and contractors to emphasize its standpoint. (See details in the SD section.)

In prohibiting and managing risks arising from corrupt practices, CPN has set up measures to control and monitor key work processes that are at risk of corrupt practices, with an Internal Audit team conducting risk assessment and spot-checking to reaffirm the correctness, honesty and transparency of these processes, along with prohibiting risky behavior. Communication channels are also opened for stakeholders and whistleblowers to voice their complaints or recommendations directly to the Audit Committee or the President. A committee will be appointed to consider and investigate complaints through a systematic, transparent and accountable process to ensure confidence and trust in its fair investigation process for all related parties.

## 4. FINANCIAL RISK

CPN's policy is to maintain continued growth contributed by shopping complexes, residential, and other businesses that carve suitable investment opportunities. To achieve this objective, CPN must be able to handle the financial risks listed below.

### 4.1 Liquidity Risk

CPN implements a prudent monetary policy regarding capital expenditure. Comprehensive investment analysis is undertaken for each project so that only high-potential projects are submitted to the Investment Committee for meticulous consideration and approval. Regarding the sources of fund, CPN maintains its capital structure with a low debt-to-equity ratio (up to 1) and applies appropriate financial instruments in sourcing capital, such as the preparation to use a real-estate investment trust (REIT) as an alternative funding source.

After its commercial launch, CPN constantly assesses the returns on each project and modifies strategies so that the project would achieve its targeted returns. These measures contribute to reducing financial risk and enabling CPN to maintain a robust financial status, thus increasing CPN's flexibility in sourcing sufficient funds for future business expansion at appropriate levels of finance costs and rates of return on investment.

### 4.2 Credit Risk

CPN's credit-risk prevention policies include 1) collecting deposits from tenants, 2) terminating leases for tenants who have defaulted on rents for a long time and accelerating coordination to negotiate and find solutions with them, and 3) closely following up debt collection so that most tenants pay their rents in time. In case of overdue payments, related units will cooperate to effectively deal with default payment.

## 5. HAZARD RISK

CPN's core business connects with properties and diverse groups of stakeholders, for example, customers who purchase products and services, tenants and surrounding communities. These groups highly expect that CPN's operation will ensure their safety. CPN therefore recognizes and commits itself to conducting risk management for safety from dangerous threats, which include:

### 5.1 Natural Disaster Risk

Global warming is causing increased recurrence of abrupt changes in weather conditions with severe impacts. Therefore, many areas of Thailand faced natural disasters such as thunderstorms, floods and earthquakes, which pose major risks to CPN's properties and services.

CPN requires each shopping complex to assess its natural-disaster risks because natural disasters vary in different areas. For example, the North is more prone to thunderstorms, hail storms and earthquakes, while flash floods and monsoons are more common in the South. CPN also put in place risk mitigation measures, such as the requirement to constantly inspect the strength of buildings and facilities, together with preparation of mitigation actions and tools. The latter includes

dredging of drainage passages, adding water pumps at flood-prone shopping complexes, finding alternative water sources to alleviate drought, and inviting experts in building structures to assess earthquake impacts and provide recommendations on how to handle future incidents. CPN also reviews and prepares a crisis management plan to cover more scenarios, with regular drills to ensure personnel's crisis preparedness.

Statistics on natural disasters and the solution outcomes are systematically monitored and collected as incident cases for analysis to improve response plans and the effective management of these plans before reporting them to the Risk Management Committee for acknowledgment and consideration.

## 5.2 Risk Arising from Unrest

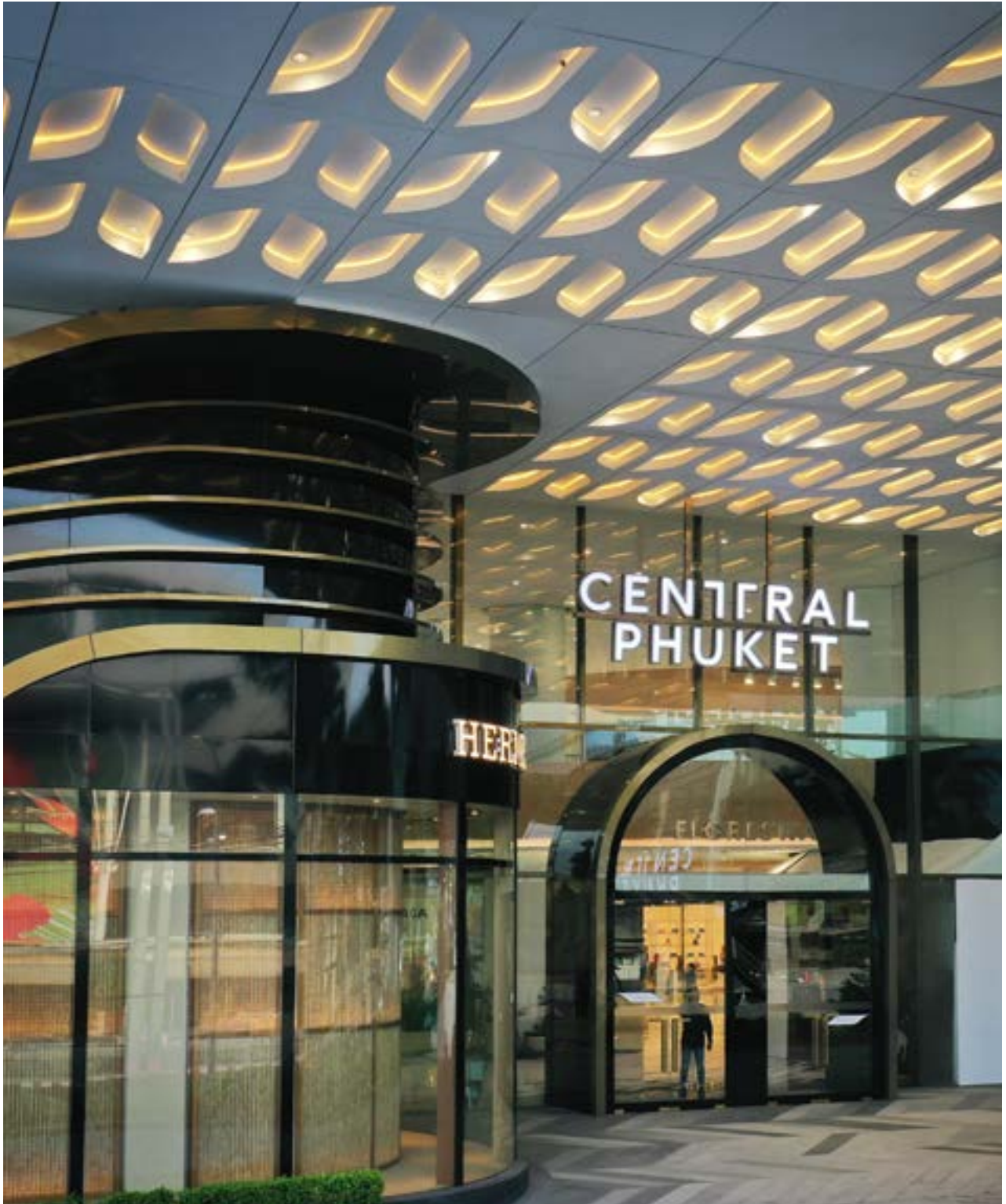
Incidents of unrest or terrorism currently pose critical threats to international communities no matter where they are. Recognizing such threats, CPN undertakes the following risk management measures:


- 1) Coordinate and monitor information provided by government agencies or relevant bodies for an accurate and timely assessment of each situation. The color-code system, which indicates the severity of situation on a real-time basis, is utilized to communicate with relevant parties for proper preparation and responses under specified guidelines.
- 2) Provide relevant employees with knowledge and training to be alert and capable of observing unsafe incidents, with regular conduct of crisis response drills.
- 3) Install an adequate number of modern safety equipment, such as Walkthrough Metal Detector and CCTV cameras, which effectively provide detailed recording of incidents and contribute to suppression of unrest incidents.

## 5.3 Other Crisis Risks

Recognizing the importance of business continuity management, CPN's Business Continuity Management Committee (BCM Committee), chaired by the President, is responsible for establishing policies and supervising formulation of business continuity plans, together with annual business continuity drills for further improvement.





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# MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY OF ECONOMIC SITUATION IN 2018

In 2018, the Thai economy has grown at a continuously solid level with a GDP expansion of approximately 4.1% YoY. The growth is attributed to a number of factors, namely 1) strong export growth despite a slowdown in the last few months of 2018, 2) growth in private consumption supported by higher household income in both agriculture and non-agriculture sectors along with recovering consumer confidence, 3) strong tourism growth mainly from higher international tourist arrivals, especially from the ASEAN region, despite a slight decline in Chinese tourist arrivals during the second half of 2018, and 4) other supporting factors, namely government spending to support the low-income citizens and other short-term stimulus packages, as well as private investments to support the increase in manufacturing capacities of various industries. Factors that affected the Thai economy, to name a few, are the slowing global economic growth, the inconclusive trade war between the US and China, and the strengthening Thai Baht currency as inflation remains low. Hence, the Bank of Thailand increased the policy rate from 1.50% to 1.75% in December 2018 to balance the economic growth momentum and the stability of the financial system.

## SUMMARY OF BUSINESS OPERATION IN 2018

Central Pattana Public Company Limited (“The Company” or “CPN”) continues to emphasize on effective revenue generation through new shopping malls, enhancement of existing malls, new mixed-use development projects, such as residential development, as well as efficient cost management. CPN currently manages 32 shopping malls with the net leasable area (NLA) of approximately 1.7 million sqm, a slight increase from the previous year due to the opening of Central Phuket Floresta. At the end of 2018, the average occupancy rate for CPN’s retail properties stood at 93%, slightly higher compared to the previous year.

The performance of CPN in 2018 shows total revenue of Baht 36,458 million, an increase of 5.4% from the same period in the previous year (YoY), and net profit of Baht 11,216 million, a decrease of 17.3% YoY, mainly due to the recognition of non-recurring income from the insurance claim under terrorism coverage of Baht 3,500 million in the prior year. Excluding the non-recurring items CPN reported total revenue of Baht 36,065 million, a 16.8% increase YoY, and net profit of Baht 10,823 million, a 9.4% increase YoY. The result demonstrates the growth resiliency of CPN’s operating results despite the ongoing major renovation

at CentralWorld and the transfer of CentralFestival Pattaya Beach to CPN Retail Growth Leasehold REIT (“CPNREIT”) in December 2017.

## Business Expansion

### Central Phuket

Originally invested and operated as CentralFestival Phuket, the 27th shopping mall, during 2015, the potential of Phuket province as a renowned tourist city have resulted in the development of Central Phuket Floresta. With the new structure connected to Central Phuket Festival, the entire complex is known as Central Phuket, the largest shopping complex in southern Thailand, located on a 111-rai land in the bustling downtown of Phuket and positioned as the Magnitude of Luxury & Leisure Resort Shopping Destination not only for local communities but also foreign tourists.

Central Phuket Floresta, comprising approximately 32,000 sq.m. of net leasable area, was opened on September 10, 2018, as the luxury and lifestyle destination that features famous global brands, as well as a variety of shops and restaurants. It also features the world’s first and only global attractions, namely 1) Tribhum, the virtual 3D interactive walkthrough experience to open in 1Q19, 2) Aquaria, which features over 25,000 marine species to open in 2Q19, and 3) Tales of Thailand, the center of cultural heritage, from past to contemporary, from all parts of Thailand.

Central Phuket currently includes 2 buildings: Central Phuket Festival, the lifestyle shopping center catered towards family-oriented customers that look for relaxation and features a wide selection of shops, restaurants and entertainment complex, and Central Phuket Floresta, aimed at tourists and luxury brand-oriented customers, as well as those seeking world-class attractions.

## Asset Enhancement Initiatives

CPN continues to enhance the value of existing shopping malls, customers, tenants and societies, and create long-term returns through the implementation of creative destination concepts to accommodate various activities. In 2018, CPN progressed with the following asset enhancement initiatives.

- **Major renovations** comprises 1) CentralWorld, which has been ongoing in phases since 4Q16, has been significantly re-developed as of 4Q18. At the end of 2018, the occupancy rate of CentralWorld stood at 91%, an increase from

the end of 2017 at 84%, and 2) CentralPlaza Rama 3, which completed a major renovation with a grand re-opening in August 2018, showed occupancy rate at 96% by the end of 2018, an increase from that of the same period last year at 82%.

- **Renovation programs commenced in 2018 and to be completed in 2019** comprises major renovations at 1) CentralPlaza Chiangrai and 2) CentralPlaza Chonburi, with both locations to undergo leasable area expansion of around 2,000 sq.m. per location for new tenants and expansion of existing shops, as well as incorporating various destination concepts, such as Food Destination and Co-working Space, to name a few. Similarly, minor renovations are underway at 1) Central Phuket Festival, which will see the area previously occupied by Central Department Store, now re-opened in the Floresta section, re-developed into leasable area, 2) CentralPlaza Lardprao, which will see the introduction of new destination concepts as well as integrate the mall entrance area with the future sky train station, and 3) Central Festival Pattaya Beach, which will see the food zone re-development to include new vendors catered towards both locals and foreign tourists.
- **The opening of “IKEA Bangyai” at CentralPlaza WestGate** in March 2018 signifies the largest IKEA store in Southeast Asia, with an area of more than 50,000 sq.m. with multiple entries and exits at all floors seamlessly integrated with CentralPlaza WestGate. The partnership with IKEA, the world’s leading furniture brand, reinforces CentralPlaza WestGate’s vision as the super-regional mall in western Bangkok and support the urbanization in the Bangyai area. Hence, CentralPlaza WestGate has seen more than 12% increase YoY in foot traffic and more than 30% increase YoY in car traffic after the opening of IKEA Bangyai.
- **The extension of land leases of CentralPlaza Rama 2** was made on June 28, 2018. The extension is made for an additional 30 years, expiring in 2055 and 2060 (some parts), hence presented the opportunity to further develop the shopping mall. CPN is currently preparing the proposal of terms and conditions for the land and property sublet rights to CPNREIT to consider the extension of the leasehold of CentralPlaza Rama 2.
- **The joint-venture agreement to run a Co-working Space business in Thailand** with a total of 3 joint venture parties, namely 1) CPN, 2) Common Ground Work Sdn. Bhd. from Malaysia, and 3) MSB Asia Ltd. from Malaysia, with investment proportions at 51%, 29% and 20% respectively in a new joint venture company.

## Diversification into Mixed-use Development Projects

CPN sees the potential in mixed-use development projects, which consist of residential projects, office buildings and hotels, in the same complex as the shopping malls to support and maximize the benefits of the latter’s business. In 2018, CPN have made notable progresses in the following mixed-use development projects.

### Progress on Residential Development

- **Residential projects that are completed and in the process of transfer to customers** at 3 locations, namely ESCENT Rayong, ESCENT Chiangmai and ESCENT Khonkaen, which are condominium projects launched in 2016 and have been sold out. As of 2018, 97% of all units have been transferred to customers with the remaining unit transfers to continue.
- **Residential projects that are open for pre-sale and in the process of construction** at 5 locations, 3 of which are in the provincial area, namely ESCENT Nakhon Ratchasima, ESCENT VILLE Chiangrai and ESCENTVILLE Chiangmai, which are condominium projects launched in 2017 and have been sold out. The other 2 projects are located in Bangkok, namely Phyll Phahol 34, a condominium project located next to the Senanikorn BTS station and also in close proximity to CentralPlaza Lardprao, and Niyham Boromratchachonnani, a single-detached housing project located on Boromratchachonnani Road and in between CentralPlaza Pinklao and CentralPlaza Salaya.

### The acquisition of shares in Grand Canal Land Public Company Limited or “GLAND”

- On September 12, 2018, CPN Pattaya Co., Ltd., (“CPN Pattaya”), a wholly owned subsidiary of CPN, acquired shares of GLAND equivalent to 50.43% of total issued and paid-up shares, for Baht 10,162 million, or at Baht 3.10 per share, from a group of major shareholders in GLAND.
- Subsequently, CPN Pattaya made a tender offer to purchase the remaining shares, or 49.57% of total issued and paid-up shares, at the offer price of Baht 3.10 per share. A total of 17.10% of total issued and paid-up shares was accepted for a total amount of Baht 3,445 million. Hence, CPN effectively has 67.53% ownership in GLAND as announced to the Stock Exchange of Thailand (SET) on November 5, 2018.

For the consolidated financial statements at the end of 2018, CPN recorded an increase in total assets at Baht 36,938 million, mostly from investment properties at Baht 23,254 million, and an increase in total liabilities at Baht 17,796 million, mainly from interest-bearing debt of Baht 8,215 million based on the events above. CPN is currently in the process of reviewing the investment plan to develop the assets of GLAND.

CPN constantly looks for new investment opportunities, including mergers and acquisitions (M&A), to reinforce its business plan and long-term growth strategy. The acquisition of GLAND marks an important step for CPN towards becoming the leader in mixed-use development projects, as many of GLAND's assets are located in high-potential locations capable of large-scale project development, thus increases the competitiveness in the industry and create sustainable return to shareholders in the long-term.

## Sustainable Growth as a Core Principle in Business

CPN is selected to be the member of the Dow Jones Sustainability Indices (DJSI) in 2018. The inauguration into the DJSI World index, in which CPN is the only real estate company and one of eight Thai companies to achieve the feat, and the DJSI Emerging Markets for the fifth consecutive year (2014-2018). This is a testimony to CPN's philosophy on sustainable business operations by taking into consideration the interests of the whole, the environment, the related parties and continuously partake in driving the well-being of society and communities forward.

## FINANCIAL AND OPERATING PERFORMANCE IN 2018

As of December 31, 2018, CPN managed 32 shopping centers (14 projects in Bangkok Metropolitan Area (BMA) and 18 projects in the provinces), 30 food courts, 7 office towers, 2 hotel properties, 1 residential property (totaling 11 units), and 3 real estate properties for sale (totaling 1,227 units), which includes the properties transferred to CPN Retail Growth Leasehold REIT ("CPNREIT") and CPN Commercial Growth Leasehold Property Fund ("CPNCG").

At the end of 2018, the average occupancy rate of CPN's shopping malls stood at 93%, a slight increase over that of the previous year at 92%. This was largely attributed to the increase in occupancies at the recently renovated shopping malls, namely CentralWorld and CentralPlaza Rama 3.

In 2018, same store rental revenue growth stood at 3.1% YoY. The same store rental revenue excludes that of 1) the new malls in 2017, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, 2) the new mall in 2018, namely Central Phuket Floresta, 3) malls under renovation during 2017 and 2018, namely CentralWorld, CentralPlaza Rama 3, CentralPlaza Chonburi and CentralPlaza Chiangrai, and 4) CentralFestival Pattaya Beach, part of which was transferred to CPNREIT in 2017.

In 2018, the average rental rate of all shopping malls stood at Baht 1,669 per sqm/month. Same store rental rate growth is at 2.5% from Baht 1,634 per sqm/month in the previous year to Baht 1,674 per sqm/month, which was slightly below the level in the prior year due to lower-than-expected rental rate increases at some shopping malls, as well as additional discounts given towards the end of the year. Despite the minor setback, the rental rate growth in CPN's total portfolio continues at a healthy trajectory as rate escalations from contract renewals and lower discounts given to tenants at most shopping malls were solid.

**Table 1 :** Summary of net leasable area and occupancy rate

Number of projects and net leasable/ salable area under CPN management as of YE 2018									
Retail properties	Total		CPN		CPNREIT <sup>1</sup>		CPNCG <sup>2</sup>		Occ. Rate <sup>3</sup> / Sale Rate (%)
	No.	sq.m.	No.	sq.m.	No.	sq.m.	No.	sq.m.	YE 2018
Shopping malls - BMA	14	916,214	14	768,917	3	147,297			94
Shopping malls - Province	18	784,094	18	716,888	2	67,206			91
<b>Total retail properties</b>	<b>32</b>	<b>1,700,308</b>	<b>32</b>	<b>1,485,805</b>	<b>5</b>	<b>214,503</b>			<b>93</b>
Office buildings	7	171,985	5	56,174	2	34,320	1	81,490	96
Hotels	2	561 rooms	1	259 rooms	1	302 rooms			85
Residential (for sale)	3	1,227 units	3	1,227 units					97

Number of projects and net leasable/ salable area under GLAND							
Non-core businesses	Total		GLAND		GLANDRT		Occ. Rate <sup>3</sup> / Sale Rate (%)
	No.	sq.m.	No.	sq.m.	No.	sq.m.	YE 2018
Office buildings	3	148,917	1	67,440	2	81,477	96
Residential (for sale)	1	1,991 Units	1	1,991 Units			98
Retail space in buildings		26,163		26,163			71

Remarks: <sup>1</sup> Assets under CPNREIT comprises 5 shopping malls, namely CentralPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Pinklao, CentralPlaza Chiangmai Airport and CentralFestival Pattaya Beach

<sup>2</sup> Assets under CPNCG 1 office building, namely The Offices at CentralWorld

<sup>3</sup> Occupancy rate of Hotel Business was an average of occupancy rate in year 2018



## Summary of GLAND's results

As of December 31, 2018, the operating assets under GLAND comprise 3 office buildings (aggregate occupancy rate at 96%), which includes 2 office buildings transferred to GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT"), as well as 1 real estate project for sale (a total of 1,991 units with 41 units remaining), leasable retail area within office buildings and residential project at 26,163 sq.m. (aggregate occupancy rate at 71%), and 4 undeveloped land plots, 2 of which are planned for mixed-use development projects and the other 2 planned for residential development.

CPN consolidates GLAND's financial performance from September 13, 2018 onwards. In 2018, total revenue contributed by GLAND amounted to Baht 498 million with immaterial impact to CPN's consolidated net profit. The difference versus GLAND's reported statement of comprehensive income is down to the difference in accounting treatment of investment properties: GLAND adopted the fair value model, thus records the gain on fair value adjustment of investment properties, whereas CPN adopted the cost model. As both models are accepted in the Thai Financial Reporting Standards (TFRSs), the cost model was adopted for the consolidated financial statements and the gain on fair value adjustment of investment properties was consequently removed.

## Non-recurring items

The following non-recurring items are excluded from the analysis of the financial results in 2018 compared to the same period in the previous year.

- In 2018, CPN made an accounting adjustment related to the original land lease contract at CentralPlaza Rama 2 for Baht 308 million. The amount, recorded as other income for the period, came about following the extension of the land lease agreement on June 28, 2018, which will be in effect until years 2055 and 2060 (some parts). Hence, the adjustments are made under Other Income at Baht 308 million in 3Q18 and at Baht 85 million in 4Q18.
- In 3Q17, CPN received an insurance claim of Baht 3,500 million under the terrorism coverage, which was recorded as other income for the period.
- In 4Q17, CPN recorded a net income of Baht 175 million, which primarily represented the asset acquisition fee, as a result of the transfer of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya Hotel following the conversion of CPNRF to CPNREIT.

## Total Revenue

In 2018, CPN reported total revenue of Baht 36,065 million, an increase of 16.8% YoY. Excluding other income, total revenue derived from operations increased approximately 18.0% YoY, which went according to plan. Main components of revenue are as follows.

### Revenue from rent and services

In 2018, CPN recorded revenue from rent and services at Baht 28,068 million, an increase of 7.7% YoY. Despite the impact from the major renovation at CentralWorld and the transfer of CentralFestival Pattaya Beach to CPNREIT, performances at shopping malls showed solid growth as summarized below.

- Contributions from new malls opened in 2017, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, both of which were opened since November 2017, and in 2018, namely Central Phuket Floresta, which was opened since September 2018.
- Performance improvement from malls under major renovation in 2017 and gradually open in 2018, namely CentralWorld and CentralPlaza Rama 3.
- Strong performances of existing shopping malls, such as CentralPlaza Rama 2, CentralFestival Chiangmai, CentralPlaza WestGate, CentralPlaza Nakhon Si Thammarat and CentralPlaza Pinklao.

### Revenue from food and beverages

In 2018, the in-mall food court business recorded revenue of Baht 1,849 million, an increase of 13.4% YoY due to the following factors.

- Contributions from newly opened food courts in 2017, namely at CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, and in 2018, namely at Central Phuket Floresta, as well as renovated food court opened in 2018 at CentralWorld and CentralPlaza Rama 3
- Strong performances of existing food courts both in BMA and provinces, such as CentralPlaza Rama 2, CentralFestival Chiangmai, CentralMarina and CentralFestival Samui.

### Revenue from hotel operations

Hotel operations are considered CPN's non-core businesses. In 2018, revenue from hotel operations was Baht 1,208 million, an increase of 10.1% YoY. The increase is largely attributed to the change in service charge recognition for the entire year of 2018, previously recorded as net revenue, to report gross revenue and costs. Meanwhile, revenue from hotel operations increased slightly despite a drop in average occupancy rate at Hilton Pattaya Hotel stood, from 94% in the previous year



to 93%, and at Centara Hotel and Convention Center Udonthani, from 80% in the previous year to 75%. Although occupancy rates at both hotels were impacted by the lower number of tourist bookings, average room rates at both hotels increased YoY.

### Revenue from sales

Revenue from sales of real estate comprises the transfer of ownership in residential units to customers, which CPN began to record the sales from 2018 onwards. In 2018, revenue from sales stood at Baht 2,762 million, which primarily represents 97% of total units transferred to customers at 3 condominium projects, namely ESCENT Rayong, ESCENT Chiangmai and ESCENT Khonkaen.

### Other revenue

In 2018, CPN reported other revenue of Baht 2,178 million. The majority of the amount relates to the management fee received from CPNREIT and CPNCG, which stood at Baht 767 million, an increase of 56.0% YoY and in line with the increase in total asset value of CPNREIT following CentralFestival Pattaya Beach and Hilton Pattaya Hotel transfer in late 2017.

## Total Costs

In 2018, CPN reported total costs of Baht 17,579 million, an increase of 21.1% YoY. Main components of the costs are as follows.

### Cost of rent and services

Costs of rent and services constituted utilities, security & cleaning services, on-site personnel, land rental, depreciation & amortization, repair & maintenance costs and insurance premium and property tax of properties owned for rental.

In 2018, CPN reported cost of rent and services at Baht 14,142 million, an increase of 9.7% YoY. The rise in cost is higher than the increase in revenue and comes from the following factors.

- Higher cost of land lease and amortization at CentralPlaza Rama 2 as a result of the extension agreement on June 28, 2018, which is effective until 2055 and 2060 (some parts). Hence, a straight-line amortization method is applied until the expiry of the aforementioned land lease agreement.
- Higher operating and depreciation costs of newly opened malls and renovated projects in 2017, namely CentralPlaza Nakhon Ratchasima, CentralPlaza Mahachai and CentralPlaza Rama 3, and of the newly opened mall in 2018, namely Central Phuket Floresta.
- Utility costs, a major component (accounts for approximately 30% of cost of rent and services) for shopping mall

operations, increased from the same period a year earlier amidst the continuous rise in electricity Ft rate since the middle of 2017. CPN, meanwhile, achieved efficiency gains with the reduction in electricity unit consumption compared to last year. As a result, same-store utility cost increased only 0.9% YoY, thanks to CPN's continuous effort to conserve energy usage.

- Higher maintenance, repair and personnel expenses to support the expansion of new shopping malls.

### Cost of food and beverages

Costs of food and beverage constituted costs of operating in-mall food centers, as well as depreciation and repair & maintenance costs of food center equipment and furniture, and decoration costs.

In 2018, CPN reported costs of food and beverages at Baht 1,448 million, an increase of 13.0% YoY. The rise in cost is in-line with the growth in food and beverages revenue from the higher cost base from the new food courts opened at new malls in 2017 and 2018, namely CentralPlaza Nakhon Ratchasima, CentralPlaza Mahachai and Central Phuket Floresta. Due to better cost management of the existing food courts in the Food Destination zones, CPN can attain an optimum level of operating cost for its food and beverages business.

### Cost of hotel operations

In 2018, CPN reported costs of hotel operations at Baht 423 million, an increase of 23.1% YoY. The increase is largely attributed to the change in service charge recognition for the entire year of 2018, previously recorded as net revenue, to report gross revenue and costs. That aside, the cost of hotel operation is generally in-line with the increase in revenue with both hotels showed effective cost control in both room and food and beverage management.

### Cost of sales

In 2018, CPN reported cost of sales at Baht 1,565 million, in-line with the growth in sales of real estate due to the transfers at ESCENT Rayong, ESCENT Chiangmai and ESCENT Khonkaen condominium projects.

## Administrative Expenses

Total administrative expenses constituted expenses on personnel, marketing & promotion, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties. In 2018, CPN reported total administrative expenses at Baht 6,114 million, an increase of 20.7% YoY. The increase is mainly attributed to higher personnel expenses to support business expansion and higher marketing expenses from more frequent events and activities at malls. Additional administrative expenses in 2018 include costs associated with transfers of condominium units, rental expense of Hilton Pattaya Hotel based on the sublet agreement with CPNREIT, and expenditures associated with shares acquisition in GLAND. Hence, the administrative expenses to total revenue ratio stood at 17.0%, which is higher than the previous year's at 16.4%.

## Gross Profit Ratio & Operating Profit Ratio

In 2018, CPN's gross profit ratio, excluding other income, dropped to 48.1% from 49.6% in the previous year, whilst operating profit ratio dropped proportionately to 34.5% from 36.6% in the previous year.

Excluding the sales of real estate, gross profit ratio in 2018 would be 49.8% as CPN achieved a gross profit ratio for the sale of residential projects at 43.3%. The gross profit and operating profit margins remain at levels similar to the previous year despite incurring higher cost of rental and services at CentralPlaza Rama 2 following the land lease extension. Hence, CPN is determined to exercise effective cost management and prudent cost control measures to maintain its profitability.

## Net Profit

In 2018, CPN reported a net profit of Baht 10,823 million, an increase of 9.4% YoY due the growth in revenues of all businesses, effective cost management and accordingly with the business environment, increases in management fees and share of profit from investment in CPNREIT. Meanwhile, CPN incurred higher financing cost from additional interest-bearing debt following the acquisition of GLAND.

**Table 2:** Summary of Consolidated Results

Consolidated Earnings (Baht million)	FY 2017	FY 2018	YoY (%)
Revenue from rent and services	26,057	28,068	8
Retail	25,369	27,371	8
Office	688	698	1
Revenue from hotel operations	1,097	1,208	10
Revenue from food and beverages	1,631	1,849	13
Revenue from real estate sales	0	2,762	100
Other Income	5,810	2,571	(56)
<b>Total revenues</b>	<b>34,595</b>	<b>36,458</b>	<b>5</b>
<b>Excluding non-recurring items</b>	<b>30,875</b>	<b>36,065</b>	<b>17</b>
Cost of rent and services	12,894	14,142	10
Retail	12,626	13,877	10
Office	268	265	(1)
Cost of hotel operations	343	423	23
Cost of food and beverages	1,281	1,448	13
Cost of real estate sales	0	1,566	100
<b>Total cost of operations</b>	<b>14,518</b>	<b>17,579</b>	<b>21</b>
Selling, general and admin expense	5,094	6,114	20
<b>Operating Profits</b>	<b>14,983</b>	<b>12,764</b>	<b>(15)</b>
Net finance cost/ income tax /others	1,415	1,549	9
<b>Net profit</b>	<b>13,568</b>	<b>11,216</b>	<b>(17)</b>
<b>Excluding non-recurring items</b>	<b>9,893</b>	<b>10,823</b>	<b>9</b>
<b>Earnings per basic share(THB)</b>	<b>3.02</b>	<b>2.50</b>	<b>(17)</b>
<b>Excluding non-recurring items</b>	<b>2.20</b>	<b>2.41</b>	<b>9</b>

## CAPITAL STRUCTURE

As of December 31, 2018, CPN reported total interest-bearing debt of Baht 30,398 million, an increase from the balance as of December 31, 2017 of Baht 9,529 million, mainly due to the increase in short-term borrowings to fund the shares acquisition of GLAND and the consolidation of GLAND's interest-bearing debt, which has a higher average cost of debt than CPN's interest-bearing debt. As a result, the weighted average financing cost at the end of 2018 rose to 3.31% compared to the level at the end of the previous year at 3.17%. Fixed interest rates debt comprises 46% of total interest-bearing debt whilst floating interest rates make up the remaining 54%.

Net interest-bearing debt to equity ratio stood at 0.37 times, an increase from 0.07 times from the end of last year, on higher net debt as mentioned above and on lower cash and short-term investments.

CPN emphasizes on the importance of effective management of its capital structure to be resilient towards the volatile money market and capital market, as well as maintain its financing cost at an optimum level for its businesses going forward.

### Dividend

CPN has a dividend policy of no less than 40% of annual net profit. On February 21, 2019, the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders, on April 26, 2019, to approve the dividend payment of Baht 1.10 per share paid from the 2018 net profit. Hence, the proposed dividend payout ratio from the 2018 consolidated net profit is at 44.0%.

## FINANCIAL POSITION

### Total Assets

As of December 31, 2018, the Company reported total assets at Baht 161,708 million, an increase of Baht 41,134 million or 34.1% from the previous year. Total assets include the following items.

### Current Assets

Current assets consist of cash and cash equivalent, short-term investments, net trade and other accounts receivable, and real estate projects under development.

As of December 31, 2018, the Company reported current assets at Baht 15,301 million, an increase of Baht 2,187 million or 16.7% from the previous year. Key drivers to the change are:

- The consolidation of GLAND attributed to an increase in current assets by Baht 4,006 million, mostly from the real estate projects under development of Baht 3,089 million and other current assets of Baht 917 million
- An increase in other accounts receivable of Baht 330 million mainly from the income awaiting collection from retail tenants.
- An decrease in cash and short-term investments of Baht 2,295 million to repay the loans from financial institutions and invest in additional properties.

### Non-current Assets

Non-current assets consist of restricted bank deposits, investments in joint ventures and associates, long-term investment in related businesses and other businesses, deferred tax assets, investment properties, leasehold rights, goodwill and net property, plant and equipment.

As of December 31, 2018, the Company reported non-current assets of Baht 146,407 million, an increase of Baht 38,947 million or 36.2% from the previous year. Key drivers to the change are:

- The consolidation of GLAND attributed to an increase in non-current assets by Baht 31,896 million, mostly from investment properties of Baht 23,254 million, long-term loans to related parties of Baht 4,392 million, investments in joint ventures and associates of Baht 3,382 million, and other non-current assets of Baht 868 million.
- An increase in leasehold rights of Baht 2,879 million mainly from the payment of the Rama 2 land lease extension, as well as on the acquisition of land lease and sublet rights for future business expansion.
- An increase in long-term investment in related parties of Baht 1,843 million mainly from the acquisition of shares in Dusit Thani Public Company Limited, or "DTC". At the end of 2018, the ownership proportion stood at 22.58% of total outstanding shares.
- Goodwill of Baht 1,036 million, which arises from the acquisition of shares in GLAND at the 67.53% proportion of total outstanding shares.
- An increase in other non-current assets, particularly in deferred tax assets arising from tax differences in certain items, such as customer deposits, accumulated loss carryforward balance, and employee benefit obligations, to name a few.

## Total Liabilities

As of December 31, 2018, the Company reported total liabilities of Baht 87,532 million, an increase of Baht 30,838 million or 54.4% from the previous year. The Company's liabilities include the following items:

### Current Liabilities

Current liabilities consist of trade and other accounts payable, interest-bearing debt due within 1 year from both related parties and other parties, portion of advances on rental and services revenue to recognize within 1 year, portion of leasehold rights payable due within 1 year and income tax payable.

As of December 31, 2018, the Company reported current liabilities at Baht 24,613 million, an increase of Baht 10,259 million or 71.5% from the previous year. Key drivers to the change are:

- The consolidation of GLAND attributed to an increase in current liabilities by Baht 2,888 million, mostly from trade and other accounts payable of Baht 1,590 million, interest-bearing debt due within 1 year of Baht 1,043 million, and other current liabilities of Baht 255 million.
- An increase in interest-bearing debt due within 1 year of Baht 8,082 million mainly from short-term loans from financial institutions to purchase the shares in GLAND.
- A decrease in income tax payable of Baht 207 million, which is consistent with the increase in profits before tax during the year.

### Non-current Liabilities

Non-current liabilities consist of long-term interest-bearing debt, deferred tax liabilities, employee benefit obligations, accounts payable of leasehold rights, advances on rental and services revenue, customer deposits, guarantees for leasehold rights and provision for decommissioning and restoration.

As of December 31, 2018, the Company reported non-current liabilities at Baht 62,919 million, an increase of Baht 20,579 million or 48.6% from the previous year. Key drivers to the change are:

- The consolidation of GLAND attributed to an increase in non-current liabilities by Baht 14,908 million, mostly from long-term interest-bearing debt of Baht 7,172 million, advances on rental and services revenue of Baht 5,453 million, deferred tax liabilities of Baht 2,035 million, and other non-current liabilities of Baht 248 million.

- An increase in long-term interest-bearing debt of Baht 5,095 million mainly on long-term loans from financial institutions for the purpose of effective capital structure management with the aim to support the investment plan and optimize the cost of debt.
- An increase in customer deposits of Baht 834 million, consistent with the higher number of shopping malls and tenants.

## Shareholders' Equity

As of December 31, 2018, the Company reported total shareholders' equity at Baht 74,716 million, an increase of Baht 10,296 million or 16.1% from the previous year. Key drivers to the change are:

- An increase in total non-controlling interest portion of Baht 6,371 million mainly due to the incorporation of GLAND's 32.47% shares proportion that belong to the non-controlling interest of Baht 5,907 million, as well as from increases in holding proportions of subsidiaries, both direct and indirect, by the non-controlling parties, consistent with the increase in total capital in subsidiaries during the year.
- An increase in unappropriated retained earnings of Baht 4,117 million, comprises net comprehensive profit for the year at Baht 11,189 million, net of dividend paid during the year at Baht 6,283 million and acquisition in non-controlling interest of subsidiaries at Baht 789 million.
- A decrease in other components of equity of Baht 191 million mainly from the loss on revaluation of available-for-sale investment.

**Table 3: Financial Position**

Financial Position (Baht million)	End of FY 2017	End of FY 2018	YoY (%)
Current assets			
Cash and current investments	5,361	3,067	(43)
Other current assets	7,753	12,235	58
<b>Total current assets</b>	<b>13,114</b>	<b>15,301</b>	<b>17</b>
Non-current assets			
Investment properties <sup>1</sup>	84,972	108,412	28
Leasehold rights	11,207	14,086	26
Property & equipment (PP&E)	1,676	1,646	(2)
Other non-current assets	9,605	22,262	132
<b>Total non-current assets</b>	<b>107,460</b>	<b>146,407</b>	<b>36</b>
<b>Total assets</b>	<b>120,574</b>	<b>161,708</b>	<b>34</b>
Current liabilities			
Interest-bearing debt - 1 year	2,274	10,876	378
Other current liabilities	12,080	13,737	14
<b>Total current liabilities</b>	<b>14,354</b>	<b>24,613</b>	<b>71</b>
Non-current liabilities			
Interest-bearing debt	7,255	19,522	169
Other non-current liabilities	35,085	43,397	24
<b>Total non-current liabilities</b>	<b>42,340</b>	<b>62,919</b>	<b>49</b>
<b>Total liabilities</b>	<b>56,694</b>	<b>87,532</b>	<b>54</b>
Shareholders' equity			
Retained earnings - unappropriated	50,890	55,094	8
Other shareholders' equity	12,990	19,082	47
<b>Total shareholders' equity</b>	<b>63,880</b>	<b>74,176</b>	<b>16</b>

Remarks :

<sup>1</sup> investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value is THB 219,161 mn (THB 180,409 mn as of December 31, 2017), stated in the disclosure notes to the main financial statements no. 14 under "Investment Properties".



## LIQUIDITY AND FUNDING ADEQUACY

### Sources and Uses of Funds

#### Cashflow

As of December 31, 2018, the Company has cash and cash equivalent balance of Baht 3,021 million, an increase of Baht 603 million or 24.9% from the previous year. Key movements in the cash and cash equivalent are as follows:

##### Cashflow from Operating Activities

In 2018, the Company receives a net cash inflow of Baht 17,169 million, mainly attributed to the cash receipt from profits following a strong operating performance, as well as cash receipt from the changes in working capital, other assets and liabilities such as increases in unearned rental and services revenue, accounts payable, to match the operating environment with new and renovated malls during the year.

##### Cashflow from Investing Activities

In 2018, the Company has a net cash outflow from investing activities at Baht 18,450 million. Key investing activities include cash paid for the acquisition GLAND's business at Baht 9,711 million, the capital expenditure for new shopping malls opened in 2018, namely Central Phuket Floresta, renovations at CentralWorld, CentralPlaza Chiangrai and CentralPlaza Chonburi, payment for the land lease extension at CentralPlaza Rama 2, and cash paid for the acquisition of shares in DTC. Meanwhile, the Company received cash on the sale of short-term investments to optimize liquidity and leasehold rights accordingly with the business expansion.

##### Cashflow from Financing Activities

In 2018, the Company has a net cash inflow from financing activities at Baht 1,884 million, mainly from the net receipt on loans from financial institutions as part of the effective capital structure management plan resilient to the money and capital markets environment, as well as to support the business plan. Meanwhile, the Company recognizes cash outflow as a result of the increase in subsidiaries' capital, the majority of which came from the consolidation of GLAND, as well as dividend paid to shareholders.

##### Capital Expenditure

In 2018, CPN spent approximately Baht 26,042 million of capital expenditure (CAPEX), which comprises Baht 6,746 million for land acquisition and development of new projects in the future, Baht 3,515 million for the enhancement of existing shopping malls, Baht 2,174 million for mixed-use development projects, such as residential development, and Baht 13,607 million on the acquisition of shares in GLAND.

## BUSINESS PLAN

CPN has set a 5-year (2019-2023) growth strategy that aims to achieve a compounded annual growth rate (CAGR) in revenue of at least 13% per year. The strategic direction to expand the business through mixed-use development, such as new shopping malls with innovative formats in Thailand and overseas markets, enhancement of existing shopping malls, development of complementary properties, such as residential, hotel and office building projects, and capture incremental efficiencies from continuous operations management.

CPN have studied the prospects of new retail formats and innovative concepts and designs of shopping malls to elevate the standard of its shopping malls that offer dynamic experiences towards customers with different lifestyles, both local and foreign tourists.

Furthermore, CPN studied the opportunities to expand its business into the Southeast Asian countries, especially those with high growth potential, such as Malaysia and Vietnam, to accommodate its sustainable growth aspiration.

## RETAIL PROPERTY DEVELOPMENT

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### Domestic Expansion

CPN have announced the plan to launch 2 new malls to open in 2019 and early 2020, namely 1) Central Village, the first international luxury outlet in Thailand, in 3Q19 and 2) CentralPlaza Ayutthaya by early 2020.

CPN also made continuous progress with the asset enhancement initiatives, particularly with CentralWorld, which is on track for completion in 1Q19. Furthermore, major renovations at CentralPlaza Chiangrai and CentralPlaza Chonburi, as well as minor renovations at CentralFestival Pattaya Beach, Central Phuket Festival and CentralPlaza Lardprao, have already commenced and will gradually be completed in 2019.

Furthermore, CPN sees the opportunity to develop mixed-use projects as an integral part of long-term growth. In 2017, CPN announced the plan to undergo a joint venture investment project with Dusit Thani PCL (“DTC”) to develop a mixed-use project comprising a hotel, a residential project, a retail space and an office building at the corner of Silom Road and Rama 4 Road.

#### Projects under GLAND

CPN is in the process of reviewing the development plan on land banks under GLAND’s portfolio, which are in high potential areas of Bangkok, and expects to finalize the plan within 2019. At the same time, CPN plans to enhance the performances of GLAND’s existing assets to maximize the benefits and growth potential of GLAND going forward.

### International Expansion

CPN currently engages in joint development of Central i-City in Malaysia on the grounds of the country’s growth potential and diversification of investment risk. Central i-City, with its strategic location and promising potential in area, is a joint venture investment between CPN, with 60% ownership, and I-R&D Sdn. Bhd (“IRD”), a subsidiary of I-Berhad, the other 40% ownership. The project is currently undergoing exterior and interior furnishing processes and on course for opening in March 2019. Moreover, CPN is currently preparing an investment plan in Vietnam, a market with exceptional growth potential in the region that will be an important driving force in the company’s long-term growth.

### Mixed-Use Project Development

CPN recognizes the potential to develop mixed-use projects in the shopping mall area by utilizing the existing vacant plots of land adjacent to the shopping malls, thus enhancing the value of investments in the form of residential development, office buildings and hotels, to name a few.

#### Residential development

To-date, CPN has launched a total of 8 condominium projects in Bangkok and in the provinces, as well as 1 single-detached housing in Bangkok. Moreover, CPN continues to study new areas for possible development as a pipeline for future project announcements.



Table 4 : Progress of Future Projects

Project	Area	Complete by	2018				2019				
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
<b>Retail Properties</b>	<b>sq.m. NLA</b>	<b>Qtr/Year</b>									
<b>Domestic-BMA</b>											
Central Village	40,000	3/2019		<div><div></div><div>Announce</div></div>	Construction, furnishing and leasing					<div><div></div><div>Open</div></div>	
<b>Domestic-Provinces</b>											
Central Phuket Floresta	33,000	3/2018	<div><div></div><div></div></div>	Open on 10 Sep 2018							
CentralPlaza Ayutthaya	TBC	1/2020		<div><div></div><div>Announce</div></div>	Construction, furnishing and leasing						
<b>International</b>											
Central i-City (Malaysia)	89,700	1/2019		Construction, furnishing and leasing					<div><div></div><div>Open</div></div>		
<b>Residential-Condominium</b>	<b>Units</b>	<b>Qtr/Year</b>									
<b>Domestic-BMA</b>											
Phyll Phahol34	358	4/2019			<div><div></div><div>Pre-sales Launch</div></div>					<div><div></div><div>Transfer</div></div>	
<b>Domestic-Provinces</b>											
ESCENT Rayong	419	1/2018	<div><div></div><div></div></div>	<div><div></div><div>Transfer</div></div>							
ESCENT Chiangmai	400	1/2018	<div><div></div><div></div></div>	<div><div></div><div>Transfer</div></div>							
ESCENT Khonkaen	408	2/2018	<div><div></div><div></div></div>	<div><div></div><div>Transfer</div></div>							
ESCENT Nakhon Ratchasima	380	3/2019		Pre-sales = 100%					<div><div></div><div>Transfer</div></div>		
ESCENT Ville Chiangrai	312	2/2019		Pre-sales = 100%					<div><div></div><div>Transfer</div></div>		
ESCENT Ville Chiangmai	450	2/2019		Pre-sales = 100%					<div><div></div><div>Transfer</div></div>		
ESCENT Ubonratchathani	395	2020				<div><div></div><div>Pre-sales Launch</div></div>					
<b>Residential-Single House</b>	<b>Units</b>	<b>Qtr/Year</b>									
<b>Domestic-BMA</b>											
Niyham Boromratchachonnani	71	4/2018				<div><div></div><div>Launch Phase 1 (9 Units)</div></div>					



# SUSTANABILITY PERFORMANCE

CPN monitored the performance of sustainable development as well as strategic plan to become the Center of Community and “Center of Life”.



## DIVERSIFICATION OF BUSINESS BASE ON PROPERTY DEVELOPMENT AND MANAGEMENT

CPN prioritizes on the retention of strong and sustainable growth in business through five-year business plan (2018-2022) with a compounded average growth rate (CAGR) in revenue of at least 13% per annum. To achieve such target, CPN established the direction to grow its business through diversification of business base and property development and management through a variety of approaches, such as:

1. Geographical expansion and property diversification
2. Joint-investment with business partners

### Geographical expansion and property diversification

CPN has historically developed and managed its properties through new shopping malls in high potential areas, starting with Bangkok Metropolitan Area (BMA) and expanding to provincial cities that have strong and stable economic growth, being the center of the region. This is done to disperse the business risk from concentrated areas, as well as create opportunities together with business drive participation of the region. As of present, CPN has 14 shopping malls in BMA and 18 shopping malls in the provincial areas.

Before commencing on the development of a project, CPN prudently selects the best location within an area that is conveniently accessible by customers, tourists and retail tenants. Through the concept of “Center of Life”, CPN’s shopping malls are uniquely designed to suit the locality of each area by offering complete range of products and services, as well as create new lifestyles and activities areas to response to the changes of consumers’ behaviors. In addition, the shopping mall can be designed with unique identity to be harmonized and promoted the pride of local communities, including attracting visitors, distribute incomes, benefit the interest of all stakeholders, and lead to national economic development.

Under the vision of a regional retail property business development leader and sustainable long-term growth, CPN expands its business in Southeast Asia, particularly those with strong and stable economic growth, such as Malaysia and Vietnam to diversify business base and reduce the business dependency outside of a single domestic market.

CPN expands its investment into a complete real estate development under the mixed-use development strategic direction. These investments include shopping complexes,

residences, office buildings and hotels to maximize the value of the core shopping mall business and using the land for maximum benefit is considered a business that supports each other in the area. In 2016, CPN, through its subsidiary CPN Residence Company Limited, developed three condominium projects located in the same area as its shopping malls at, Chiangmai, Rayong and Khonkaen. Another three condominium projects were launched in 2017 at Chiangrai, Chiangmai (second project), and Nakhon Ratchasima: Mahanakorn of Isan, is the largest mixed-use development project in the Isan region comprising of shopping mall, hotel, convention hall, condominium, outdoor market and recreational park in the same complex and offers a dynamic range of contemporary lifestyle models to the Isan people.

### Joint-investments with business partners

CPN’s property development and management does not limit to proprietary investments as CPN is open to jointly invest with potential business partners that bring invaluable experiences and know-hows in the real estate development business to share and support one another.

- CPN entered a joint investment partnership with Dusit Thani Public Company Limited (“DTC”) to invest in a mixed-use development project comprising hotel, residence, shopping mall and office building on the land situated at the corner of Silom Road and Rama 4 Road. The Company has 85% investment stake in the shopping mall business and 100% stake in the office building business, both within its expertise, whereas it has 40% stake in the hotel and residential businesses, both of which are within DTC’s expertise.

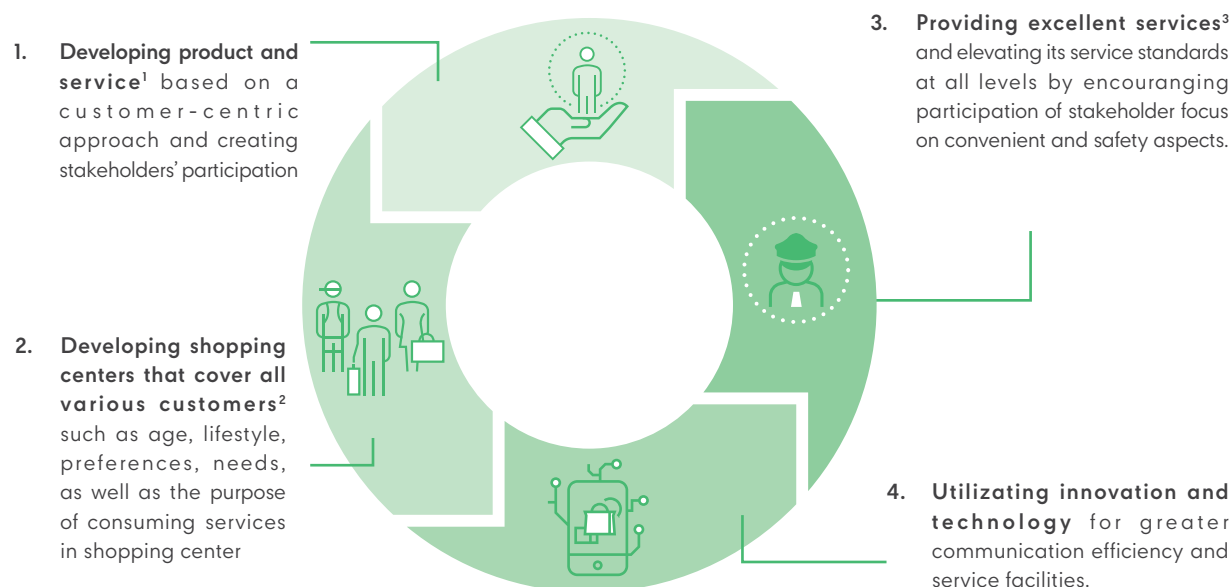
- CPN, cooperation with IKEA, opens “IKEA Bangyai”, which is a new IKEA style that customers can shop and pay at all floors and it is the first branch that has all the entrances connect with CentralPlaza Westgate, adding to the Super Regional Mall for CentralPlaza Westgate.
- CPN and Right Man Limited entered a joint investment of 50:50 ratios under the Phenomenon Creation Limited to launch Tribhum: adventurous theme park innovation as the new World-Class Attractions in Phuket and world tourist attraction to visit. It is considered increasing the tourism and economic potential of Phuket Province to compete with natural attractions in other countries.
- CPN formed a joint venture with Common Ground Group, a famous co-working space business from Malaysia to set up Common Ground Thailand. CPN holds a 51% stake in the joint venture, with 49% of the remaining belong to Common Ground Group to expand co-working space business in Thailand connecting shopping malls and office buildings to be workplace of new entrepreneurs to support SMEs and Start up together with strengthening the national economic growth.



## NEW RETAIL DESTINATION AND INNOVATION

To address customers' changing behavior in the digital era, such as living in high-rise buildings or condominiums, online shopping behavior together with the challenge of innovation and technology shifts, CPN sets innovative strategies to develop current shopping complexes into various lifestyles destinations more than only buying goods such as socializing, exercising, working, creating hobbies, searching for inspiration, and relaxing or recreating with friends and families.

### Management Approaches and Performance



<sup>1</sup> More information in [www.cpn.co.th/Sustainability/Innovation Productand Service](http://www.cpn.co.th/Sustainability/Innovation%20Productand%20Service)

<sup>2</sup> More information in [www.cpn.co.th/Sustainability/Innovation Lifestyle Shopping malls](http://www.cpn.co.th/Sustainability/Innovation%20Lifestyle%20Shopping%20malls)

<sup>3</sup> More information in [www.cpn.co.th/Sustainability/Service Excellence](http://www.cpn.co.th/Sustainability/Service%20Excellence)



## Developing shopping complexes based on a customer-centric approach

In 2017-2018, CPN applied a research finding regarding customers' needs and behavior for creating participation as basis information for developing three new projects; two local and one international site. The external experts conducted Usage & Attitude Survey. The research results revealed targets' lifestyle, expectation, demand of consuming service, opinion towards shopping complexes and brands of products. These research data were used by business development strategy team, project design team, and marketing research team in order to adjust the proportions of elements and stores in new shopping complexes to catch up with new customers' demand and behavior patterns in the future.

In 2018, CPN has changed to use online system for conducting a survey of customers' satisfaction towards shopping center services. The new online survey system, which can increase the survey cycle and number of sample groups with prompt respond to current data, was operated by external experts working together with internal marketing research team. As well as customers' satisfaction, survey of tenants' satisfaction was used in-depth interviews access through online process to derive more information, comments, and suggestions, conducted by customers' relation team.

The results were forwarded to the responding team to develop new style of shopping malls or new zones of new projects or large renovation projects, including formulating proportion of stores, increasing or decreasing common areas or activity zones, sourcing shops, classifying contract. Since 2015, the success of the CentralFestival has presented a new space allocation under new CentralFestival by adding new destinations / zones and services, resulting in CPN specified new destinations as one of the organization's product innovation plans every year. Key indicators and follow-up results were formulated. In 2018, the progress of operation plan can be categorized by target group of responses as follows

### 1. Family Destination

A combination designs - combine a relaxation area, a resting site and a playground. Destination zone for children was created for active learning outside classroom which are convenience, safety and healthy, particularly for kids such as:



**Indoor playground:** custom design based on the specific identity of location in each shopping complex. There were 25 playgrounds of 19 projects



**Kid's Restroom:** separated from the adult area for children self-practice at a young age. There were 47 restrooms of 13 projects



**Dining areas for children:** especially in the Food Park zone, managed by CPN in 23 projects



**Destination zone:** to enhance learning skills for children, in CentralPlaza Pinklao, CentralPlaza Bangna and Central Phuket Foresta



## 2. Food Destinations

A great variety of choices is set up, dividing zones according to the lifestyle of consumers. The development patterns were: Food Ville at CentralFestival Eastville, Food Patio at CentralPlaza Bangna, CentralPlaza Pinklao, CentralPlaza Rama 3, Fish & Seafood Market at CentralPlaza Mahachai, foodwOrld at CentralWorld and Tales of Thailand at Central Phuket.



### Tales of Thailand

Food destination at at Central Phuket. It was inspired by Thai traditional design and cultural way of life of Thai people in various aspects to become unique contemporary style especially a presenting of large floating markets divided into four zones, namely (1) Craft Village; Thai souvenir (2) Taste of the Island; Traditional Thai food from four regions in Thailand (3) Isan Charming; Northeastern spicy food zone and (4) Floating Market; Floating market with more than 30 restaurants.

## 3. Lifestyle Destination

A co-working Space, co-investing with Common Ground Group, Malaysia to create and develop sustainable integrated workspace community by connecting through portals and applications called Ambition Engine. In addition, there is a unique space for working, Wellness Zone; exercise and health activities, Trendy Market; marketing activities for all lifestyles such as pet lovers, bike lovers, music lovers, arts & crafts and favorite hobbies.

### CentralWorld

In 2018, the new lifestyle destination goal was specified in Central World renovation projects as follow:

- 1) **Sport Destinations** for exercise lovers; provides sports brand shop, sports technology, Healthy Café such as Super Sports and Fitness First on the 3rd floor with interior designs for sport and exercise activities.
- 2) **Creative Maker Destinations** sets up the 5th floor atmosphere to match the lifestyle of those who have passion in art and craft. The open space is designed for workshops and small shops that focus on training and working together such as flower arrangements, bottle gardening, lipstick making, card making, etc., and together with promotion namely, marketing activities, events, workshops, or public relations to attract consumers who have similar lifestyle to meet, share and exchange ideas.
- 3) **Co-working Space Destination** there is collaboration with well known coffee shops, such as Starbucks, to develop a coffee shop under the concept of a semi-co-working space by providing two meeting rooms with LED screen together with the largest Starbucks Draft service.

Moreover, CPN also offers flexible new stores space fit to small size shops. Pilot cafes, coffee shops, ice cream shops, bakery shops, desserts shops, are on the 3rd floor at CentralWorld. This pilot space is not only addressing to new generation entrepreneurs or Startups, but also to modern lifestyle consumers who favor posting photos on social media.

## 4. Communities Destination

CPN supports local economy by providing more sale channels for local entrepreneurs to distribute their products, developing landmark to attract visitors with memorable experiences in communities and provinces and facilitating the community. In 2018, the development of destinations are as follows;



### Support small SMEs

renovating FashionPlus at CentralPlaza Chonburi and Central Phuket Floresta



### Tourist destinations

at Central Phuket collaborating with business partners to develop the “Tribhum” or the world’s first 3D fantasy adventure park and “Aquaria”, the first new concept aquarium in Thailand, with the collection of more than 25,000 animals.



### Government Center service<sup>4</sup>

adding two more available at CentralPlaza Suratthani and CentralPlaza Nakhonrachasima, and more improvement at CentralPlaza Chaengwattana. CPN, with government collaboration, has facilitated totally nine government center services both in Bangkok and other provinces.

Beside physical development and market activities, one of innovative development that can support CPNs’ lifestyle destination such as promotion, events, customer relation, etc. It is a destination to attract group of people and the communities who prefer sharing public spaces and experiences together. In 2018, CPN studied and classified the target groups concerning aspects of lifestyle into eight groups and classified by shopping experience into nine groups. The data were used to analyze consumer behavior towards shopping center service in terms of frequency and spending. Its results were analyzed to develop the marketing strategy and digital plans to attract customers in increasing potential of repurchasing.

## Service Excellence

In 2018, CPN determined factors that affect customers’ satisfaction covering convenience, security, atmosphere, marketing activities, tenant sourcing and management, utilities, and brand awareness. Online system is developed for customer satisfaction survey conducted quarterly at CPN project which operates year-round under the normal operation situation in order to acquire promptly feedback and comments for further service improvement as follow:

### 1. Coverage Facilitation

- 1) **Traffic facilitation:** Proposing two plans continue from 2017, they are: traffic management and parking area management
  - **Traffic management:** conduct atraining for traffic specialists or traffic volunteers by traffic police officers as trainers. Acting as assistant officers or traffic police, they use mobile applications to manage current traffic situation through CCTV installed at the exits of the project to alleviate traffic gridlock both inside and outside the building. This was piloted at nine CPN projects. In 2018, the numbers of complaints toward traffic problems reduce 28 percent compared to 2017
  - **Automatic Payment Machine:** is under the test-run at Central Phuket Foresta to alleviate traffic gridlock inside the building and provide convenience for customers. Parking reservation system through the application was trialed at CentralWorld.

CPN has expanded traffic facilitation and parking space totally 26 projects such as free service shuttle bus, Valet parking, parking space for cars with more than four passengers, strollers, electric vehicle charging stations, EV golf cart service and intelligent parking systems, etc. (additional details on page 142)

<sup>4</sup> Government services such as issuing of the ID card, occupation practice registration, tax payment in various forms – property, signboard and land taxes – business registration including disabled persons and the elderly registration.

<sup>5</sup> Additional details of traffic information in 2017 Annual Report, page 92-93, except Valet parking services available at CentralWorld and CentralPlaza Bangna



## 2) Specification service

### • Family Group:



48 lactation rooms of 26 projects



47 separate kid resrooms of 13 projects



kid dinning areas at food park in 23 projects



providing 676 baby carts and kiddy car of 32 projects



Providing 317 wheelchairs of 32 projects

### • Tourist group:



providing tourist group service counter



tourism information center



baggage service counters



Free Wi-Fi service

(additional details on page 142)

## 2. Safety and Security

- 1) **Security Management Guidelines:** CPN has strickly followed through on the international management standard of Occupational Health and Safety<sup>6</sup> (ISO 45001) taking safety in life and property of customers into account for daily security guard in committed area.

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CPN outsources the service to legal security firms permitted under Security Guard Business Act, B.E. 2558 (2015) and uphold the right to hire legal indigenous workforce in some areas. CPN also conducted a training to increase performance of security guards to meet legal standards for the better quality of security guard.

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CPN sets up security measures<sup>7</sup> according to situational security assessment by color-code security system which are classified into 5 levels. CPN Crisis Management Operation Center (CMOC) and CPN Group monitored, controled and assessed the crisis together with government officials, security expert both internal and external Central Group. In 2018, security assessment was at blue level or risk - guarded except some sites where under high risk area, the code was adjusted on situational basis.

In addition, the company provides training and contest to enhance fire fighting skills every year, manages call tree practice for team members and employees according to telephone namelists, practices to contact through radio network occasionally, arranges meeting to exchange comments with involving units such as Tabletop Testing at least once a year, practice and share safety information among Fire Fighter officers, Thai Shopping Center Association (TSCA), Fire Fighter Neighborhoods Network.

<sup>6</sup> Pilot project of traffic volunteer at CentralWorld, CentralPlaza Grand Rama 9, CentralPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Bangna, CentralPlaza Westgate, CentralPlaza Chiangmai Airport, CentralPlaza Pinklao and CentralFestival Eastville

<sup>7</sup> Detail on Policies & Implementing Guides of Occupational Health and Safety Policy in [www.cpn.co.th/Sustainability/Corporate Governance/Policies & Implementing Guides/Occupational Health and Safety Policy](http://www.cpn.co.th/Sustainability/Corporate Governance/Policies & Implementing Guides/Occupational Health and Safety Policy)

### Fire Fighting Network

Grouping of firemen and firefighter team from various shopping centers to help and share information, co-practice of fire evacuation. They provide voluntary work in the surrounding nearby areas of 5-8 kilometers and others area upon request.

- Firemen and firefighter team from Bangna district, Srinakarin district, CentralPlaza Bangna, Seacon Square Srinakarin and Mega Bangna.
- Firemen and firefighter team from Ratchaprasong, Central Bangkok and One Siam, Central World, Siampiwat Group, CPN Group, MBK.
- Regional firefighting team network.

## 2) Service design and technology for greater safety management such as

- Installation of 6,823 closed circuit television (CCTV) units in every CPN project (data as of the end of 2561) for property and life protection.
- Installation 2,314 Call Point units at parking area of every project in order that customers can press the button to call security guards.
- Lady Parking Area is allocated for lady drivers at all CPN projects together with female security guards to ensure safety and security for female customers.
- 16 Automated External Defibrillator (AED) devices are installed at Central World, CentralPlaza Lardprao, CentralPlaza Rama 2, CentralPlaza Rattana Thibet, CentralPlaza Chaengwattana, CentralPlaza Salaya, CentralPlaza WestGate, CentralPlaza Chiangrai, CentralPlaza Lampang, CentralPlaza Udontani, CentralPlaza Nakhon Ratchasima, CentralPlaza Mahachai, and CentralFestival Phuket, as well as conducted safety training for customer relation staffs to use AED devices.
- CPN applies relevant information to analyze and improve security management. For example, Crime Clock system was used to enhance efficiency of security management. Number of incidents was analyzed to find the causes for preventive planning such as increase lightings, or warning signs.
- Updated the security manual with follow-up and hierarchical reports to the Safety Working Group and the Risk Management Committee on a regular basis.

## 3) Partnership collaboration to enhance efficiency of security

- Developed training courses for shop staff to identify offenders and monitor situation in the shop by themselves.
- Co-practices of fire evacuation with tenants and stores can be held on a yearly basis at every project.
- Organized special training on explosive for security team of CPN and partners to provide knowledge and skills of explosive that can be supported Explosive Ordnance Disposal (EOD) to save their times during the situation.
- Special activity such as New Year countdown, there will be a meeting with the government and security agencies and local authorities to enforce joint security measures.

## 3. Service Standard

CPN's service is committed to serve international standards service by develop professional skills, enhancing service efficiency to meet international standard systems, improving and monitoring performance process for the best service quality.

### 1) Effective Human Resources Development in every point of services

- **General Managers** are trained under the guidelines of CPN's Standard Mall Hand book following the Malcolm Baldrige National Quality Award (MBNQA) and Thailand Quality Award (TQA).
- **Customer services staff** are required to pass service excellence training at least once a year. This includes personality and skill development training such as service etiquette, positive service mindset, English communication, basic first aid and cardio pulmonary resuscitation (CPR).
- **Tenant Services staffs** are required to attend TS Efficacy Enhancement Training Course. Training contents cover service standards with reference to organizational quality management speculated by ISO 9001 and training to increase relationship management skills, developing to be friends or partners for business.

Furthermore, CPN carries out an outsource development program for outsourcers such as housekeepers and security staff continuously guaranteeing that these outsourcers fully comprehend CPN's expectations and standardized practices. This is conducted through E-Learning and Staff Grading Checklist. They are the mechanism to evaluate the service performances of business partners' staff to ensure that their staff could maintain and meet the standard requirements of CPN.

CPN also encourages employees to take part in proposing creative ideas towards development processes under the project called "Dream Team Project" which conducted continually each year. (additional details on page 122)

- 2) **Operational Excellence and International Standard** and enforcing as an organizational standard system by adhering to the operational process in accordance with the ISO 9001. This includes monitoring and inspecting quality of working process by branching quality units, quality management units, and internal audits.

In addition, CPN has also requested for the accreditation of ISO 20121 Event Sustainability Management System focusing on multi-purpose meeting area management with transparency and fairness in accordance with relevant laws and regulations including the security and waste management. In 2018, CPN requested the certification of ISO 20121<sup>8</sup> for Udon Thani Hall at CentralPlaza Udon Thani and Khon Kaen Hall at the CentralPlaza Khon Kaen.

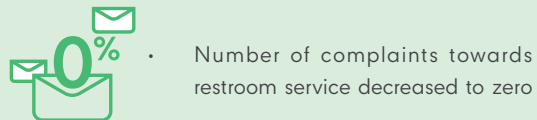
<sup>8</sup> CPN requested the certification of ISO 20121 totally 5 Conference Halls, they were Chiangmai Hall, at CentralPlaza Chaingmai Airport, BEC Hall at CentralPlaza Lardprao, Hatyai Hall at CentralFestival Hatyai, Udonthani Hall at CentralPlaza Udonthani and Khonkaen Hall at the CentralPlaza Khonkaen.

## The increasing of customers' satisfaction towards restroom services

from CentralPlaza Festival Chiangmai dream team. They assessed from the results of customers complain and requirement to improve the restroom service under the PDCA (Plan, Do, Check and Act). The improvement can be divided into

1. Using Smart PM application to notify restroom service and equipment.
2. Increasing housekeepers' training course and standard requirement for outsourcing.
3. Installing restroom sensor system to inform the available restrooms for customers' decision to reduce queuing.

### Achievement (with the 10-month experiment)



- 3) **The operation auditing** is done by the operation audit team that conducts auditing at each shopping center in dimensions of image, tidiness, safety and, operation to comply with the regulation requirements, machines and back up systems, documents completeness and accuracy. Stores regulations can be defined such as legal products, warranty certification, contractor permission for shop decoration. The auditing results can be reported to the General Manager for further development and improvement. The audit team will continuously monitor the results of the improvement. The score will be indicators of the evaluation and transferred in hierarchy levels. In 2018, CPN has modified the operation of this team to enhance capacities and efficiency up to 62 percent.

## Application of digital and technology

In 2018, one of CPN's key strategies is to apply digital technology by establishing Digital Innovation. The operation plan focused on the development of innovation and technology to accommodate and facilitate customers and tenants and the management of information technology to maximize the business profits as follow:

### 1. Customers

#### 1) Communication

CPN added LINE Application, @central Life, as push communication contact directly in person with customers in order to inform privilege, special promotion, news, events and activities, including digital map and parking reservation that was pilot at CentralWorld.



#### 2) Payment services

According to the strategic plan, CPN supports cashless society to address the government policy on digital economy by partnering with leading banks to implement payment services via QR Code. Customer will receive privileges and convenience with QR Code payment. More than 4,000 stores are encouraged to apply and use payment services via QR Code to increase customers' convenience.

## 2 Tenants




CPN developed applications on mobile and tablets to service and increase convenience for tenants through digital transactions under “CPN Serve”, or CPN self service, anywhere, any time. This program is piloted more than 500 tenants at CentralPlaza Westgate. This aims to facilitate stores such as general information, newsletters, promotion, announcement of activities, utilities, financial transactions.


CPN partnered with Central Group, one of the strongest firms conducting customer relationship via the One Card (TIC) – the program offering customers the chance to accumulate points when purchasing items on goods and services at any Central Group (see [www.the-1-card.com](http://www.the-1-card.com) for more information). In 2017, CPN launched the campaign for offline privilege group that customers can get cash coupon or any discount via online program or Line application “@central Life” including apply membership via this application

## 3. Information Technology Management

CPN has studied information technology management system aims to manage and analyze Big Data for real benefits especially the marketing plans in the future. Digital technology is planned for Customer Relationship Management (CRM).

## Sustainability Performance: New Retail Destination and Innovation

Topic	Performance of 2018	Plan for 2019
 <b>Sustainability Indicators</b>	<ul style="list-style-type: none"> <li>• Specified “Shopper Satisfaction Scores” as a corporate KPI, targeted to achieve 85%.</li> <li>• CPN obtained Shopper Satisfaction Score of 82% (1% lower than 2017 due to the expansion of participants).</li> </ul>	<ul style="list-style-type: none"> <li>• Specify “Shopper Satisfaction Scores” as a corporate KPI with the higher score 2% compare to 2017 and long - term target of 85% in 2022.</li> </ul>
 <b>Developing shopping complexes based on a customer-centric</b>	<ul style="list-style-type: none"> <li>• Successfully established three shopping complexes as planned: one completed, namely Central Phuket Floresta; 5 under renovations, one completed, namely Central World</li> <li>• Successful development of product innovations and new services. 15 destinations as planned in 10 projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Two shopping complexes to be constructed; five shopping complexes to be renovated, continuously 2 projects according to plans.</li> <li>• Follow product innovations formats to meet the target of 20 destinations.</li> </ul>
 <b>Service Excellence</b>	<ul style="list-style-type: none"> <li>• Implementation of the strategy plan on service quality enhancement they are, developing charter of customer relation, sanitary and security service, firstly piloted at CentralWorld</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of the on plan on increasing customers and tenant’ satisfaction follow digital and destination strategy</li> <li>• Follow the requested for the accreditation of ISO 45001 at least two projects.</li> </ul>

Topic	Performance of 2018	Plan for 2019
	<ul style="list-style-type: none"> <li>• Successful implementation of strategic plan on creation of beyond expectations experience and improvement on the current amenities for customers. 17 new services of 14 projects.</li> <li>• Follow up ISO 45001 to pilot 2 projects</li> <li>• In 2018, CPN obtained Shopper Satisfaction Score "convenience" of 85% (5% higher than 2017) and security of 79% (same as 2017)</li> </ul>	
 <p><b>Application of Digital and Tecnology</b></p>	<ul style="list-style-type: none"> <li>• Implementation on the strategic plan to offer unique experiences for customers via Line application in the fourth quarter of 2018. Number of Line friends (@centallife) was lower than the target.</li> <li>• Implementation on the strategic plan to offer convenience for stores CPN Serve, piloted one project and the number of stores participating met the target.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation on the strategic plan to offer digital experiences for customers and apply big data to create usefull dimensions to company such as increasing customers and stores' satisfaction and relationship.</li> </ul>





## STAKEHOLDER ENGAGEMENTS

CPN identifies a strategy for property management by adhering to the importance of stakeholders' engagement to manage shopping center and real estate efficiently and aims to deliver sustainable values for mutual benefit. CPN focuses on stakeholders' engagement namely, customers, tenants, employee, supplier and communities, intending to develop a shopping center in to a second home of the customers, develop and encourage the retail stores and partners grow together with the community resulting in fair local labor employment at the same it develop the skill and of the local people through CPN tenants and partners. It enable the community have the access to the basic infrastructure, providing equal opportunity to the new experience together with their own identity in order to maintain the local culture, it also acts as a medium in linking across the regions.

### Management Approaches and Performance

#### 1. Partner development

- Recruiting new tenants
- Tenants development
- Relationship engagement
- Public hearing

#### 3. Supply chain management

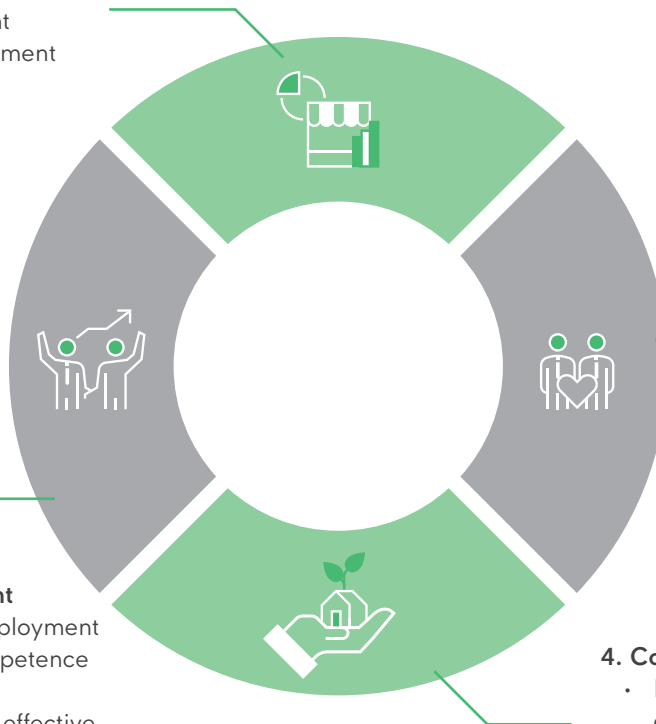
- Managing capital and risk of partners
- Recruiting new partners
- Relationship and trading partner development
- Evaluation of partners and improving the efficiency of purchasing / procurement processes

#### 2. Employee engagement

- Recruitment and employment
- Leadership and competence development
- High efficiency and effective organization

#### 4. Community engagement

- Reducing the impact on communities and the environment
- Building relationships with the community
- Community Development



Further information, see  
[www.cpn.co.th / Sustainability/ Stakeholder Engagement / Partner Development](http://www.cpn.co.th/Sustainability/StakeholderEngagement/PartnerDevelopment)  
[www.cpn.co.th / Sustainability/ Stakeholder Engagement / Employee Engagement](http://www.cpn.co.th/Sustainability/StakeholderEngagement/EmployeeEngagement)  
[www.cpn.co.th / Sustainability/ Stakeholder Engagement / Supply chain Development](http://www.cpn.co.th/Sustainability/StakeholderEngagement/SupplyChainDevelopment)  
[www.cpn.co.th / Sustainability/ Stakeholder Engagement / Community Engagement](http://www.cpn.co.th/Sustainability/StakeholderEngagement/CommunityEngagement)



## Partner Development

In 2018, CPN implemented store management and development plan by focusing on enterprenuer participation in accordance with the direction of innovation - new destinations in order to develop the shopping complexes to be the center of life and community that provided jobs oppurtunities and developing community economic. The plan can be categorized as follows

### 1. Recruiting new tenants

CPN supported new tenants to experimenting running their business in variety styles namely, the pop-up store format at CPN's center locations in a specific time distributed to all the projects in the country. Moreover, not only small tenants, but there were also 73 major entrepreneurs want to expand their busniess interest in this concept. CPN continue to develop store format at new food zone such as the development of foodwOrld on 7th floor at Central World and Tale of Thailand at Central Phuket and CPN has supported 52 new tenants to run their business.

### 2. Tenants Development

1) **New concept development** related to the direction of innovation - new destinations development. It is an integrated collaboration between the business development team, sales team, shop-style inspection team, shop relation team and enterprenures such as, the development of small size coffee shops, cafes and desserts at the sharing space. This is one of new generation destinations towards dinning located on the 3rd, 5th and 6th floor of renovation projects at CentralWorld. In addition, product line extension has also been developed such as Divana Signature Cafe, CPS Coffee, Ramen Ippudo and After You To Go.



#### The Divana signature cafe

is one example of cross-category product expanded from fragrances and spas to cafes decorated with variety of beautiful flower creating the atmosphere of flower gardens.

#### CPS Coffee shop

a well-known clothing brand extended its product line to presentation of coffee and tea bars service for customers.



#### Ramen Ippudo

It is the expansion of low-cost retail stores, developed by reducing a shop into small size and Thai menus at affordable prices. A current full-sized of Ramen Ippudo locates at CentralPlaza Grand Rama 9.

#### After You To Go

is a dessert store that developmentthe take home service for office customers who have no time at CentralWorld.

- 2) **New tenants development** has focused on training to acquired knowledge and increase management skills in modern trade business open widely for new and existing entrepreneurs. CPN continue to launch two projects: CPNlead (CPN leading Entrepreneur Advanced Development Program) and CPN Retail Academy. CPN Retail Academy is further expanded from the SME Think Big in 2016 and SME Think Big roaming in 2017. The project is collaboration with the Office of Small and Medium Enterprises Promotion (OSMEP) in process of preparing a training program about modern retail business for new SMEs entrepreneurs. The participants are expected to be able to create at least 250 new generation entrepreneurs in 2019.

## CPNlead

continue launching for the second year, jointly developed by CPN and Thammasat University specifically for new SMEs entrepreneurs. The program focused on workshop training integrated between classroom and hand-on activities and practical skills at CPN's venues such as operation of pop-up stores to learn about realistic responses from customers. In 2018, there are 40 people, consisting of tenants such as food, fashion and others attended almost 20 training courses trained by professional entrepreneurs and experts of leading retail business in Thailand. Training course details covered strategic planning, branding, marketing planning, OMNI channel, and database customer relation establishment. The knowledge obtained from training was applied to develop new products and design campaigns for cross - categories product and create pop-ups stores. In addition, the project provides consultation toward individual business plans as well.

## Achievement



- Trainees satisfy with useful knowledges and experiences, convinced 100% of trainees to highly recommend this project to other entrepreneurs

**100 %**



- Trainees decided confidently to be business partnership with CPN

**35 %**



- Trainees decided to expand their business both in Bangkok and other provinces

**58%** of total trainees

## 3. Relationship engagement

CPN has developed business participation by meeting with tenants. In-depth meetings resulted to the development of new marketing and promotion program specified to address tenants' need and aimed to increase sale and management efficiency.

- 1) **New collection development** especially fashion and distribute for sale only in stores located in shopping complexes managed by CPN. In 2018, there were 24 fashion brands that launched a new collection exclusively with CPN.
- 2) **Promotion development** has variety formats, namely Exclusive campaign @ CPN, the joint promotion with The One Card (TIC) and credit card, cross promotion campaigns such as tuition institutes and cinemas, Grab and restaurants. CPN acts as a partner in presentating and connecting various alliances in various campaigns. In addition, CPN also organized promotion for specific product, such as campaign with DNA Denim campaign, food festival with Wongnai website, where tenants' sales increased by 5-40% during the campaign and create profit to entrepreneurs who joined the campaign for 12 million (from available data).

3) **Partner engagement meeting** is an important channel to communicate policy and business plans, educate tenants new trends of business, listen to the comments and concerns.

4) **Tenant relationship activities** to strengthen engagement and attentively listen to their informal comments. In 2018, additional activities were modified to better align with entrepreneurs' lifestyle in different memories. For example, CPN arranged special dinning among business owners, hosted famous artists' concerts, and provided other lifestyle of recreations.

#### 4. Public hearing

In 2018, CPN modified the tenants' satisfaction survey method from annual survey to a quarterly interview tenant relation team. The survey was both in-depth interviews and online surveys developed and analyzed by the internal marketing research team. However, the main assessment system was unchanged. The analysis results have been forwarded to the teams in order to find the best improvement of services of each project. In addition, the score was used as one of the performance indicators and criteria for evaluating CPN's excellent shopping complexes award each year.

### Partner Engagement Meeting

A meeting between CPN and tenants and their senior executives, marketing and organizer (additional details on page 125), and financial management. The meeting was successful with 81 participants, CPN has communicated cashless society policy and initiated SD Deligence in nine categories related to risk and sustainability issues. The results will be developed into content in communication, meeting or further knowledge development.

#### Achievement





- **70%** of attendants agreed that it was useful contents and was beneficial to their business and
- **80%** were willing to attend a meeting in the future.



- Partners initiate inspection and self-assessment on sustainable development.

## Sustainability Performance: Partner Development

Topic	Performance of 2018	Plan for 2019
 <p><b>Sustainability Indicators</b></p>	<ul style="list-style-type: none"> <li>• Applied “tenant satisfaction scores” as a corporate KPI, setting the target at 80%.</li> <li>• In 2018, CPN’s tenant satisfaction score was 80%, meeting the target (which increased from 2017 by 2.6%).</li> </ul>	<ul style="list-style-type: none"> <li>• Applied “tenant satisfaction scores” as a corporate KPI and set the target at 83%.</li> </ul>
 <p><b>Tenant Relationship Management</b></p>	<ul style="list-style-type: none"> <li>• Implementing the development plan on tenants’ potential under CPNlead 2 project, attended by 40 people and 14 trainees expand business with CPN, and 21 trainees expanded new branches.</li> <li>• Implement strategic plan on strengthen tenants’ relationship and planned together with 2,739 brands to meet the target.</li> <li>• Implemented of strategic plan on property and tenant management to meet the target. Formulated sales strategies and increased sales efficiency. Operational teams were passed 9 training courses from 16 training sessions resulting 10% of sales productivity.</li> <li>• Supporting small and local enterprenures operation with the total of 5,033 modern trade stores (accumulated count as of December 31, 2018).</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing a strategic sales promotional plan that focuses on nationwide campaigns, targeting specific clients and increase pop-up stores to increase 10 folds in 2017</li> <li>• Implementing a plan for joint application of digital technology with tenants focusing 100% of target using CPN Serve.</li> <li>• Increasing proportion of local enterprenures at 10-20% from both CPN Retail Academy project and recruiting.</li> </ul>

## Employee Engagement

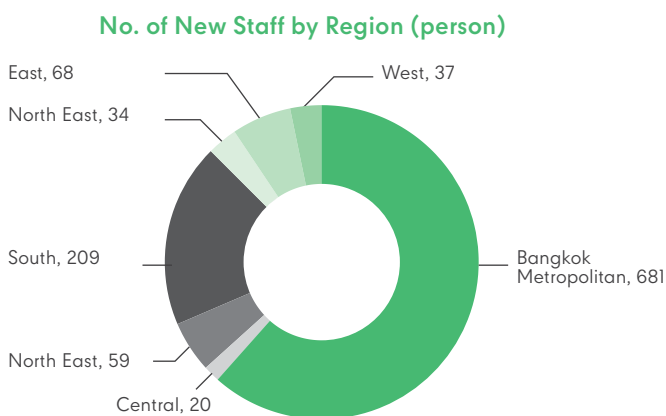
CPN has conducted employee engagement plan as presented in [www.cpn.co.th](http://www.cpn.co.th) / Sustainability / Stakeholder Engagement / Employee Engagement / Management Approach and Performance and in 2018 CPN maintained to be Employer of Choice and divided management strategic into three aspects as follow:

### 1. Recruitment and retention

#### 1) Recruitment and employment

CPN formulated employee engagement by adhering to corporate governance principles in terms of transparency, fairness, and equity under human rights principles, enhance opportunities without discrimination fully applied to the recruitment, employment, performance assessment<sup>9</sup>. In 2018, CPN has initiated a survey of satisfaction towards CPN's brand as being "Employer of Choice" for applicants. The satisfaction resulted at 94%.

In 2018, CPN employed 1,108 new staff by recruiting local people and offering relocation to hometown. There were 16% of employees requesting to be transferred to new projects at Central Phuket Foresta, representing 23% of the total employees in the projects.



\* Exclude employees who request for internal mobility

In terms of manpower and recruitment planning, CPN has considered aspect of risk recruitment and retaining, resulting on additional recruitment of operational plan continuously from 2017 as follow:

- **New millennial staff recruitment** through social media and recruiting platforms, effectively reached the new generation' lifestyle, such as LinkedIn, Facebook, Central Group's online channels and CPN Line. A formal application online was launched in 2018. This online recruitment divided job position into five regions, they were: Bangkok Metropolitan, North, East, North eastern, and South region. The number of Line Friends initiating were at 4,700 people. However, after the operation, this channel did not achieve the two-way communication objectives so that CPN has tried to find more international online recruitment channels to support business expansion in foreign countries. In 2018, CPN employed 715 new millennial staff aged between 18 and 30, it was approximately 65% of the total new staff in 2018, representing 39% of the total staff in the organization.
- **Work Integrated Learning program or "WIL"** is organized as a second batch continues from the first batch in 2015. CPN collaborates with the National Science, Technology and Innovation Policy Office and King Mongkut's University of Technology North Bangkok in recruiting students with high vocational certificates to work with CPN for three years while continuing their education at the bachelor's degree level. These students will gain hands-on experience and apply their academic learning provided by instructors in each subject to improve and match actual industrial practices. They also get salaries and medical welfare the same as CPN's regular employees. The achievement of the project measured from that the first 12 of 14 students became CPN's employees and the program also receives positive feedback from students and CPN's mentors and advisors.
- **The Marketing Next GEN program** recruits new graduates aged not over 27, with competence in and enthusiasm for marketing by working to learn with on-the-job training (OJT). This program began in 2017 and was found that the resignation rate of the employees in the program

<sup>9</sup> Additional information on [www.cpn.co.th](http://www.cpn.co.th) / Sustainability / Corporate Governance / Policies & Implementing Guidelines / Respect of Law and Principles of Human Rights Policy

was significant so that the project was halted in order to revise for the better recruit approach as well as job rotation to fit the lifestyle and needs of the millenieu.

- **The Central Group Management Associate (MA)** is an intensive program that creates a new generation of management, organized by Central Group enabling them to explore their work goals and needs by choosing career growth in retail, property management, or brand management. This program has operated for four years and in this year, it accepted 12 people for program, including those already employed by CPN and others who are undergoing job rotation.
- **The General Manager Trainee Program** recruits and develops shopping center managers to support CPN's business expansion plan, a continuing project from the year 2007. The applicants are required to pass a written examination, an interview and an assessment of leadership characteristics. They attended 20 classroom training courses to learn about relevant work, processes and leadership development, and performing actual work at a CPN branch under the General Manager of that branch's guidance. In addition to the GM Trainee Program, CPN also develops an Intensive New Manager Training Program. This course is for new general managers who have been re-enterd within 3 months and the course structure is same as The General Manager Trainee Program. In 2018, there are 4 general managers attend to this course.
- **The Pre-Retirement program**, employees' retirement periods are annually or bi-annually extended, depending on the demand for employees' work and mutual agreements of both employer and employees, while the working age will be extended to 65. Currently, there are 6 employees under this program.

## 2) Employee retaining <sup>10</sup>

Adhering to the corporate governance, CPN determines welfare and remuneration that is appropriate and competitive with the overall labor market without gender discrimination in the determination of employees' remuneration and promotion, including listen to employees' opinions and recommendations.

- **CPN's employee engagement assessment** was undertaken through the "CG Voice" or Central Group Voice (former "Power of Voice" campaign)

under the Aon Hewitt Company's "Employer of Choice" framework. The survey was divided into two dimesions, comprising of four fundamental requirements and three factors affecting changes by adjusting score counting method in comparison with leading business organizations.

In 2018, there were employee's participation in the survey accounting for 88 % of total employees and was at the 73%, which is in the top quartile level of the same global business group scale. Survey findings and employee-engagement risk factors were analyzed by an HR (Human Resources) team and the top executive of each function for the formulation of the employee-engagement improvement plan. Then the plan was reported to the People Development Committee at the corporate level and the Recruiting and Welfare Committee respectively.

The guidelines for improvement and development in 2019 will focus on employee changing factors in term of collaborative work, technology mobilizing. The plan analysis was done according to employee age and work experiences to develop engagement plan matching the lifestyles of different generations especially the millennial.

- **Enhance corporate culture according to I-CARE** corporate values, CPN has implemented three forms, namely, the use of media, participation and role model.
  - **PR and internal communication channels** such as the Admired newsletter, Admired Plus poster, CPN Radio, CPN internal television channel, social media and the "CPN GEN WE" which the response was at 97.5 %, focusing on communication in coping with changes and working in a new office format.
  - **Participation** can be done through annual teambuilding activities, family day activities, and evening entertainment events that respond to different lifestyles such as zumba workout, yoga, mortal kombat, piloxing, massaging to fight office syndromes, cake decorating for Mother Day, blood donation. Employees are also attended Corporate Governance Workshop focusing on anti-

<sup>10</sup> www.cpn.co.th / Sustainability / Stakeholder Engagement / Employee Engagement / Management Approach and Performance/ Recruitment and Retention

corruption and bribery aimed to understand laws and regulations as well as to join as allied network to observe and report any misconduct behavior. In 2018, this workshop was held two times with 85 employees attending and 97% satisfied practical knowledge.

- **SD Champions** focuses on role models for motivating “honest and generosity” culture. In 2018, CPN held CPN Step 2 Share is SD Champion participated in volunteer and donation charity jointly with the Siriraj Foundation and the SOS Children’s Villages Thailand.

In addition, I • CARE Agent was appointed for the second year of 5 middle level executives as cultural ambassador representing five core values of CPN and Central Group to cultivate employees understand strengthen strong corporate teamwork of organization.

## CPN Step2Share

aimed to encourage employees walk and run at any outing and determined the cumulative distance of 100,000 kilometers between 21 May - 22 June 18. Every registering step can be transferred to donate for any public charities by counting 1 kilometer for 5 baht.

### Achievement

• **1,674 employees**  
and executive management  
participated this event,  
representing  
**35%** of the total staff  
(counted during the event)



• Accumulate walking and  
running at  
**117,792 kilometers**,  
equal to  
**588,960 Baht.**  
(higher than the target by 18%)





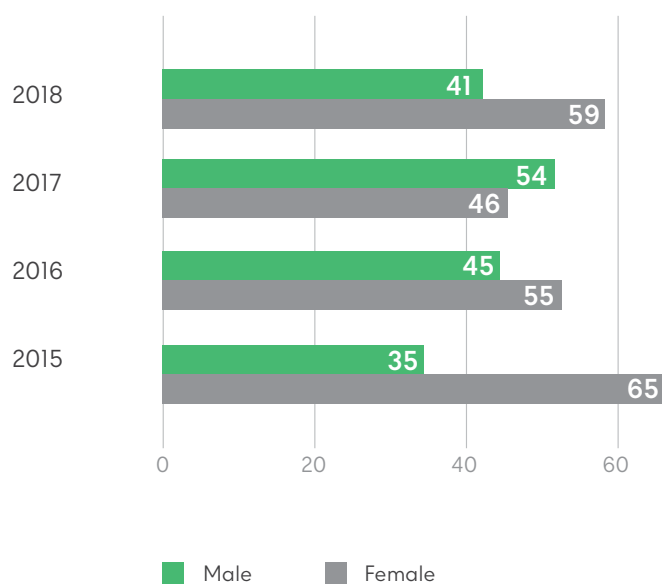
## 2. Leadership and competence development

### 1) Leadership development

CPN implemented the career path and promotional plan among competent employees with outstanding capabilities at the supervisor up to senior manager levels. The plan has carried out since 2017 conducting 155 people to develop Individual Career Development Plan or ICDP together with 70:20:10 development guidelines, 70% OJT, 20% supervisory recommendations, and 10% classroom training. From the previous year, two top requirements of training courses were leadership and specific knowledge. In addition, there is a quarterly follow-up plan for each person, as well as the 360-degree leadership potential assessment to measure development throughout the year. In 2018, There is a follow-up process for 81% of the personnel participating in the program according to the plan, and the assessment of 360-degree leadership potential will be assessed to measure the development, accounting for 55% of the target group.

The development plan has extended to supervisor up to senior manager levels, ensuring their readiness for business expansion and the retirement of personnel. Participants must prepare an Individual Development Plan (IDP) in accordance with the curriculum recommendations and methods provided by the Human Capital Management Department to increase the convenience and the pattern of development. This year, CPN developed a mid-level leadership development plan by conducting such groups of employees to prepare individual progress development plans accounting for 95 percent.

Ratio of employees' promotion classified by gender (percent)



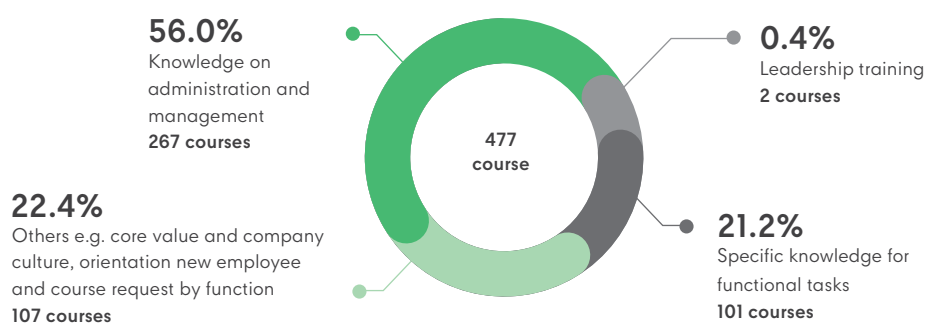
## 2) Employee development

CPN has adhered to “On-the-Job Training” (OJT) as personnel development guideline; a 70-20-10 ratio: 70% on-the-job training, 20% supervisory recommendations, and 10% classroom training. Development courses comprise of: (1) knowledge on administration and management, (2) specific knowledge for functional tasks, (3) leadership training, and (4) others. This year 477 courses were organized as planned, with 4% of attending on-line training, a 3% increase of the attendance in classroom and on-line

training sessions against 2017. Attendances’ satisfaction was 92% (the same as the previous year) while the average training hours of CPN personnel is currently 26.70 hours per year.

In addition, CPN also provides opportunities for applying master’s degree scholarship of Central Group with a 2-year commitment. Qualified candidates must take an interview considering the attitude and determination towards useful development. This year, there were 4 people receive scholarships from a total of 11 people since 2016.

### Training course in 2018 (percent)



### Average training hours (hour / year / person)



### 3) Knowledge Management and In-house Innovation Development

CPN has realized personnel competency in a specific expertise such as technical, system, service and management so that “Center of Excellence” was established in order to prepare for the organization’s knowledge management and transfer to potential personnel, the project is currently recruiting 5 experts (GURU) in such areas and organize courses including methods for managing and transferring knowledge in the year 2019.

The project was found to effectively reduce CPN’s electricity and water costs, maintenance costs and the use of raw materials by Baht

**128,620 per year**

lower than 2018 due to emphasise on service development goal.



### Dream Team and Kaizen Project

CPN focuses on allowing employees to take part in proposing development processes and new trends at work continually and presenting to the competition called “Dream Team Project” under the PDCA framework of quality management and Kaizen concept.



Employees working at the head quarter were initially piloted. In 2018, these innovations focused on enhancement of satisfaction among shoppers and tenants, including services of outsource with a 12-month project scope.

#### Activement

**100 dream teams**

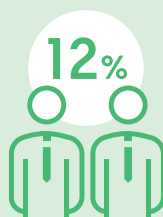
and kaizens, with

**582 members**

from all branches,  
representing

**12%**

of the workforce.



### 3. Hight-Efficiency and Effective Organization

CPN improved fair and proper job assignment based on Job families of Central Group start with significant job with JD Standardization 83.75% completeness and maintained employee assessment in two dimensions, namely annual performance assessment according to organization indicators, and half-yearly behavior assessment in accordance with I • CARE value. The results will be used for salary and annual bonuses consideration including promotion, and individual development plans for the next year.





CPN has implemented risk sustainability in aspect of technology to enhance employee efficiency and operation in line with “Employer of Choice”, CPN’s Smart Office plan to modernizing improve the flexibility of employees’ work environment, taking into account their job description and diverse lifestyles divided into three phrases, scheduled to be completed within 2 years from 2018 (excluding the survey and study period). In 2018, CPN completely improved 75% of head quarter office by modifying Ergonomic furnitures, adding wireless and VDO conference, and changing into mobile types’ office.

Safety is another factor that CPN considers measuring the effectiveness of the organization. Employee and subcontract must adhere and comply with CPN’s safety and occupational health policy<sup>11</sup>. In 2018, CPN studied and prepared fully corresponds to request for the accreditation of ISO 45001 for two projects, namely CentralPlaza Rama 3 and CentralPlaza Grand Rama 9. CPN also conducted with applicable laws by establishing the Safety, Occupational Health and Work Environment Committee at the corporate and branch levels. There were 370 employees joined the committee, comprising of 206 employer’s representatives, and 164 members representing employees, accounting for 7.5% of total employees (exclude contract).

<sup>11</sup> Additional information on [www.cpn.co.th](http://www.cpn.co.th) / Sustainability /Corporate Governance/ Policies & Implementing Guidelines / Safety and Occupational Health Policy

In addition, CPN provided personnel training to increase understanding and skills in safety such as fire fighting training, large machine maintenance, electricity and water safety, safety work in a confined and risky working area, First Aid, security guards, ISO 45001 and 5S, etc. Trainers were both internal and external speakers with 16 courses with 1,263 participants (accumulated counting), representing 26 % of total employees.

## Sustainability Performance: Employees Engagement

Topic	Performance of 2018	Plan for 2019
 <b>Sustainability Indicators</b>	<ul style="list-style-type: none"> <li>• Introduce the CG Voice Scores as corporate KPIs and set the target at 80% (same as the former measurement)</li> <li>• CPN's CG Voice Score this year was 73% (5% lower than last year) due to measuring adjustment</li> </ul>	<ul style="list-style-type: none"> <li>• Apply CG Voice Scores as corporate KPIs and set a target at 75%</li> <li>• Apply Employee productivity as corporate KPIs and set a target of 5% increase compare to 2017</li> </ul>
 <b>Recruitment and Retention</b>	<ul style="list-style-type: none"> <li>• Operate according to the employee engagement plan for the organization, even the voluntary rate of resignation from the organization and the rate of the talent groups resignation have increased but the results from the analysis showed that they were in the normal range.</li> <li>• Operate according to the plan to adjust the standard of wage and responsibility in each task successfully according to the plan.</li> <li>• No hiring from other union and no labor union was established within organization</li> <li>• No complaints and labor disputes</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake capacity building in the recruitment and hiring of people whose competencies match CPN's requirements.</li> <li>• Continue implementing the smart-office development plan.</li> <li>• Implement acceptance culture of rapid changes in the organization and strengthen I-CARE value.</li> </ul>
 <b>Leadership and Competence Development</b>	<ul style="list-style-type: none"> <li>• Implemented the Middle Leadership Development Plan and acquired 100% qualified management participated in the plan set as target at 81%.</li> <li>• Implemented recruiting for excellence center as a target</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a potential middle leader emphasis on people management and enhancing digital skills</li> <li>• Study and compare the employee's competency and performance with internationally standards</li> </ul>
 <b>High-efficiency and Effective Organization</b>	<ul style="list-style-type: none"> <li>• Safety statistic               <ul style="list-style-type: none"> <li>- Injury rate (IR) 0.13 case per 200,000 working hrs.</li> <li>- Lost Day Rate (LDR) 0.005 lost day per 200,000 working hrs.</li> <li>- Absentee Rate 1.36%</li> </ul> </li> <li>• In 2018, no employees were seriously injured, sick or die due to work</li> </ul>	<ul style="list-style-type: none"> <li>• Improve employee management system for productivity measurement</li> <li>• Modified data collection process on stakeholders' safety to be systematic and ready to use for developing and monitoring plans to reduce recurring and frequent accidents.</li> </ul>

## Supply Chain Management

CPN sets supply chain management<sup>12</sup> policy to trade with trading partner with transparency and fair reducing the impact towards society community and environment considering human right and safety. CPN has classified trading partners in to three groups according to CPN value chain as indicated in the report page 68. The three groups are classified in to 12 categories according to the trading partner services. (additional information in CPN Annual Report 2017 page 110)

**1. Managing capital and risk of partner** Based on the analysis of the spending amount of 5,004 suppliers who have conducted transactions between each other in the year 2018, it was found that the partners in group 1, which are groups with spending over 10 million baht, totaled 128 persons. Covering 81 percent of all hiring and purchasing, with 48% hiring and purchasing in the development and construction projects and another 35% is the purchase of electrical power using in the operation and management of shopping centers daily. The results of the analysis can be used to formulate plans and measures to reduce costs and value for reducing the impact on the environment or increase overall security. In 2018, CPN joined the strategic joint procurement program with the Central Group. Under the management framework that is consistent with good corporate governance practices by piloting 1 project in the system engineering service provider group in the

maintenance of passenger elevators which resulted in better cost management of the company at 5 percent.

CPN operates according to the plan, reviewing and evaluating the risk of trading partners annually. By analyzing only, the first group of partners from the results of the analysis of the spending of the partners in 2018, select only those partners with expertise and is important to CPN's operations in order to assess the risk of partners that may affect the operations. It was found that partners with high risk are all partners in the development and construction process, of which 60 percent of the assessed issues are sustainability issues in the safety and environment category. In this regard, the directly responsible unit has made such a risk reduction plan and has been tracked periodically.

In addition to spending analysis and assessing partner risk CPN also performs an annual inventory analysis and distributes the ordered products to the necessary units within the organization, such as distributing chopstick light bulbs from a branch store that does not need to use them due to changing to use all LED lamps and sending to other branches that still use such lamps. In order to reduce costs and to plan to adjust to be a LED light bulb in the overall picture appropriately and cost-effectively.

## Analysis of the spending of partners in the year 2018 according to spending

Group	Definition classify by the amount of employment	Number of Trading partners (case)	amount of spending (million baht)	proportion to total expenses (percent)
Group 1	1 more than 10 million baht	128	8,895	81
Group 2	more than 1 million baht but not exceed 10 million baht	487	1,530	14
Group 3	less than 1 million	4,389	551	5
<b>Total</b>		<b>5,004</b>	<b>10,976</b>	<b>100</b>

## 2. Recruiting new partners

CPN provides opportunities for local and small entrepreneurs interested in doing business with CPN, both in the store owner and being a manufacturer and contractors for CPN. In 2018, new channels were opened for those interested to become partners with CPN via the online system "CPN Vendor web portal or <https://procurement.cpn.co.th/> to increase convenience, transparency and fairness for entrepreneurs who can be registered as a new partner by themselves. Moreover, they can follow news and apply for a tender and listening to the results via the channel 24 hours a day after the system's opening in mid 2018. It was found that

there were 11 new partners who were interested in registering through the system. All registered at the same time.

In addition, CPN has agreed to a contract with the Central Group companies that have the potential to deliver products and services by procuring raw materials and labor from the local area. Starting from the product group in construction and fresh food, vegetables and fruit products, while maintaining the price comparison system and purchasing according to CPN's regulations.

<sup>12</sup> Additional information in [www.cpn.co.th/](http://www.cpn.co.th/) Sustainability / Sustainability Management / infographic [www.cpn.co.th/](http://www.cpn.co.th/) Sustainability / Corporate Governance / Policies & Implementing Guidelines / Supply Chain Management Policy

### 3. Relationship and partner development

CPN has organized the Partner Engagement Meeting<sup>13</sup> for the third consecutive year. In 2018 it has organized 2 times, divided into 2 groups: shop operators (as reported on page 115) and marketing and organizer who are service providers of event and communication marketing. Communicating business policy to support cashless society. And innovation in organizing marketing activities. As well as emphasizing the intention of conducting business on corporate governance principles. Anti-corruption. And CPN's sustainable development according to the CPN Code of Conduct for Suppliers<sup>14</sup> and invite partners to join the Thai Private Sector Collective Action Coalition Against Corruption. The event was completed with a total of 79 participants. 91 percent agreed that the meeting content was beneficial to their business and 82 percent wanted to organize a meeting like this in the future.

In developing innovation together with trading partner will focus on dimensions of saving and using resources efficiently, reducing greenhouse gas emissions, reducing material waste and reducing working time on risk areas. Increase the safety of the work of the workers by focusing on process innovation and applying modern technology such as:

1. **Reuse**, such as reuse pile drilling with screw pins for temporary signage or fence work which can be pulled out for repeated use. Using the remaining foundation pile to make a ground wall to prevent land slide for example. Making tiling work outside the building with pixel techniques to reduce the number of tiles that need to be discarded and temporary ceiling with vinyl laminated plywood.
2. **Reduce the use of resources**, such as reducing heat in the building by using an aluminum composite combine with skylight. Reducing using bamboo scaffolding by looping method. Installing a recycling system in a large building with reverse osmosis (RO) and Ultrafiltration (UF). Implement parking guidance system or Parking Guidance System for parking management and traffic work to help reducing driving time to find a parking space.
3. **Reduce the impact**, such as making a concrete floating slab waterway in the lowland area to reduce flooding in the surrounding communities. Assembling semi-finished façade at the factory before being installed on the actual area to reduce the risk of workers who have to stay on high ground for a long time. Apply the deep shaft waste water treatment system at the expansion project that has a limitation on the expansion of horizontal areas.

### 4. Evaluation of partners and improving the efficiency of purchasing / procurement processes



The department responsible for procurement / procurement will evaluate the operations of the partner after the delivery of the work is completed. Through evaluation for quality service and SD form which is assessed according to the quality criteria in product quality / service, delivery on time and complete and responses to corporate sustainability issues which can be done online by scanning the QR code on the order directly to increase the ease of assessment of data storage and analysis at the same time it helped reducing paper usage. The operation started in the 4th quarter of 2018, it was found that it can increase the efficiency of the evaluation of partners by 4 percent. The result of the evaluation was developed to be a concrete development plan for partners. It becomes a pilot operation with some partners that have a fair evaluation result. In addition, CPN also evaluates the annual suppliers by using the same assessment framework as the assessment after the delivery of the work and pilots assessing with the QR code format in the system maintenance and safety work.

In terms of increasing the efficiency of the procurement / procurement process, the development of learning via e-learning system in the curriculum has been implemented for understand the basic procurement / procurement process for the current personnel to review the process correctly and reduce the process of purchasing / outsourcing and to provide the correct process for new employees as well. In addition, the procurement / procurement process is improved to be a paperless process by doing transactions through requesting documents and approving electronic payments in total from registration to be a new partner, requesting a quotation order confirmation, delivery, billing and billing. At present, there are less than 5% of the partners participating in the project. In 2019, the plan was developed in order to develop the system and persuade the partners to see the benefits and switch to more such processes.

<sup>13</sup> The former name Supplier Information meeting

<sup>14</sup> Additional information in [www.cpn.co.th/ Sustainability / Corporate Governance / Code of Business Conduct / Code of Conduct for Suppliers](http://www.cpn.co.th/Sustainability/Corporate%20Governance/Code%20of%20Business%20Conduct/Code%20of%20Conduct%20for%20Suppliers)

## Sustainability Performance: Supply Chain Management

Topic	Performance of 2018	Plan for 2019
 <p><b>Sustainability Indicators</b></p>	<ul style="list-style-type: none"> <li>• Determining the achievement of the operational plan, managing partners according to the sustainability and risk management guidelines as a department level indicator</li> <li>• CPN has implemented the business partner management plan in accordance with the goal of achieving sustainable management by assessing competitive advantages in the case of joining the project, announcing the intention to fight against corruption of the company being an intensive selection criterion for partners.</li> </ul>	<ul style="list-style-type: none"> <li>• Schedule innovation development with partners as one of the organization's innovation indicators.</li> </ul>
 <p><b>Supply Chain Management</b></p>	<ul style="list-style-type: none"> <li>• Suppliers and contractors passed the assessment of sustainability properties both economic and environment and society dimensions with the total of 382 persons, increasing from the year 2017 almost 2 times (180 percent)</li> <li>• Develop knowledge for partners to see benefits in cashless society which is part of pushing the anti-corruption policy and corporate governance of the organization</li> <li>• Initiated a concrete development approach for partners with partners who were evaluated at a fair level, with 4% of the partners participating in the project.</li> <li>• No accidents (fatality) occurred during the construction and renovation of the project in 2018.</li> <li>• No complaints about human rights violations, Illegal labor or causing the impact on the community and environment in the CPN project that was constructed and renovated 2018.</li> <li>• There are a number of purchasing projects being hired through the online auction system of 128 jobs, worth over 384 million baht and the efficiency of the management costs increased by 35 percent compared to the cost before the auction.</li> <li>• There are a number of local partners that conduct transactions between the year 2018, the number of 1,172 representing a percentage 23 of all partners. Total value of local turnover is 331 million baht.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement the plan, review and assess the risk of the annual partner. Determine and follow measures to reduce risks with key partners.</li> <li>• Develop relationships with strategic partners both in innovation and the potential development of partners.</li> <li>• Follow up and develop a plan to reduce accidents during construction and renovation of projects.</li> </ul>

## Community Engagement

CPN establishes guidelines for showing responsibility and developing together with the community as presented in [www.cpn.co.th](http://www.cpn.co.th) / Sustainability / Stakeholder Engagement / Community Engagement / Management Approach and Performance by focusing on creating community participation to create communities strength along with the implementation of projects to support and develop education and the environment. In 2018, setting goals focus on participation with the community and creation of community living destinations as an organization level indicator. The strategy is divided into three areas as follows

### 1. Reducing the impact on communities and the environment

Reducing the impact on communities and the environment by focusing on reducing traffic impact both before during and after construction until opening the service as detailed in the page 105. Reducing the impact on communities and the environment by setting up a community relations team to take responsibility for overseeing, ask and inspect the potential impacts to the surrounding community regularly within 8-15 kilometers throughout the construction. After the opening of the operation, there will be a CSR team, a branch, and a quality control team perform such duties including monitoring the complaint in social media and the submission of complaints according to the channels specified by the company. In 2018, there was no development of CPN that had a severe impact on the community and environment.



## 2. Building relationships with the community

- 1) **Building design by incorporating vernacular architecture**  
CPN defines practices in architectural structure design and decoration both inside and outside the building by bringing the unique culture, traditions and indigenous heritage of the local community or at the provincial level to apply to modern, distinctive and unique identities. To demonstrate the company's true intentions to be a part of the community to grow and distribute good local products in a wide range. These can be seen from the facade in front of the building in many projects in different provinces



### Central Phuket Floresta

The architectural design of the Central Phuket Floresta project was under the concept. "Luxury Meet Nature", inspired by the lush natural landscape of Phuket Local culture in living with fishing and weaving combined with the Chinese-Portuguese architectural style of buildings, buildings and houses in Phuket Old Town Until designing and presenting in a new, exciting and modern form To be the center of all life that brings nature to be inserted throughout the shopping center by reflecting the abundant rain forest In the interior, it was designed by combining beautiful stories, literature and modern architecture together.

## 2) Support in non-monetary ways, including

- Construction of buildings for public benefit for communities such as pedestrian bridges, , walk way bridges to Health Center in Chaeng Watthana District, prototype public bathroom in Lumpini Park, Bangkok Central Park In the CentralPlaza Rama II area, Pathum Wananurak Park In CentralWorld Korat Park, River Walk In the CentralPlaza Nakhonratchasima area. In 2018, the standard pedestrian overpass was installed by installing clear safety glass, facilitating with the installation of sliding lift and slide ramp for wheelchairs in the Central Phuket project, total construction cost of 223 million baht.
- Free space allocation or special discounted prices to government agencies, educational institutions, civil society agencies and non-profit agencies in the exhibition, establishing a special area for public service including the setting up of donation boxes and support areas for blood donation. In 2018, blood donation was opened under the project. "Central mental volunteer group donated blood with heart one donator for three recipients", totaling 186 times the amount of blood was 7.14 million CC. There is also cooperation with various non-profit organizations such as
  - The United Nations Children's Fund or UNICEF Thailand in organizing the campaign "Eat to be the best, do not stop to love #EatPlayLove" by the roadshow in the form of Expo #EatPlayLove, traveling to shopping centers under CPN's management nationwide to provide knowledge about developing the brain of children during early childhood, child raising methods and simple development stimulation by emphasizing factors that promote children's intellectual development, good nutrition, play and love from the family.
  - Cooperation with the Foundation for the Thai people to organize the "Good Society Expo 2018 Do good things start from ourselves " which is a continuous development from "Thais work to ask for a hand" with the goal of providing a channel for solving social problems for people. Along with developing and enhancing the capabilities of social organizations to have the opportunity to expand the project to solve social problems together covering issues of solving social problems in the areas of anti-corruption, disabled people, health care, giving and volunteering by arranging at CentralWorld.

### 3) Donation to the community Charities

the related agencies that connect to the communities in which CPN operates including donations for education and donations to help victims of disaster. In 2018, CPN donated to various foundations such as Sai Jai Thai Foundation, Chaipattana Foundation, and The Princess Maha Chakri Sirindhorn Scholarship Foundation. Kidney Disease Foundation of Thailand, Police Hospital Foundation Under the royal patronage of the Children and Youth Development Fund in the remote areas (Ph.D.) Faculty of Medicine Siriraj Hospital Mahidol University, SOS Children's Foundation of Thailand under the royal patronage of the Royal Patronage of the Udomphat Foundation, Chirathivat Foundation Foundation, etc. Total amount is 28.5 million baht (including payment for operation). The money comes from organizing CPN Step 2 Share activities (as detailed on page 119) and some are donations in conjunction with the Central Group for various projects such as

- Donating to police hospitals in the project because we care to improve the dependency center within the hospital to be a one-stop center for helping children, youth, women and those who have been violated by society.
- Donating to the Woman Cancer project to build a resting house - Cancer Treatment and Rehabilitation Center for poor women, total donation amount of 5 million baht
- Donating to the Chaipattana Foundation in the reforestation project in Khung Bang Krachao in the form of a family forest plantation and for Bangkok in the reforestation project in people's hearts according to the King's disciplint to plant forests throughout Bangkok, with a total amount of 4.05 million baht. CPN has joined with the Central Group and its affiliates to help natural disaster victims. Such as giving relief bags to help flood victims in the Lao People's Democratic Republic and those who suffer from the storm of the storm Nakhon Si Thammarat Province, a total of 3,780 bags, delivering food equipment, beverages, facilities and money to support the search team for the Tham Kao Luang cave, throughout the period of support at Khun Nam Nang Non, Chiang Rai Province, approximately 805 baht a bag, the budget is 3 million baht.

### 4) CPN volunteer activities

which are activities that CPN allows employees to spend hours working on volunteer activities to help support and participate with communities in promoting social, cultural and environmental aspects. In 2018, it has provided opportunities for employees to participate in more activities by proposing volunteer activities that they and their fellow

employees are interested in If the proposal is approved, the company will give money to support the operation including joining with the personnel of the Central Group to carry out the Centrality project to jointly create activities in the form of shared value for the surrounding communities or within the province where the project is located. As a result, throughout the year, a total of 51 volunteer activities were organized, with a total of 2,115 employees, increasing from 2017 by 19 percent.

### 3. Community Development

CPN intends to be a part of the community. Create pride for the community by managing and organizing marketing activities to be the center of the city being the center of local business and the center of life focusing on collaborating with government agencies and civil society to create marketing activities that reflect and encourage local people to be proud of the city's identity. Creating a community market mechanism to strengthen the local economy in the year 2018, focusing on organizing activities to promote the community market, such as cooperating with the Central Group in organizing activities "Central Community Market Year 7". Being a channel for selling more than 2,000 quality products from farmers across all regions of Thailand 49 participating provinces on "Our Community Products" of the Central Group Circulate to the area of CPN's projects, such as CentralWorld, CentralPlaza Rama 2, CentralPlaza Rama 9, CentralPlaza Rayong, CentralPlaza Chiang Rai, CentralPlaza Nakhon Ratchasima and CentralPlaza Nakhon Si Thammarat.



Cooperating with government agencies and new generation farmers and local wisdom in organizing agricultural markets such as sincere market, organic farmers market, Pan Suk market, etc., including opening the area to help farmers who suffer from surplus agricultural products, such as organizing "Pineapple in the City" to relieve pineapple over supply, organized in the CentralWorld area CentralPlaza Pinklao, CentralPlaza Ramindra and CentralPlaza Westgate, which after the event can help drain pineapple, Ban Kha Ratchaburi province has more than 100 tons, generating 3,076 income for farmers, earning over 1 million baht.

CPN under the cooperation with the Central Group has jointly developed the local economy and distribute income to farmers with guidelines for operations as follows:

- **People development** - through the foundation Thiang Chirathivat with Walailak University, Nakhon Si Thammarat in sustainable farmer's career development by promoting knowledge in product development, packaging design, and technology for the development of biological substances to inhibit fungi in agricultural crops directly by instructors and university personnel.

- **Product development and distribution channels** - by supporting and developing operational activities throughout the value chain of product production to product sales, such as
    - The support of 3 million baht in the construction of organic agricultural production plants equipment according to GMP standards for King Ekarat car camp Phitsanulok Province, the products that are sold in Tops Supermarket CentralPlaza Phitsanulok.
    - The opening of Phitsanulok 80 rice varieties, "Sap-Pan" brand. The bran received from HRH Princess Maha Chakri Sirindhorn, which is medium-low sugar rice. suitable for health lovers, people with diabetes, obesity and purchasing from all the agencies to sell in Tops Supermarket CentralPlaza Chiang Rai, CentralPlaza Chiang Mai Airport and CentralFestival Chiang Mai.
    - The launch of the international style Thai brand product "Good Goods" under the project "Central Made" which is a product from local wisdom through the development of quality and design to be contemporary with the desire to continue the cultural heritage And support the Thai community for sustainable happiness by opening distribution channels in the form of a popup store Zone B, 2nd floor, Central World.
    - The introduction of the Tien Muen Si - a hand-woven fabric that has a long history as a work of art in the way of life of villagers in Trang. Designed by contemporary designers and produce as a product for giving as a New Year gift for 2018 to shop operator's business partners and the main stakeholders in the New Year festival and important occasions as appropriate in early 2018. It can generate revenue for the community directly by 1.4 million baht. Such products are cooperation between CPN Central Group Ban Na Muen Si Community Contemporary designer Painkiller brand and expert in fabrics and fibers, including Assistant Professor Dr. Namphon Rhaisattrukrai and Assistant Professor Dr. Whitawan Chanthon, with the objective of continuing the value and good culture of the local area. In addition to purchasing raw materials from the community, CPN has also contributed 1 million baht in the project to adjust the Na Muen Si Museum, Na Yong District, and Trang Province.
  - **Development of communities** - It focuses on the development of education which is the foundation of society under the "Central Project, Commitment to develop education and CPN Cultivate Thai Wisdom" by building and improving the school building. Modify the library to be a learning center, create a playground. "This field is for the younger" that is suitable for the age of the child. Promote hygiene kitchen in the cafeteria, improve the toilet to be sanitary. Supporting agricultural projects for lunch, supporting drinking water filters, computers, durable goods and educational equipment, depending on the context and needs of each school in 2018 for 7 schools in 5 provinces, worth over 7.4 million baht, with a list of schools as follows:
    - (1) Bannasainamrod School, Udon Thani Province
    - (2) Chonprathan Khern Mae Kuang Chirathivat Uppatham, Chiangmai Province
    - (3) Watdonchai School, Chiangmai Province
    - (4) Ban Hinchock Thai Border Patrol Police School, Trang Province
    - (5) Watwareewong School, Trang Province (under construction)
    - (6) Banthapborkruamjai School, Phetchaboon (Under construction)
    - (7) Border Patrol Police Learning Center Ban Cha Nu, Chiang Rai Province (Under construction)
- Another way to develop the community is to provide opportunities and social equality to the disadvantaged, such as free allocation of special areas to the disabled, selling the lottery legally in areas that are favored by the disabled. In the year 2018, there were 46 disabled persons who joined the project in the CPN shopping center. There are 21 projects, representing 1% of total employees. In addition, CPN and the Central Group continue to develop the Central C.A.R.E. for Disability program to provide financial support to people with disabilities by supporting a total of 10 projects in 8 provinces, the total of 199 disabled people in the projects.

## Sustainability Performance: Community Engagement

Topic	Performance of 2018	Plan for 2019
 <p><b>Sustainability Indicator</b></p>	<ul style="list-style-type: none"> <li>• Determining the achievement of the Creating Shared Value program as an organization level indicator. By setting employee volunteer hours of 5,000 hours.</li> <li>• In the year 2018, there were 8,508 employees of the company participating in activities to create value with the community and CPN volunteer activities totaling 70 percent more than the set goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Determining the achievement of the Creating Shared Value program as an organization level indicator by setting employee volunteer hours of 10,000 hours.</li> </ul>
 <p><b>Community Engagement</b></p>	<ul style="list-style-type: none"> <li>• Organize marketing activities to become a center of life and the center of the community, a total of 320 activities, more than 1 time of set goal.</li> <li>• Supporting space for government agencies and communities without charge as a joint budget of 81.2 million baht to support manpower and budget for the implementation of the CPN Volunteer Program and the project to create shared values with the community, totaling 5.2 million baht.</li> <li>• Success in creating a two-way volunteer culture, defined by top down and bottom up approach with 29 activities (excluding Central Green activities) with 2,840 hours of volunteer hours or 33 percent of all volunteer hours in 2018.</li> <li>• Support and cooperate with the Central Group in implementing social projects under the name of “Central Making” and Central Group totaling 20.1 million baht and donating to charity through various foundations. Total amount is 8.4 million baht</li> <li>• There are no significant complaints about the impact on the community and the environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the number of marketing activities to become a center of community to support 100 small businesses.</li> <li>• Operate according to the plan to create a volunteer culture in the organization, both top down and bottom up, distributed by region.</li> <li>• Support the development of education through the CPN project to cultivate Thai intelligence and the Pracha Ratana Power Project By focusing on communities that have business operations.</li> </ul>



## ENVIRONMENTAL RESOURCE MANAGEMENT

CPN's environmental management is conducted according to the climate change and environment guidelines, the policy of which was announced to cover operation and management of natural resources, energy, utility, climate, environment, biodiversity, and waste management to ensure the maximum benefit and effectiveness in a systematic and sustainable way. It focuses on the international standards such as environmental management system (ISO 14001), greenhouse gas management (ISO 14064-1), energy management system (ISO 50001), and criteria of Thailand Energy Award established by the Ministry of Energy, and ASEAN Energy Award aims to reduce energy consumption, greenhouse gas emission and sanitary landfill, and increase usage of alternative energy and alternatives for water resources.

### Management Approaches and Performance



### Management of GHG Emission and Energy Usage

#### GHG Emission

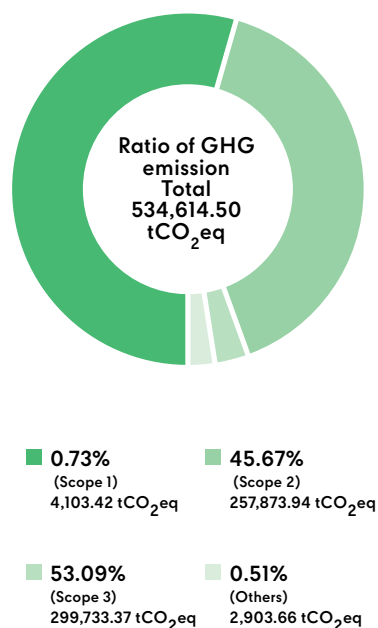
CPN adopts the Carbon Footprint for Organization: CFO or Corporate Carbon Footprint (CCF) guidance as a guideline to display the amount of GHG emissions caused by its operations, adhering to carbon assessment guideline of GHG standards (ISO 14064-1). In 2018, CPN requested accreditation from Thailand Greenhouse Gas Management Organization (Public Organization) ([www.tgo.or.th](http://www.tgo.or.th)) consist of 33 shopping complexes operate in 2018 (Central Phuket is divided into two projects) together with the offices at Central World, and the head office of CPN to meet target set in 2025 of reducing Scope 1 and Scope 2 GHG emissions per unit area by 20% compared to 2015 base year.

Based on the assessment, the ratio of direct GHG emissions (Scope 1) to indirect GHG emissions (Scope 2) is 0.7 to 46. Therefore, the framework to reduce GHG emissions is aimed towards indirect GHG emissions (Scope 2) or mainly lower electricity consumption as reported in "electricity consumption". In 2018, CPN's GHG emissions increase at 4.8% due to whole year fully operation of CentralPlaza Nakorn Rachasima CentralPlaza Mahachai, renovation completion of CentralPlaza Rama 3, and the operation of Cantral Phuket Foresta. The amount of Scope 1 and Scope 2 GHG emissions per unit area was 0.079 tCO<sub>2</sub>-eq<sup>15</sup>. However, if analyze the concentration of greenhouse gas emissions only in business as usual conditions<sup>16</sup> it is found that the value slightly ddecrease fromlast year 0.086 tCO<sub>2</sub>-eq per unit area.

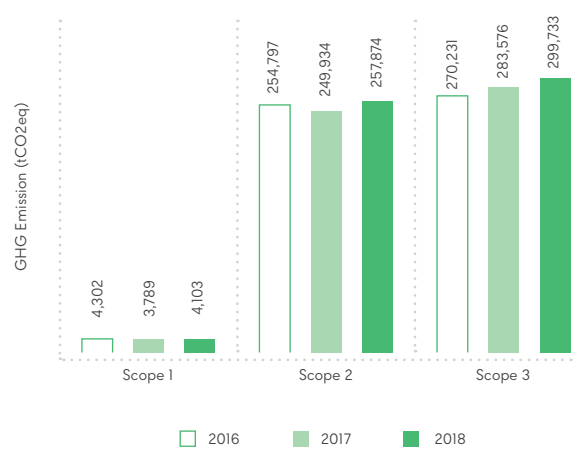
<sup>15</sup> The area used in the calculation is from the net lease able area and common areas.

<sup>16</sup> Showing the results of the analysis excluded the projects that are not full of calendar years or have some improvements. The number of shopping centers that are calculated is 28 projects in 2017 and 30 projects in 2018 (separate projects in Central Phuket into 2 projects)

**Ratio of GHG emission, Scope 1, Scope 2 and Scope 3 in 2018 (percent)**



**The amount of GHG emission, Scope 1, Scope 2 and Scope 3 (tCO<sub>2</sub>eq)**



**\* Remark :**

- (1) GHG emissions consist of the emissions caused by several activities of CPN's shopping malls, office buildings, and offices for rent. Direct GHG emissions are calculated based on the report and method of Intergovernmental Panel on Climate Change 2006 (IPCC) and the guideline of Thailand Greenhouse Gas Management Organization (Public Organization), which uses the operation control method.
- (2) Direct GHG emissions (Scope 1) derive from CPN's fuel combustion, namely petrol, diesel, and natural gas.
- (3) Indirect GHG emissions (Scope 2) derive from energy purchase from outside for CPN operations only, excluding power purchase by tenant shops.
- (4) Other types of indirect GHG emissions (Scope 3) derive from energy consumption along transportation routes and power purchase by tenant shops.
- (5) Project calculation each year included all projects operational in 2018, office building, and head quarter of CPN. Shopping complexes were 30, 32, 33 projects in 2016, 2017 and 2018 respectively.

## Energy consumption

CPN divides the energy use in business operations into 3 main parts, namely the use of electricity from domestic power sources, the use of electricity from solar panels, and energy use for other operations, such as fuel use in combustion. In the year 2018, CPN uses energy in all business operations<sup>17</sup> including head office is 454,447 MWh, accounted for 1% of the direct energy consumption from fuel combustion (5,265 MWh), indirect energy use from electricity supply is 98% (443,007 megawatts-hour) and direct electricity consumption from Solar panel, 1 percent (6,175 MWh). The proportion of energy

consumption of the head office<sup>18</sup> accounted for 0.2 percent (910 MWh) of total energy consumption by the energy intensity per unit area<sup>19</sup> is 136.5 kilowatt-hours per square meter.

Although CPN's overall energy consumption has increased by 4.6 percent from 2017 due to business expansion and new shopping centers. However, if analyze the energy intensity per unit area by analyzing only in normal business<sup>19</sup> conditions it was found that the efficiency improved at 1.8 percent.

<sup>17</sup> Business operations included 33 shopping complexes, 7 office buildings, and 33 food centers, excluding tenant shops.

<sup>18</sup> At the head quarter namely, 10th floor and 30th -33rd floor of the offices at CentralWorld, 23rd-24th floor of Pinklao Tower A and 46th floor of Jewelry Trade Center.

<sup>19</sup> The area used in the calculation is from the net lease able area and common areas.

### Electric power Consumption

In 2018, the proportion of total electrical power consumption expenditure was 89 of all utility expenses or 14% of all operating expenses<sup>20</sup>, with 53 percent of the said power consumption being used by stores or tenants because CPN uses electricity from electricity sources. Therefore it sets the year 2025 target to reduce electricity consumption per unit area down to 20 percent compared to the base year 2015 (only for energy consumption of CPN) and set the target for 2018 to reduce energy consumption 2% compared to 2017, by conducting energy conservation according to the total plan of 72 measures in a total of 29 shopping centers, representing an investment value of more than 51 million baht (excluding the investment in the shopping center. In the shopping center the new photovoltaic system was installed in the year 2560). Resulting from the installation measures it can reduce the power consumption of the electricity supply down to 12,178 MWh. Resulting in the Specific Energy Consumption: SEC (only for the power consumption of CPN, excluding rental shops), with an average efficiency of 133.1 kWh per square meter. The main measures that are used include:

1. Install solar energy power generation system (Solar cell) on the roof of the shopping center and completed the production of electricity used directly in the building in the total of 6 projects. At present, there are 9 solar cell systems installed on the roof of the building. Year 2018 (solar energy from 6 new projects started production from April 2018), with a volume of 6,175MWh, accounted for 5.3% of the use of specific electrical energy used by CPN (excluding rental shops) of all 9 projects or equivalent to 1.4 percent of the specific electrical energy consumption used by CPN for both shopping centers and office buildings.
2. Change the lighting system to be LED lighting system. By making change in 19 open projects in all lighting systems of the Central Phuket Floresta shopping center project.
3. Adopt automatic electric motor speed adjustment techniques used in refrigeration to compress refrigerant according to the environment to save energy.
4. Use condenser pump (CDP) to replace cold water pipes and cold air pipes.
5. Change the cooling tower system in 1 project, namely CentralPlaza Rama 2.
6. Other measures such as installing fiber glass insulation to prevent heat entering the building walls, improving operational control system, adjusting the system maintenance measures.
7. Develop employees in energy conservation and environmental management in the form of training with a total of 10 internal and external speakers, with 449 participants (counting people) in percentage 9 of a total employee, including encouraging employees to participate

<sup>20</sup> Additional information in No.31 "Expense by Nature" of Annual Report 2018-Financial Report

in energy day communication activities and the Dream Team project every year.

8. Providing knowledge and inviting those who are interested in reducing electricity consumption costs by changing the light bulb in the store to LED lamp, this account for 77 percent of the target.

### Moss cooling project -under Dream team project 2018

The expansion of the result of the environmental project from Dream Team Award program in 2017, from Central-Festival Hat Yai. The project aimed to reduce the problem of algae occurring in the surrounding tray of the cooling tower. It cut off factors that cause moss by waste materials to cover around the cooling tower tray, preventing sunlight to shine on the surface, this method is a simple way to prevent and see results immediately. In addition, the learning process has been transferred to the maintenance team in six other projects to be used in their projects, including the partner companies that installed the cooling tower who have adopted this approach to develop and improve their products as well.

#### Achievement

#### • Reduce the time

to repair and clean cooling tower.



#### • Reduce operating

costs and reduce electricity bills.





One of the tools that CPN uses to evaluate the effectiveness of implementing energy conservation measures is to participate in assessments for the award of energy conservation and renewable energy development or Thailand Energy Awards from the Ministry of Energy on a yearly basis. CPN received awards for energy conservation and alternative energy development, including

- Outstanding building control awards: CentralPlaza Khon Kaen and CentralFestival Chiang Mai
- Building for energy conservation (new building): CentralPlaza Westgate and CentralPlaza Nakhon Si Thammarat.

As a result, there are 23 shopping malls under the management of CPN that have received such awards, or a percentage of 72 of the total number of projects open for service at the current year. In addition, the Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy presented the energy efficiency standard building design certification label for the new building for outstanding awards to CentralPlaza Nakhon Ratchasima and very good prize for CentralPlaza Mahachai under the project management center for building design for energy conservation.

CPN has adopted the guidelines for the development of energy-saving and environmentally friendly buildings or Green Building to be used in the development of CPN's shopping malls continuously. In 2018 the good governance and sustainable development committee agreed to take the foodwOrld , Food Zone improvement project on the 7th floor of Central World Shopping Center to apply for the certification of green building, international standards accepted in the global LE standard. ED: Leadership in Energy & Environmental Design from the US Green Building Council (USGBC), which will receive an official certificate in 2019. In this regard, CPN has adopted friendly technology with the environment and taking into account the quality of life of customers in a good environment when using the service and instill consciousness of caring and responsibility for society and environment for entrepreneurs in such foodwOrld zones such as



- Cooling system with high efficiency, adopt automatic electric motor speed adjustment techniques used in refrigeration and installing a centralized cold-water energy measurement system to increase the efficiency of cooling control.



- Change the lighting bulb to be all LED bulbs and install delight sensor system, control the opening, closing, lighting near the edge of the void.



- Installation of electrical appliances such as televisions, audio equipment, computers, monitors, dishwashers, ice machines all energy star level.



- Install water-saving sanitary ware and electrical appliances such as dishwashers and ice machines with energy saving rates equivalent to all energy star standards.



- Complete the installation of a new Fresh air, consisting of CO<sub>2</sub> sensor, new exhaust fan, outdoor air flowsensor.



- Use environmentally and health-friendly materials such as the use of paints, adhesives and coatings with low volatile organic compounds, using plywood and veneers to close the area surface without urea formaldehyde which is a toxic to the body and the use of rubber floor tiles that meet the FloorScore standard or the indoor air quality certification standards.



### The amount of electricity used by CPN from the power supply (MWh)

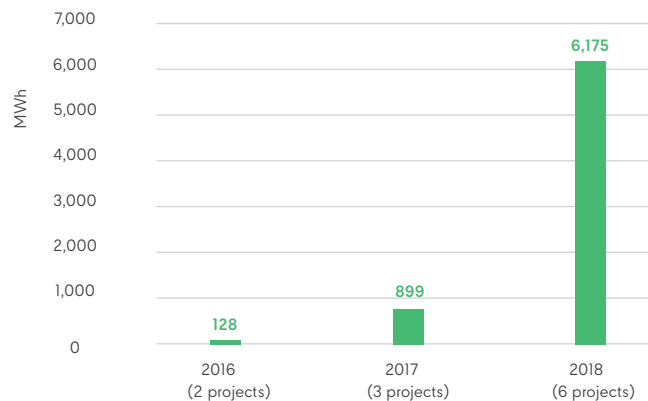


\* Remark:

(1) The number of projects to be calculated between 2015-2018 is 29, 30, 33, 35 projects (respectively)

(2) The number of projects to be calculated in 2017 and 2018 includes electricity used by the head office. Therefore, the numbers displayed in 2017 are different from those reported in the 2017 annual report.

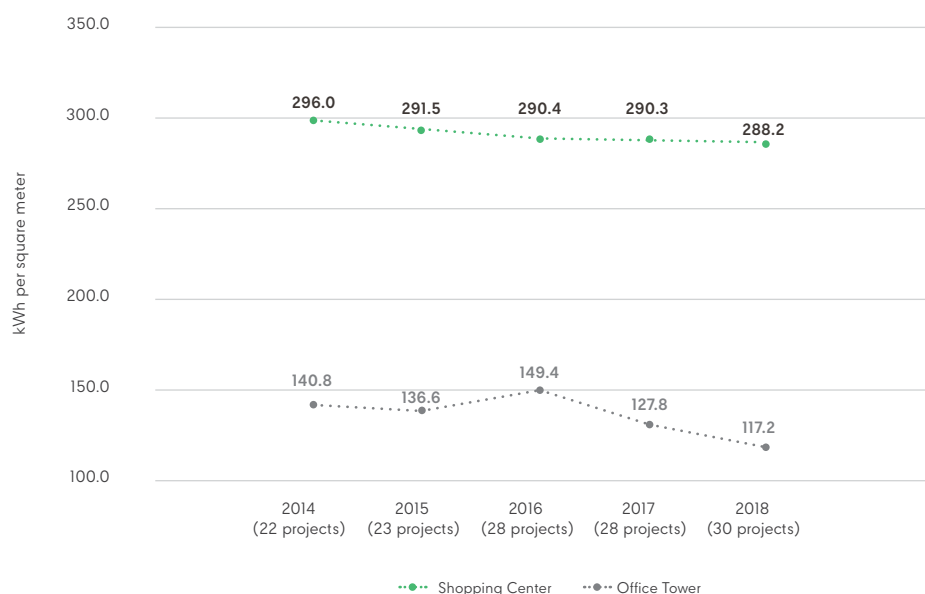
### The amount of electricity produced from solar panels (MWh)



Remark:

The number of projects that have installed solar panels during the year 2016-2018 is 2, 3, 6 projects (respectively).

## Electrical energy consumption per unit area \*\* (kWh per square meter)



\*\* Remark:

- (1) Adjust the method of showing the calculation of the energy consumption index per unit of area by building type by separating between the efficiency of electricity consumption of the shopping center and office buildings.
- (2) Showing the results of the analysis without including the project that is not full of calendar years or have some improvements and excluding the use of the head office. The number of shopping centers that are calculated is 22, 23, 28, 28, 30 projects (separate projects in Central Phuket into 2 projects) during the year 2014-2018 respectively.
- (3) The area used in the calculation is from the net lease able area according to the conventional calculation method. If using a new calculation method, including all rental areas with common areas the electricity consumption per unit of the shopping center area in 2018 will be 133.1 KWh per square meter.
- (4) Energy consumption per unit, area of office building in 2016 has increased due to the adjustment of data to be accurate and the energy consumption per unit area in 2018 has decreased due to the use of energy conservation measures in some office buildings with significant

## Water Management

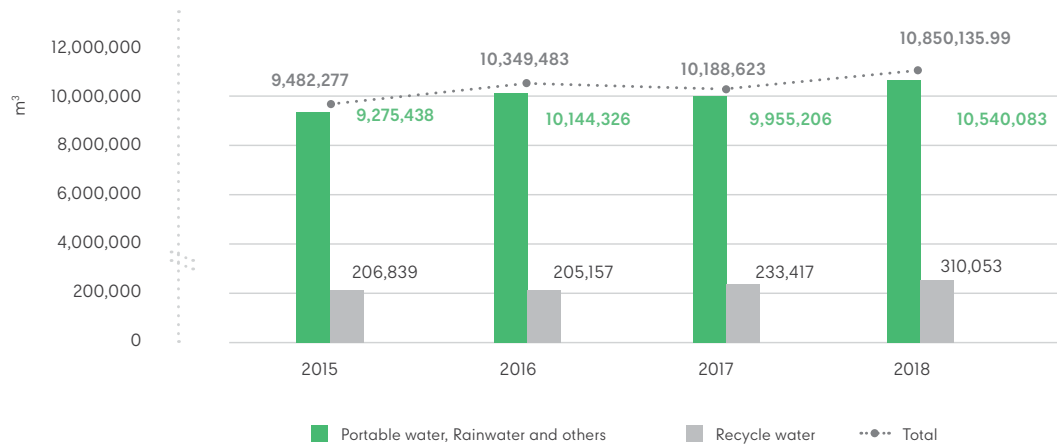
Water used in CPN's businesses is portable water supplied by Metropolitan Waterworks Authority or Provincial Waterworks Authority, including reused water. Water consumption target in 2018 is 5% of reused water compared to total of all water usage. In 2018, CPN consumed a total of 10.85 million cubic meters of water across its 33 projects. The amount of reused water was 0.31 million cubic meters, representing 2.9% of total amount of water consumption and the reused water increased 33% compared to 2017 as a result of installation of water recycling system at 9 projects<sup>21</sup>. Water management did not reach as a target plan because of under standard of water

quality. Therefore, the water recycling system at CentralPlaza Chonburi and CentralPlaza Chaengwattana are currently under refurbishment.

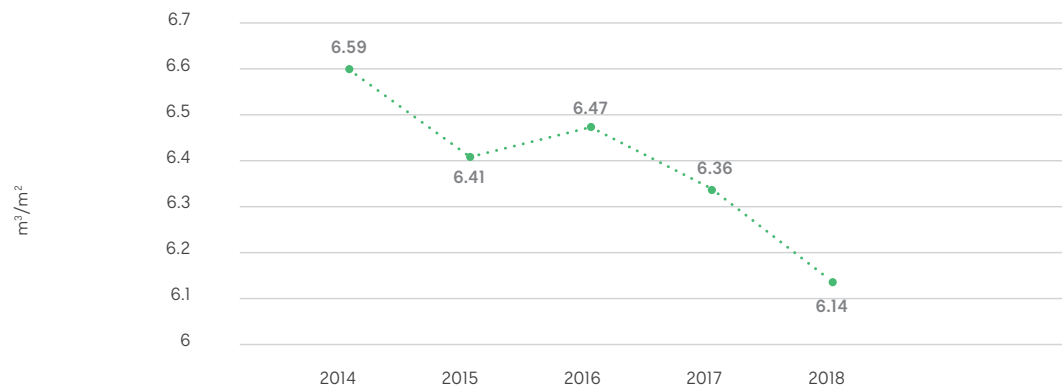
The amount of tap water usage per unit area increases efficiency by 3% compared to 2017. Part of the increased efficiency was down to the purchase of water- efficient equipment at restrooms, as well as the cooperation from suppliers to adjust work processes and use of janitorial supplies to conserve water usage without compromising the sanitary quality.

<sup>21</sup> CPN has installed water recycling system at CentralPlaza Khonkaen, CentralPlaza Grand Rama 9, CentralPlaza Udonthani, CentralPlaza WestGate, CentralPlaza Suratthani, CentralFestival Hatyai and by cancelling the installation at CentralFestival Samui because it decides to use other system.

### Water Consumption (m<sup>3</sup>)



### Water Consumption per Unit Area (m<sup>3</sup> / m<sup>2</sup>)



## Garbage and Waste Manage

Garbage mostly comes from customers, tenants and CPN's office buildings. CPN manages garbage by adopting the ISO 14001 guidelines to eliminate wastewater and garbage produced by the business operations together with CPN's environmental, social and community policy. In 2018 CPN requested for the accreditation of ISO 14001: 2015 surveillance for 24 projects and 3 additional projects, namely CentralPlaza Rayong, CentralPlaza WestGate and CentralFestival Eastville.

This brings the number of CPN shopping centers accredited with ISO 14001: 2015 to 27, representing 71% of total leasable area and common area (excluding office buildings). CPN sent a total of 84,273 tons of waste (including recycle garbage) from 33 shopping centers for proper treatment. Total volume of recycled waste represents 0.05% of the general waste. In 2017-2018, CPN has seriously improved waste management plans to reduce the amount of landfill waste to be at least 2% in 2019. In addition, CPN has modified waste management system and found that the amount of waste from this adjustment process in 2018 has decreased.

### Garbage management in 2018 namely,



- **Waste separation of PET drinking water bottle**, CPN jointly with Central Group installed ReFun Machine to encourage and stimulate consumers recognize to recycle waste. The return bottle can be exchanged as points or coupon for redeeming or discounting at Central Group. Two ReFun machines were piloted at Central World and the offices at Central World

Result Since June 2018 they received totally 1.8 tons of recycle plastic bottles which equal to reduction of GHG emission 10.8 tCO<sub>2</sub>eq



- **Measures to stop using packaging to reduce waste from the source**, such as the use of foam boxes in the Food Park zone and the food purchase zone in all food centers managed by CPN together with the Central Group to refrain from using plastic bags in every 4th of the months at Tops Supermarket and Central Food Hall and carry out. The project to design the garbage bin by collaborating with King Mongkut's Institute of Technology Ladkrabang, Faculty of Architecture to provide students at the Department of Product Design Designing and forming trash sorting prototypes to be a real trial in CentralPlaza Westgate, with the objective of promoting waste separation from the source, focusing on Changing the behavior of customers who use the service to help sort out waste easily as well as having fun under the Waste4Fun project - separate fun for the world for us.



- **The operations by the Headquarters** in 2018, CPN has integrated the 5S Plus project in the Smart Office project to provide a clean, convenient and safe workplace in the head office. The Offices at CentralWorld Building, including the management of waste separation processes by piloting in some offices of some departments especially the separation of paper to salvage through the project Shred 2share. Since 2008, CPN together with InfoSafe Co., Ltd. to collect documents to safely destroy can recycle 41.19 tons of paper, equivalent to reducing green house gas emissions by 10.72 tCO<sub>2</sub>eq.

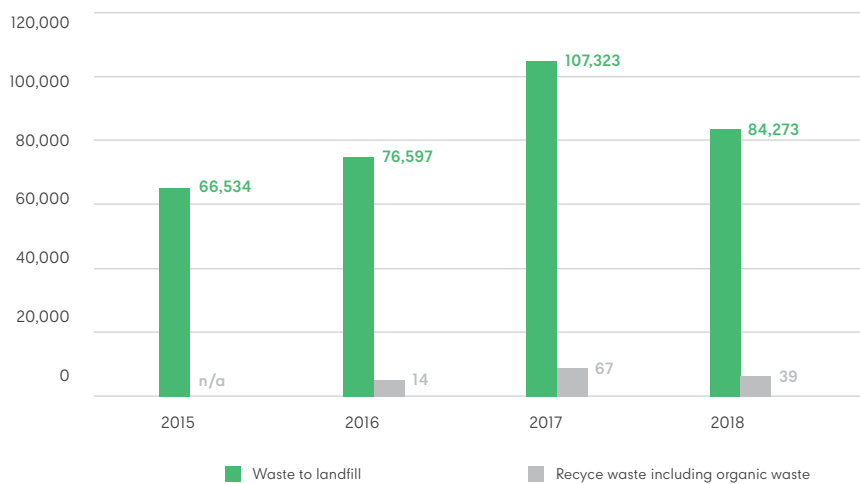
Results In 2018 CPN sperate paper through Shred2share project, 20.44 tons, equivalent to reducing greenhouse gas emissions by 5.32 tCO<sub>2</sub>eq.

### Air quality control measures in shopping centers

CPN adopt ISO 14001 standard to take care of the air quality in the shopping center according to the standard values. In order not to affect the health of users, such as air quality measurement and measuring the amount of toxic gases that affect the acute type of body such as carbon dioxide and

carbon monoxide in semi-closed parking lots. Installing dust filters in the new aeration system and installing a system to detect the amount of carbon dioxide within the building at the appropriate point and project to fill the air automatically and shut down the system if the outside air is not of the quality specified.

### The Amount of Waste that occurs in shopping centers managed by CPN (ton)



Remark:

- (1) The number of projects to be calculated during the year 2015-2018 is 29, 30, 32 and 33 projects (separate the Central Phuket project into 2 projects)
- (2) Adjust the method of calculating the amount of waste in 2018, resulting in the amount of waste And the waste generation index per person decreases
- (3) Waste generation index on the number of customers coming to use the service (unit: kilogram per person per year) between 2015-2018, ie 0.21, 0.24, 0.27 and 0.16 (respectively)

## Ecology and Biodiversity Management

CPN established a policy on ecology and biodiversity management<sup>22</sup> and made a distinction not to develop any projects at protected or conservation areas. CPN strongly follows the protocol, with the assistance of outside experts, to explore and study the ecological aspects of the site and takes care to conserve the ecology around each construction site.

CPN focuses on promoting the quality of life by bringing nature close to people in society. Architectural designs aim to blend with the existing cityscape and ecosystem and bond with nature, appreciate its value, and conserve it so that it remains

with the communities. More green areas are promoted through trees and plantations in the internal and external areas of the project. In the case of decommissioning, trees are either sheltered or relocated to a nearby project. Additionally, locally grown plants surround the project to integrate with the local community.

In 2018, CPN increased more green areas at Central Phuket Foresta by providing 446 various kind of larged trees. The project has organized the ecosystem to be like a forest to increase the shady, amount of oxygen and help filter dust for nearby communities.

<sup>22</sup> Additional information in [www.cpn.co.th/](http://www.cpn.co.th/) Sustainability / Corporate Governance / Policies & Implementing Guidelines / Biodiversity Management Policy

## TRIBHUM: The Mystical Three World”

The world's first fantasy adventure park. This large area in front of the project has organized the ecosystem to be like a forest to increase the shady, amount of oxygen and help filter dust for nearby communities by selecting extra large trees and rare plants, modeling various types of forest such as tropical forests, rainforests and temperate forests, to be a source of knowledge of various species of plants and the life cycle of insects.

After conducting a research, CPN succeed to feed new species of firefly and show in a virtual tropical rain forest. The firefly will return to the green area of nearby community after the show finished. In addition, CPN has collaborated with the Department of Highways, Phuket Highway and Phuket Municipality to improve and modify many trees around public roads and the intersection in front of the project in order to increase greenery and shady scenery areas.

## Development and Preservation of Environment with Communities

CPN is determined to minimize the impact of its business to the communities, especially towards the environment, starting from construction period, having considered the impact of dust and noise pollution, as well as waste generation until the operational period on garbage and waste management.

CPN, together with the Central Group, arranged activities for environment management focuses on the involvement of communities in 3 aspects as follows: (1) maintenance of public water sources, (2) waste reduction and (3) green area promotion followed by analyzing the problem and identify suitable action plans together with the local communities to solve the 3 water problems namely, waste water problem, undrained water, and flooding. The solution has conducted under “Central Green” project starting to dig the canal, to grow plants to absorb the toxic substances along the canal route, install turbines to increase oxygen in water, and transform the adjacent area into green area.

In 2018, Central Green was arranged 21 activities at nearby 18 shopping complexes. Moreover, there were 7 CPN's volunteer environmental activities such as collecting garbage at the beach, mangrove plantation, and release sea animal. Therefore, there were totally 28 environmental activities, representing 55% of all volunteering activities with 1,581 participated employees or 75% of volunteer employees.

Furthermore, CPN, collaborated with Central Group to restore ecosystems at Samut Prakarn Province under the project “Our Khung Bangkokchao” CPN, Central Group and the Chaipattana Foundation restore and develop 400 rai of royal property (Phase 1) according to the concept of community forest which is a practice and adaptation of community resource management in helping to reduce poverty and social inequality including to maintain the forest fertilization and balance ecosystem. In 2018, CPN donated money from the CPN Step2Share project to rehabilitate the area of 23.22 rai by cooperating with the community and volunteer staff in periodic forest restoration and community economy.

## CPN Growing Thai Wisdom project

CPN initiative with the communities is an environment-conscious mindset for the children and youth. The project elaborates on the value of recycled products and the separation of wastes towards family income, the farming of organic produces for consumption at school, and the installation of waste separation bins for students to practice daily.

### Achievement

At the end of 2018, CPN

**installed the waste separation bins at 5 schools**, which consist of 1) Banchalong School, Phuket Province, 2) Bannasainamrod School Udonthani Province, 3) Chonpratankernmaekwang (Chirathivat-upatam) School, Chiangmai Province, 4) Watdonchai School, Chiangmai Province, and 5) Sakaeratwittayakom School, Nakhon Ratchasima Province

CPN's role as the Center of Community aims to instill a mindset towards natural resource and environment conservation. An example is the effective space allocation for on-site media and communication, such as news bulletin, event facilitation or administrative rally walk.



## 60+ Earth Hour

CPN regularly participated, for 10 years in a row, together with the Bangkok Metropolitan Administration, Foundation for Environmental Education for Sustainable Development, World Wide Fund for Nature (Thailand), as well as public and private sector organizations, in which volunteers nationwide close the lights for 1 hour to reduce global warming such as LED light around building, parking area, CPN's logo and PR lighting, and reduce power consumption of the cooling power. This campaign conducted 33 projects, including the offices building at CentralWorld,

### Achievement



## SAVING

In 2018, total energy saving for 2018 equal to 14,820 kW,

**INCREASING 10%**  
from 2017.



## Sustainability Performance: Environment

Topic	Performance of 2018	Plan for 2019
 <b>Sustainability Indicators</b>	<ul style="list-style-type: none"> <li>Assign "Electricity Consumption" as a department level key performance indicator with the target reduction of 2% (compared to 2017)</li> <li>CPN achieved a reduction in electricity consumption (excluding that of tenant shops) of 2% compared to 2017.</li> </ul>	<ul style="list-style-type: none"> <li>By 2025, the total reduction of SEC index will be 20% to the level at the base year (2015).</li> <li>Assign "Electricity Consumption" with the target reduction of 2% compared to 2018.</li> </ul>
 <b>Management</b>	<ul style="list-style-type: none"> <li>Requested accreditation of CFO including 33 shopping centers, the offices at CentralWorld, head quarter and Central Phuket is divided into two projects)</li> <li>Incorporated a total of 72 energy conservation measures at 29 shopping centers, resulting in a reduction of CPN- own usage of 12,178 MWh, representing a total reduction since 2015 at 45,210 MWh.</li> <li>Installation of solar panels on the rooftop more for 6 projects from total of 9 projects produced solar electricity 6,175 MWh.</li> <li>Commenced with the installation of concessionary water recycling systems at 7 projects, which brought the proportion of recycled water to 2.9% of total water usage as planned.</li> <li>Implemented Waste4Fun projects of waste separation and incorporated ledger system at CentralPlaza WestGate, which signified positive response and extended to for improvement on waste separation.</li> <li>Implemented waste management as a target plan continues conducting for 3 years.</li> <li>Requested for the accreditation of Leadership in Energy and Environmental Design (LEED) of foodwOrld zone of 7th floor at CentralWorld, expecting of gold level</li> <li>More requested accreditation of ISO 14001 at 3 locations as planned.</li> <li>Progressed with sustainability assessment (environment, social and governance) with 382 suppliers and contractors.</li> <li>Committed no trespass or violation of off-limit areas either by law or consent of owner.</li> <li>Detected no unlawful action with major loss or leakage based on good environment management practices.</li> </ul>	<ul style="list-style-type: none"> <li>Lead CPN to be certified as a Carbon Footprint Organization including new operation projects.</li> <li>Complete the installation of solar panels at the rooftop of 7 projects.</li> <li>Consider goal of SDGs 7 as a guideline for long-term clean energy usage.</li> <li>Target of reused water at 5% of all water consumption usage.</li> <li>Request for ISO 14001 accreditation for 2 additional locations.</li> <li>Target to reduce waste landfill 2% compare to 2018</li> <li>Establish a prototype center for environment management with community at least 1 project.</li> </ul>

# SUSTAINABLE DEVELOPMENT PERFORMANCE

## Innovative property and services development

No.	Shopping Center	Response to customers lifestyle							Traffic and parking services						Services for tourist				
		Playground	Kid Restroom <sup>1</sup>	Eating Areas for Kid	Food Destination <sup>2</sup>	Rest Areas	Co-working Space <sup>3</sup>	Governance Center	Prayer Room	Free Shuttle Bus	Valet Parking	Car Pool <sup>4</sup>	Family <sup>5</sup>	EV Charging	Golf Cart services	Intelligence Parking	Group Tourist Information Counter	Tourist Information Center	Luggage delivery & Storage (Charge)
1.	CentralPlaza Lardprao					•				•			•		•				
2.	CentralPlaza Ramindra	•				•	•												
3.	CentralPlaza Pinklao	•		•	•	•	•				•		•	•	•				
4.	CentralMarina (formerly Central Center Pattaya)	•	•	•	•	•	•												
5.	CentralPlaza Chiangmai Airport	•	•	•	•	•	•	•	•							•	•		•
6.	CentralPlaza Rama 3	•	•	•	•	•	•	•							•				
7.	CentralPlaza Bangna	•	•	•	•	•	•	•	•	•			•		•		•		•
8.	CentralPlaza Rama 2				•	•	•	•					•		•				
9.	CentralWorld*	•			•	•		•	•	•	•		•	•	•	•	•	•	•
10.	CentralPlaza Rattana Thibet	•			•	•		•	•		•	•	•	•					
11.	CentralPlaza Chaengwattana	•		•	•		•								•				
12.	CentralFestival Pattaya Beach				•	•		•	•						•		•		•
13.	CentralPlaza Udon Thani		•	•	•	•	•							•					
14.	CentralPlaza Chonburi		•		•		•		•										
15.	CentralPlaza Khonkaen			•	•		•												•
16.	CentralPlaza Chiangrai			•	•	•	•		•					•			•		•
17.	CentralPlaza Phitsanulok	•		•	•	•								•					
18.	CentralPlaza Grand Rama 9		•				•	•	•				•		•				
19.	CentralPlaza Surat Thani			•	•	•		•	•			•							
20.	CentralPlaza Lampang			•	•		•		•										
21.	CentralPlaza Ubonratchathani	•		•	•		•		•										
22.	CentralFestival Chiangmai	•		•	•		•	•	•					•	•	•	•	•	•
23.	CentralFestival Hatyai	•		•	•	•	•	•	•						•	•	•		•
24.	CentralFestival Samui	•			•		•	•	•								•		•
25.	CentralPlaza Salaya	•		•	•	•	•		•				•						•
26.	CentralPlaza Rayong	•		•	•	•	•												
27.	Central Phuket Festival		•	•	•			•	•							•	•	•	•
28.	CentralPlaza WestGate	•	•	•	•	•	•	•				•	•	•	•				
29.	CentralFestival EastVille	•	•	•	•	•	•			•			•		•				
30.	CentralPlaza Nakhon Si Thammarat	•	•	•	•		•	•	•										
31.	CentralPlaza Nakhon Ratchasima		•		•			•	•	•			•	•	•				
32.	CentralPlaza Mahachai		•	•	•	•		•					•	•					
33.	Central Phuket Floresta			•	•					•				•	•	•	•	•	

Remark :

<sup>1</sup> Kid Restroom means a toilet that is specifically designed for the use of children so that children can learn to use the bathroom by themselves under the supervision of parents

<sup>2</sup> Food Destination means developing the area to become a dining destination (Food Park / Food Patio / foodWorld / Food Foresta / Food Ville)

<sup>3</sup> Co-working Space means space for working together

<sup>4</sup> Car Pool means parking space for vehicles with more than 4 passengers

<sup>5</sup> Family means parking space for families with strollers

\* CentralWorld has onsite tax refund counter provided for tourist

## Human Capital Management & Engagement

Employee Performance	Unit	2014		2015		2016		2017		2018	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Employee											
Total Employee	Person	3,533		4,085		4,313		4,666		4,911	
		1,789	1,744	2,084	2,001	2,185	2,128	2,344	2,322	2,464	2,447
By type of employment											
Permanent	Person	1,782	1,717	2,081	1,993	2,182	2,119	2,341	2,314	2,461	2,441
Contracted	Person	7	27	3	8	3	9	3	8	3	6
By employee level											
Top Management	Person	10	4	10	4	9	4	11	3	15	3
Middle Management	Person	204	248	233	257	247	265	254	291	271	310
Junior Management	Person	332	389	351	425	366	437	377	457	401	468
Non-Management	Person	1,243	1,103	1,490	1,315	1,563	1,422	1,702	1,571	1,777	1,666
By age											
Less than 30	Person	914	659	1,025	743	1,058	775	1,096	806	1,093	806
Between 30-50	Person	535	592	578	633	595	642	614	677	639	699
More than 50	Person	340	493	481	625	532	711	634	839	732	942
By region											
Bangkok Metropolitan Region	Person	1,027	1,189	1,212	1,366	1,263	1,435	1,341	1,518	1,397	1,580
Central	Person	56	32	55	32	56	33	55	38	50	39
North East	Person	186	112	190	119	190	121	222	158	228	162
South	Person	141	107	193	137	235	182	236	206	289	267
North	Person	224	173	227	177	227	174	231	181	235	174
East	Person	144	125	194	161	201	174	213	181	220	183
West	Person	11	6	13	9	13	9	46	40	45	42
Ratio of Basic salary of male and female employees											
Middle and Junior Management	Female : Male							1.00	1.03	1.00	0.99
Non-Management	Female : Male							1.00	1.04	1.00	1.03
New employee											
Total new employee	Person	921		1,390		937		1,099		1,108	
		427	494	644	746	409	528	466	633	487	621
New employee - by age											
Less than 30	Person	195	301	337	462	224	335	266	413	302	413
Between 30-50	Person	224	192	299	283	177	189	190	217	175	205
More than 50	Person	8	1	8	1	8	4	10	3	10	3
New employee – by region											
Bangkok Metropolitan Region	Person	226	304	404	507	250	356	279	389	295	386
Central	Person	44	31	5	5	5	7	4	7	5	15
North East	Person	32	23	23	25	14	11	46	55	32	27
South	Person	48	63	87	74	80	79	29	68	88	121
North	Person	29	41	21	27	14	24	23	21	20	14
East	Person	47	30	102	105	46	51	43	59	35	33
West	Person	1	2	2	3	0	0	42	34	12	25
New employee hired											
Rate of new employee hire	% of total employee	26.00		34.00		22.00		24.00		23.00	
		24.00	28.00	31.00	37.00	19.00	25.00	20.00	27.00	20.00	25.00

Employee Performance	Unit	2014		2015		2016		2017		2018	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Employee Engagement											
Employee engagement – by gender	% of total employee	54.00		57.00		73.00		77.00		73.00	
										80.00	66.00
Turnover Rate											
Voluntary turnover	% of total employee	16.00		16.00		14.00		13.00		15.00	
Regrettable loss Rate	% of total employee			6.30		5.80		4.90		6.60	
Parental leave											
Number of employees having the right of maternity/parental leave	Person		1,744		2,001		2,128		2,322		2,447
Number of employees using the right of maternity/parental leave	Person		70		57		61		67		81
Number of employees returning to work after maternity/parental leave	Person		54		54		59		66		73
Percentage of employees returning to work and remaining at work after maternity/parental leave	%		77.1		94.7		96.7		98.5		90.1
Occupational Health and Safety											
Injury Rate (IR)	case/200,000 hrs worked							0.12		0.13	
Occupational Disease Rate (ODR)	case/200,000 hrs worked							0.00		0.00	
Lost Day Rate (LDR)	lost day/ 200,000 hrs worked							0.003		0.005	
Absentee rate (AR)	% of total days scheduled							1.08		1.36	
Number of work-related fatalities for employees	Person							0.00		0.00	

Remark :

- There have been changes in the guidelines for classification of employees in 2018, resulting in changes in the information disclosed in 2017 to be consistent with the classification guidelines in 2018.
- Calculation of employee engagement has been changed in 2018
- Regrettable loss rate, the Ratio of the resignation of the valuable group, classified by years of work and position shows that the ratio decline when the year of work increase and higher position.

## Reporting Approach of Sustainable Development Section

CPN integrated the Sustainable Development (SD) Report within the annual report for the sixth year to disclose the operating performances related to the economic, social and environmental aspects that corresponds to the guidelines specified in the Global Reporting Initiative (GRI) Standard-Core Option -, reporting framework of International Integrated Reporting Committee (IIRC), ISO 26000 Guidance on Social Responsibility, the 10 principles of United Nations Global Compact (UNGC) and in line with the Sustainable Development Goals (SDGs) of the United Nations.

### Scope of Report

This report covers the performances of CPN and subsidiaries in Thailand only, in line with CPN's financial report from the period of January 1 to December 31, 2018. The report includes the performance progress and outcomes in economic, social, and environmental dimensions aligned with Sustainable Development strategy. The scope of the report covers business performance and sustainable development of 33 shopping centers (Separating the Central Phuket project into 2 projects, namely Central Phuket Festival and Central Phuket Floresta), 7 office buildings and related supporting businesses under CPN's management nationwide as reported in the Nature of Business on page 46-51. However, for environmental dimension reports excluding operation of hotels and residents. For supply chain management reports excluding operation of CPN Residence Company Limited.

CPN's implementation of sustainable development values the engagement of all stakeholders, namely shareholders, tenants, customers, business partners, creditors, employees, business competitors, society, communities and the environment, the public sector, independent organizations and related social organizations. The contents and details in this report disclose the performance outcomes of CPN and its subsidiaries and associates (whose 50% shares are held by CPN or where CPN can exercise management authority), including the companies that need to disclose information.

### Report Quality Control

The Sustainable Development Department, Excellence and Sustainable Development Division, the focal point that controls the report quality to ensure its completion and accuracy. The

Annual report working team is responsible for preparing the annual report completion and review information dissemination.

### Assurance of Report

For credible and transparent reports guided by GRI Sustainable Reporting Standards, CPN organized report certification for some key performance indicators by a third party well-versed in certification and independent assurance in the field of real estate business as detailed in the certification of assurance on page 246-247

### Additional Information on SD Report

Should there be any questions or inquiries concerning the sustainability management, please contact:

Department of Sustainable Development,  
Division of Excellence and Sustainable Development

Central Pattana Public Company Limited  
10th floor, The Offices at CentralWorld  
999/9 Rama I Road, Pathumwan Sub-District,  
Pathumwan District, Bangkok 10330  
Tel: +66 (0) 2667-5555 Ext. 6907-9  
Fax: +66 (0) 2264-5593  
E-mail: sd.ho@cpn.co.th

## Definition

### Environmental Aspect Information

The environmental aspect information in this report covers activities considered by CENTRAL PATTANA PUBLIC COMPANY LIMITED to have significant impacts on the environment and has been compiled from CPN's subsidiaries that produce environmental impacts.

The environmental aspect information comes from different sources, e.g. recording gauges, accounting evidences, operating processes and data evaluation on quality principles.

#### Energy

Total energy sources for consumption include natural fuel consumption, electricity usage and renewable energy.

#### Greenhouse Gas (GHG)

This exhibits greenhouse gas (GHG) emissions from operations or activities of CPN, calculated in compliance with Carbon Footprint Assessment Guidelines of Thailand Greenhouse Gas Management (Public Organization), Volume 5, third revision, October 2016, with the following principles:

##### 1. Report Boundaries

- 1.1 Direct emissions (Scope 1)** occur from fuel or natural gas combustion and the leakage of methane gas from waste water treatment, septic tank, refrigerant, fire extinguisher CO<sub>2</sub> and Sulfur Hexafluoride SF<sub>6</sub> through operating processes and activities under CPN's monitoring, control and management.
- 1.2 Indirect emissions (Scope 2)** occur mainly from electricity, bought from external sources for CPN's operations only.
- 1.3 Other indirect emissions (Scope 3)** occur from staff travels by taxis, buses, airplanes and car rent, water usage and electricity usage of tenants.

##### 2. Report on Intensity

- 2.1 Direct GHG Emissions (Scope 1)** is based on fuel consumption (by weight or quantity), e.g. the quantity of oil or natural gas x GHG emission rate, as suggested in the 2006 IPCC guidelines.
- 2.2 Energy Indirect Emissions (Scope 2)** emissions is based on the quantity of purchased electricity, with reference to the GHG emission rate of the power producer or distributor.

##### 3. The GHG emission report

covers CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCS, PFCS and SF<sub>6</sub>, calculated and illustrated in the form of carbon dioxide equivalent (CO<sub>2</sub>e), indicating Global Warming Potential (GWP) as designated by IPCC.

##### 4. Emission Factor

according to Thailand Greenhouse Gas Management Organization (Public Organization) (TGO) .

##### 5. Assessment Method

according to The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition and TGO guideline for carbon footprint assessment, third revision, October 2016

#### Water

Water management involves water from external sources, recycled water, discharged wastewater and reused water. Evaluation of water utilization efficiency and risks from different water sources is in place.

Water from external sources is used for CPN's activities. The information is extracted from the accounting evidence or water supply meter reading.

Reused water refers to the amount of reused water consumption after wastewater is treated through the wastewater management processes. Water management is in place at CPN's shopping center and CPN's office buildings.

#### Waste

Waste management covers total waste generated through CPN's operations and activities. The quantity of waste is based on valid estimation.

## Social Aspect Information

CPN employees are workers under employment contracts with CENTRAL PATTANA PUBLIC COMPANY LIMITED; they are classified into four groups, as below:

- Top Management or Executive Level includes those from the level of Chief Executive Officer and Senior Executive Vice President.
- Middle Management Level includes those from level from Executive Vice President, Senior Vice President, Vice President, Assistant Vice President, Senior Manager and Manager.
- Junior Management includes those from level from Assistance Manager and Supervisor.
- Non-management includes those from level from Senior Officer, Officer, Operator and Consultant.

The above employees are also classified in accordance with the employment contracts, i.e., permanent and contract employees.

### Calculation of Working Hours

- 1) The data is extracted from the time recording system and data record at human capital organization development division, account units and related units.
- 2) In case the companies or factories lack a time recording system, average working hours will be used for the calculation, as follows:

$$\begin{aligned} \text{Working hours} &= [\text{Number of employees} \times \\ \text{(hours-employees)} &\quad \text{working days} \times \text{normal} \\ &\quad \text{working hours (per day)}] \\ &\quad + \text{total overtime hours} \\ &\quad \text{(only applicable to} \\ &\quad \text{Operating Level employees)} \end{aligned}$$

### Safety Data Recording

Work safety data concerning health and hygiene is calculated and recorded as shown below:

### Definition

**Day** means scheduled work day.

### Injury

is a Medical Treatment Injury (MTI) that requires medical attention, to fight injuries or diseases or disorders such as wounds, splinters, surgery (small or large), washing, gingivitis, saline, blood, oxygen, CPR, including rehabilitation until the injured body is returned to normal, but does not include the following:

- In case of visiting a doctor for symptoms or consulting a doctor.
- In the case of a medical diagnostic process, such as X-ray examination, ultrasound, blood test or diagnostic drug (e.g., retinopathy for diagnostic purposes)

**Lost Time Injuries** are injuries that lead to absence of one day or more (starting from the day of absence after the day the incident occurs).

**A severe accident** is an accident resulting in the employee being unable to work for more than 3 days or causing loss of life or died.

**Work-related fatalities** are accident due to work or the activities of the company that cause injury or sickness until death.

### Calculation

#### Injury Rate (IR)

$$= \frac{\text{Number of all injuries (as of the day the report is prepared)} \times 200,000 \text{ (operating hours)}}{\text{Operating hours (as of the day the report is prepared)}}$$

#### Occupational Disease Rate (ODR)

$$= \frac{\text{Number of Occupational Diseases (as of the day the report is prepared)} \times 200,000 \text{ operating hours}}{\text{Operating hours (as of the day the report is prepared)}}$$

#### Lost Day Rate (LDR)

$$= \frac{\text{Operating hours (as of the day the report is prepared)}}{\text{Operating Day (as of the day the report is prepared)}}$$

Note information refer to the report of accident, illness or injury and request for compensation. According to the Workmen's Compensation Act, BE 2537 (Form 16 : Occupational Injury Notification from employer and injured employee and Claim form)

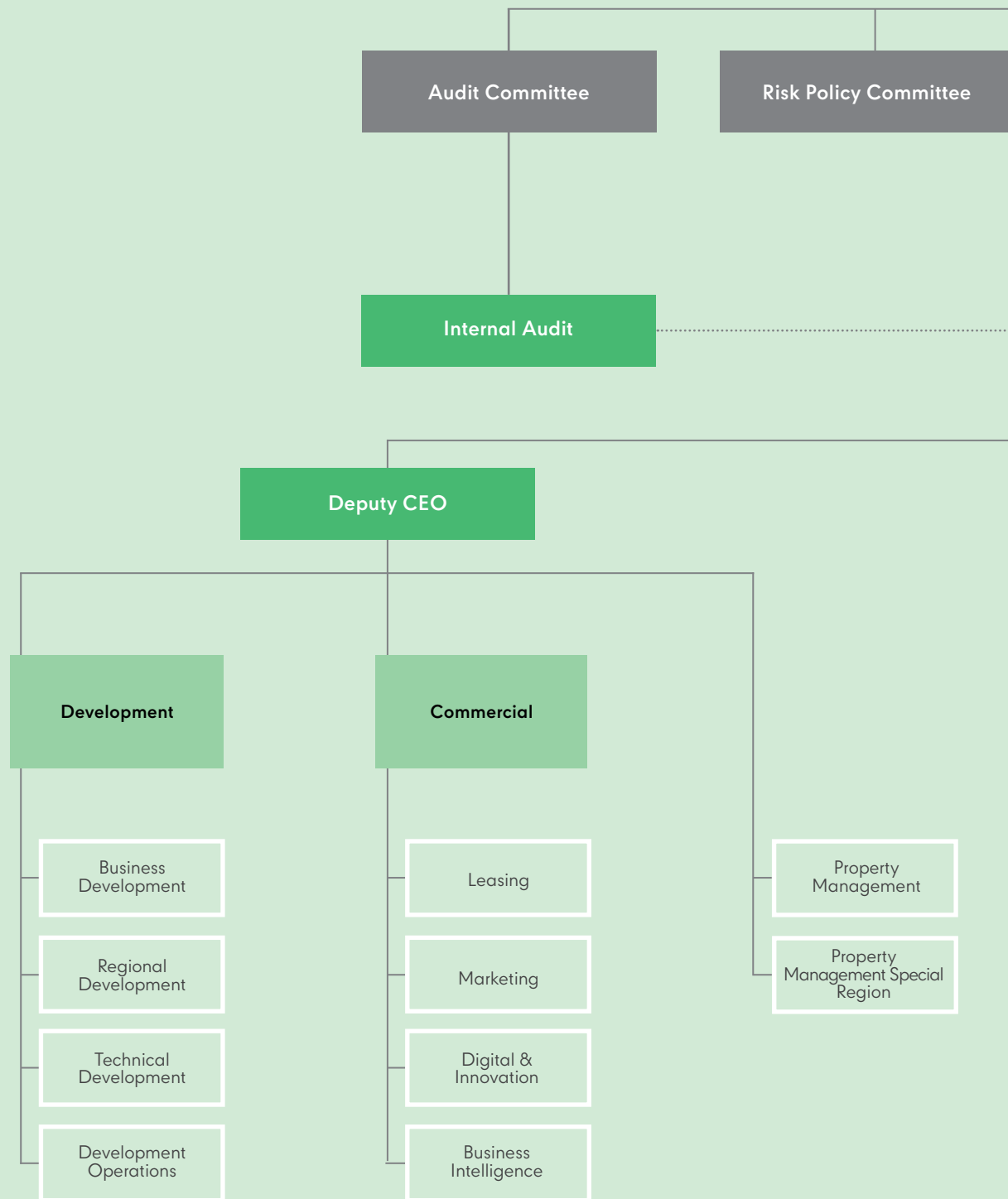
#### Absentee Rate (AR)

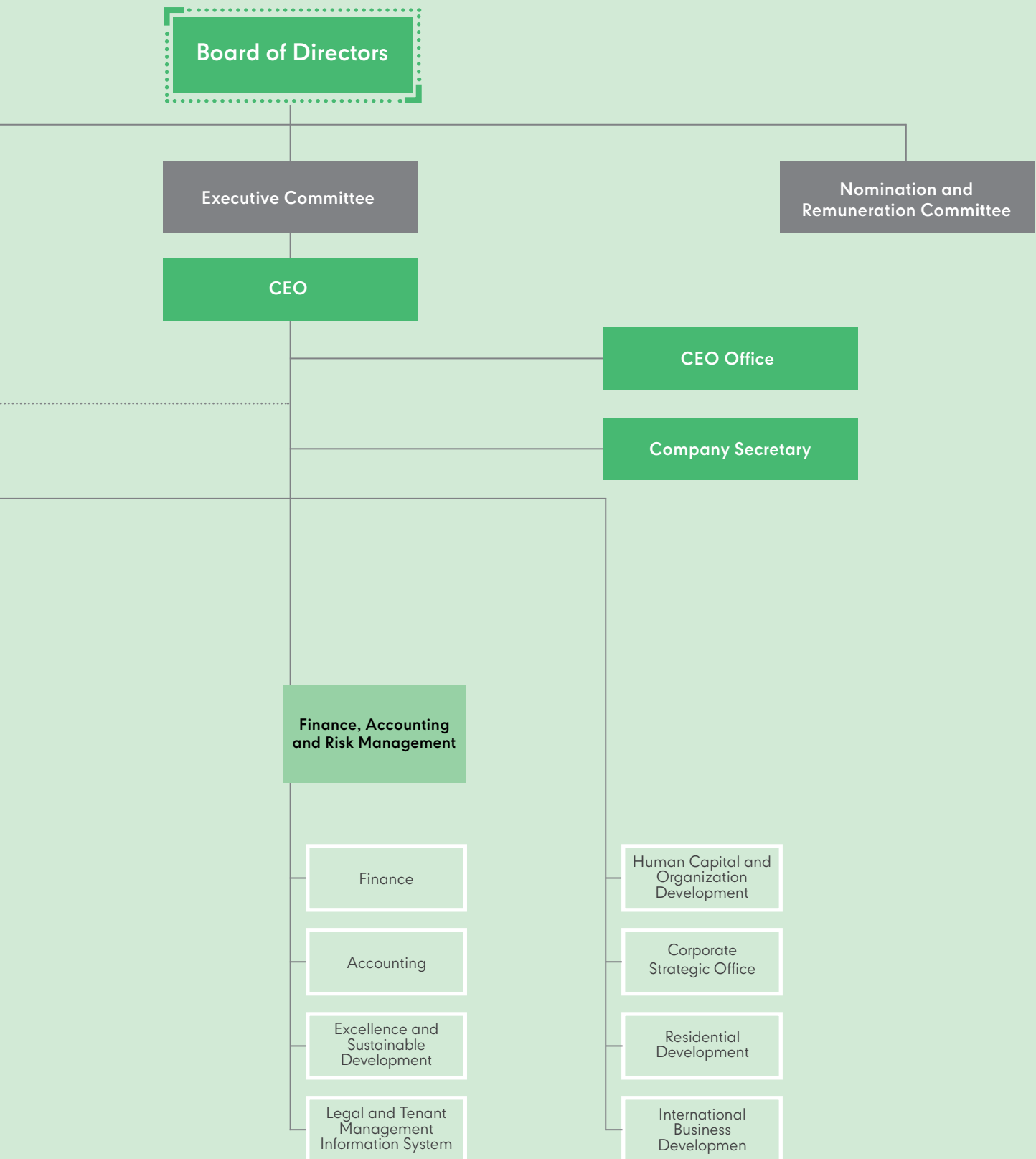
$$= \frac{(\text{Number of Lost Day Injuries and other Occupational Diseases that are not excused (as of the day the report is prepared)}) \times 100}{\text{Total number of operating days in one year}}$$

Note Information refer to the record of Human Resources Information System (HRIS) based on the number of sick day leave and sick day leave without pay.



## ORGANIZATION CHART





# MANAGEMENT STRUCTURE

## BOARD LEVEL

### THE BOARD OF DIRECTORS

The Board of Directors comprises directors who are knowledgeable and experienced in diverse fields relevant to CPN's business.

**The Board of Directors consists of 11 directors, who sufficiently supervise CPN operations, as follows:**

- Four independent directors or equivalent one-third of the Board of Directors. All independent directors not only perform their duties and comment independently, but also take the best interests of CPN, shareholders and stakeholders into account.
- The Chairman of the Board represents the shareholders, and is a different person from the President & CEO, in order to have complete separation of responsibilities as well as a balance of power in operations
- 10 non-executive directors and one executive director.

### Name and Position of the Board of Directors Members

#### HONORARY CHAIRMAN

1. Dr. Supachai Panitchpakdi

#### BOARD OF DIRECTORS

1. Mr. Suthichai	Chirathivat <sup>1</sup>	Chairman
2. Mr. Paitoon	Taveebhol	Independent Director
3. Mr. Karun	Kittisataporn	Independent Director
4. Mrs. Jotika	Savanananda	Independent Director
5. Mr. Veravat	Chutichetpong	Independent Director
6. Mr. Suthikiati	Chirathivat <sup>1</sup>	Director
7. Mr. Sudhisak	Chirathivat <sup>1</sup>	Director
8. Mr. Sudhitham	Chirathivat <sup>1</sup>	Director
9. Mr. Kobchai	Chirathivat <sup>1</sup>	Director
10. Mr. Prin	Chirathivat <sup>1</sup>	Director
11. Mr. Preecha	Ekkunagul	Director

Remarks:

<sup>1</sup> Representatives of the shareholders

### Directors with Company Signatory Rights

Directors with company signatory rights are Mr. Sudhitham Chirathivat, Mr. Kobchai Chirathivat, Mr. Prin Chirathivat, and Mr. Preecha Ekkunagul. The joint signatures of any two of these four directors with the Company seal are required for validity. In case of filing taxes or submitting financial statements to the government agencies or any organizations, a signature of any of the aforementioned directors with the company seal is required.

### Composition and Qualifications of the Board of Directors

- 1) The Board of Directors consists of at least five directors, three or more of whom must be independent directors, equivalent to no less than one-third of the Board. At least half of the directors must reside in the Kingdom.
- 2) Directors must be fully qualified and not be under any of the prohibitions prescribed in the Public Limited Company Act, the Securities and Exchange Act, the Capital Market Supervisory Board's announcements, regulations of the Securities and Exchange Commission ("SEC"), regulations of the Stock Exchange of Thailand ("SET"), CPN's articles of association, corporate governance principles and relevant regulations. In addition, directors must not possess any distrustful characteristics unsuitable for CPN's management position.
- 3) Directors must be honest, ethical, knowledgeable and experienced in diverse fields relevant to the conduct of business, capable of performing duties by dedicating sufficient time.
- 4) Directors may serve as directors of other companies, but such service must not affect their responsibilities for CPN. As a rule, a director should not serve in more than five SET-listed companies.
- 5) Directors must not, either for their own benefit or the benefit of others, engage in the management of another company that may harm CPN's interests or generate benefits for any person or juristic person.

### Terms of Directorship

- 1) At every Annual General Meeting of Shareholders (AGM), one-third of the directors must retire. If the total number is not a multiple of three, the number closest to one-third must be used.
- 2) The names of the directors to retire during the first year and second year after CPN was registered are to be drawn by lots. For subsequent years, directors who have served the longest terms must retire. Retired

directors may be re-elected to the Board.

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

- 2.1) death
  - 2.2) resignation
  - 2.3) lacking qualifications or having any prohibited characteristics prescribed by law or CPN's regulations
  - 2.4) the meeting of shareholders may pass a resolution to remove any director from office by a vote of no less than three-fourths of the number of eligible shareholders in attendance at the meeting, and the total number of such shares must be no less than half of the number of shares held by eligible shareholders in attendance
  - 2.5) court order
- 3) Directors who wish to resign must submit their resignation letters to CPN. The resignation takes effect on the day the resignation letter is received by the Company.
  - 4) To enhance their independent input and performances, independent directors may hold office for up to two consecutive terms, extendable to up to nine years in total, to maintain the independence of opinions and performance of duties as the Company's independent director.

The Board could extend independent directors' terms as seen fit. When independent directors complete their terms, the Board may nominate such directors to the AGM to be re-elected for the extension of their terms.

## Duties and Responsibilities of the Board

- 1) Acting in the best interest of shareholders (Fiduciary Duty) by observing the following four main practices:
  - 1.1) Performing its duties with faithfulness and honesty (Duty of Loyalty)
  - 1.2) Performing its duties with responsibility and all due circumspection and caution as well as with accountability and ethics (Duty of Care)
  - 1.3) Performing its duties in compliance with laws, objectives, the Company's Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience)

- 1.4) Disclosing information to shareholders and stakeholders accurately, completely, and transparently with verification, timeliness and equitability (Duty of Disclosure)

- 2) Set the vision, mission, and short-term & long-term strategies to ensure fulfillment of corporate objectives and key goals with a focus on sustainability goals agreeing with value addition to the business, stakeholders, and society at large. The vision, mission and strategies are revised annually.
- 3) Consider approving key transactions under the Board's authority scope under the law and corporate regulations and approval protocol.
- 4) Consider approving annual plans and budget, while constantly monitoring its business performance to ensure goal achievement by suitably and safely applying innovation and technology.
- 5) Set and review Board structure, specifically the number of directors and ratio of independent directors, as well as diverse qualifications suiting corporate business. Review Board and committee compensation as considered and proposed by the Nomination and Remuneration Committee.
- 6) Consider appointing subcommittees to provide support for the Board's performance and responsibilities where suitable and necessary, and monitor the subcommittees' performance on a regular basis.
- 7) Disclose financial and key information to all shareholders and stakeholders on a correct, complete transparent, reliable, timely, and equitable basis in compliance with regulations, standards, and practical guidelines.
- 8) Set up efficient and effective internal control and internal audit systems.
- 9) Develop a code of business conduct for the directors, executives, and employees to set the standards for the Company's business operation. All directors, executives, and employees shall perform their duties ethically and in strict compliance with the Company's code of conduct.
- 10) Ensure business operation based on good corporate governance principles and provide support to communicate to every personnel in the Company to acknowledge and strictly adhere to them.
- 11) Ensure clear and transparent connected transactions.
- 12) Ensure clear procedures of the Audit Committee's report to the directors when doubtful of transactions and actions that may seriously affect the Company's financial status and performance. The Board must rectify the problems within the timeframe deemed appropriate by the Audit Committee.
- 13) Institute a suitable and efficient risk management

policy and procedures with regular monitoring and assessment of risk management performance.

- 14) Ensure the succession planning of the Company's top executives and annually arrange effective assessment of their performance.
- 15) Arrange for the company secretary to assist the directors' activities and ensure that the Board and the Company comply with the relevant law and regulations.
- 16) Annually assess Board performance and monitor Board and committee performances for joint review in the Board.
- 17) Constantly develop competency through training and participation in courses on Board performance or in other activities designed to enhance job expertise.
- 18) Steer the formulation of an anti-corruption policy and practical guidelines, strictly conform to the corporate policy and measures to set good examples for all personnel, and advocate internal and external communication for genuine conformance.
- 19) Steer the institution of processes and channels for receiving and effectively handling complaints filed by those with fraud leads and all stakeholders.
- 20) Steer the institution of an information security system, which includes the defining of a policy and procedures for confidentiality, integrity, availability, and the handling of market-sensitive information. Ensure conformance to this system by all directors, top management, personnel, and relevant third-party personnel.
- 21) Review and rectify the Charter of the Board as appropriate under prevailing circumstances.
- 22) Seek professional opinions by hiring outside advisers paid for by the Company.
- 23) Perform other duties as specified by the shareholders.

## Roles of the Chairman

- 1) Direct, monitor, and ensure Board performance for efficiency and fulfillment of corporate objectives and key goals
- 2) Ensure all directors' roles in promoting a corporate culture filled with ethics and governance
- 3) With the President & CEO, set Board meeting agenda and apply measures to ensure that critical matters under Board authority are included in the agenda
- 4) Allocate enough time for the management to present matters and the Board to thoroughly discuss key issues. Encourage directors' exertion of discretion and expression of free views
- 5) Promote cordial relations between the Board and the management, while supporting performances

of the President & CEO and the management under corporate policies

- 6) Ensure transparent disclosure of information and management for conflicts of interest
- 7) Steer the overall performance of the Board, committees, and individual directors for efficiency and effectiveness.

## Independent Directors

Independent directors are those who have independence from the control of management and major shareholders and do not involve nor have any interest in management's decision. CPN has defined much stricter qualifications for independent directors than those required by the SEC as follows:

- 1) Not holding more than 0.5% of the total outstanding voting shares of the Company, its parent company, subsidiary or affiliated company, major shareholders or controlling person including shares held by related persons of the independent director
- 2) Neither being nor having been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, a same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment
- 3) Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children of directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiaries
- 4) Not having nor having had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment

The term 'business relationship' under the above paragraph includes any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving or extending

loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds Baht 20 million or more than 3% of the net tangible assets, whichever is lower. The value of each transaction is based on the calculation method for the values of connected transactions under the Notification of the Capital Market Supervisory Board. Under the regulation, all transactions occurring within a year of preceding transactions must be included in such calculation.

- 5) Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two years from the date of appointment
- 6) Neither being nor having been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither being nor having been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two years from the date of appointment
- 7) Not being a director who has been appointed as representative of the Company's directors, major shareholders, or shareholders who are related to CPN's major shareholders
- 8) Not conducting any businesses which have the same nature as or in competition with the Company's or its subsidiaries or neither being a substantial partner, executive director, employee, officer or advisor who receives regular salary, shareholder holding more than 1% of the voting shares of businesses which have the same nature as or in competition with the Company or its subsidiaries
- 9) Not having any characteristics that could prevent him/her from giving independent opinions concerning CPN's operation

Independent directors may be assigned by the Board to make decisions regarding the operation of the Company, its parent company, subsidiaries, associated companies, a same-level subsidiary, major shareholders or controlling person in an organization's collective decision.

Independent directors should freely exert discretion on business matters and express their views on or objection to cases affecting shareholders' equitability.

## SUB-COMMITTEES

In conformance to corporate governance principles, the Board has appointed sub-committees to help it fulfill its responsibilities, screen specific key operational aspects as assigned, give opinions to the Board and decide certain matters as authorized by the Board. Followings are the structure of sub-committees:

### AUDIT COMMITTEE

**The Board of Directors is responsible for the appointment of members of the Audit Committee, which consists of four members, comprising as follows:**

- Four independent directors are qualified persons in accordance with SET's and CPN's definition of independent directors.
- Every member on the list has adequate knowledge and experience in reviewing the reliability of financial statements.
- The first Audit Committee member gains accounting expertise.

## Name and Position of the Audit Committee Members

1. Mr. Paitoon Taveebhol Chairman  
Being experienced in reviewing the reliability of financial statements  
2002 - Present Chairman of the Audit Committee, Central Pattana Plc.  
2008 - Present Member of the Audit and CG Committee, Somboon Advance Technology Plc.  
2012 - Present Chairman of the Audit Committee, KCE Electronics Plc.  
2012 - Present Member of the Audit Committee, Easy Buy Plc.  
2010-2012 Chairman of the Audit Committee, Big C Supercenter Plc.
2. Mr. Karun Kittisatoporn Member  
Being experienced in reviewing the reliability of financial statements  
2009 - Present Member of the Audit Committee, Central Pattana Plc.  
2008 - Present Member of the Audit Committee, Sahamit Machinery Plc.  
2012 - 2017 Member of the Audit Committee, Khon Kaen Sugar Industry Plc.
3. Mrs. Jotika Savanananda Member  
Being experienced in reviewing the reliability of financial statements  
2015 - Present Member of the Audit Committee, Central Pattana Plc.  
2014 - 2017 Chairman of the Audit Committee, the Stock Exchange of Thailand
4. Mr. Veravat Chutichetpong Member  
Being experienced in reviewing the reliability of financial statements  
2016 - Present Member of the Audit Committee, Central Pattana Plc.  
2017 - Present Member of the Audit Committee, Kiatnakin Bank Plc.  
2012 - 2016 Chairman of the Audit Committee, Phatra Securities Plc.

## Duties and Responsibilities of the Audit Committee

### Financial statements

- 1) Review the financial report preparation process for accurate, complete, credible, and timely information disclosure by coordinating with the external auditor and executives responsible for preparing quarterly and annual reports
- 2) Review extraordinary significant items of the past year (if any) on the basis of their sensibility, impacts on the financial standing and company performance, as well as the accuracy and completeness of the data disclosed

### Connected transactions and possible conflicts of interest

- 3) Consider connected transactions which may cause conflicts of interest; ensure conformance to laws and SET regulations to ensure that they are reasonable and in CPN's best interests
- 4) Consider the accurate and complete disclosure of information in case of connected or related transactions or other transactions that may cause conflict of interest

### Internal control

- 5) Review the internal control system to ensure its suitability and effectiveness, including any transactions that may cause financial fraud
- 6) Consider the audit outcomes and suggestions of the external auditor and Internal Audit concerning internal controls and pass on suggestions for action by the management as well as following up the implementation of such suggestions

### Internal audit

- 7) Review and ensure that Internal Audit is independent and has an efficient internal audit process, in addition to ensuring Internal Audit's access to essential data
- 8) Review the activities and structure of Internal Audit and approve its charter
- 9) Provide views on the appointment, commendation, removal, transfer, or discharge, as well as adjustment of compensation of the head of the Internal Audit Office, to ensure its independence
- 10) Provide suggestions and remarks about the budget and manpower of Internal Audit Office for the management's approval
- 11) Review and endorse annual internal audit plans and changes subject to the assessment outcomes of enterprise risk management and Internal Audit Office's strategic plans
- 12) Review the internal audit plan with the head of



- the Internal Audit Office, especially about the internal control system and financial management process
- 13) Review audit plans and coordinate the scope of audit of internal auditor and the external auditor to be mutually supportive and eliminate redundancy
  - 14) Review Internal Audit's performance outcomes against the Audit Committee-approved audit plans to ensure conformance to the Audit Committee-assigned framework of responsibility
  - 15) Review the hiring of external experts to conduct internal audit if the internal auditor lacks essential skills or specialization needed to conduct internal audit, including IT aspects
  - 16) Institute annual quality assurance reviews and external quality reviews at least every five years

### External audit

- 17) Select, nominate, and propose fees for the external auditor for approval so as to obtain an independent auditor, taking into account the reliability, adequacy of resources, audit volume, the experience of the personnel assigned to audit the Company as well as past work. Also, consider the removal of the external auditor
- 18) Review the scope and method of auditing proposed by the external auditor as well as reasons for changing the auditing method (if any)
- 19) Provide suggestions to the external auditor to review certain transactions that may be necessary or important during the auditing process of CPN and subsidiary companies
- 20) Review the report of the external auditor and submit to the management for adjustments in practices as well as following up on such suggestions
- 21) Consider the adequacy and efficiency of coordination between the external auditor and Internal Audit
- 22) Act on received information from the external auditor as soon as possible regarding suspicious activities of directors, managers or persons responsible for operating CPN that may constitute a breach of the second paragraph of Section 281/2, Clause 2, Section 305, Section 306, Section 308, Section 309, Section 310, Section 311, Section 312 or Section 313 of the Securities and Exchange Act and promptly check the information received and report preliminary findings in the first instance to SEC and the external auditor within 30 days from the date when a given breach was reported

### Compliance with laws and related regulations

- 23) Review conformance by the Company to Securities and Exchange laws, SET requirements, or CPN business-related laws and ethics
- 24) Review the management's performance and follow

up in case of nonconforming

- 25) Review issues identified by external regulators and remarks by auditor
- 26) Review the communication of Code of Ethics to the employees and monitor its conformance
- 27) Acknowledge progressed report from management and Company's legal advisor regarding key issues on conforming to the relevant laws and regulations

### Audit Committee Report

- 28) Report its performance for acknowledgement and consideration once every quarter
- 29) Review any reports prepared by the Company regarding duties and responsibilities of the Audit Committee
- 30) Prepare Audit Committee's annual performance report in accordance to SET's guideline and signed by the Chairman of the Audit Committee as well as disclose it in the Company's annual report
- 31) In case of any suspicious transactions or actions that may significantly affect the Company's financial status and performance, the Audit Committee shall report the findings to the Board to make any improvement or correction in a timely manner as seen appropriate by the committee. Detailed are displayed below:
  - 31.1) Transactions regarding conflict of interests
  - 31.2) Transactions regarding frauds, irregularities or significant deficiencies in internal control system
  - 31.3) Any violation against laws on the securities and exchange, SET regulations or business-related laws relevant to the Company
- 32) In case the Board or the management fails to take corrective actions on those transactions under 31.1), 31.2) and 31.3) within the timeframe set by the Audit Committee, any of the Audit Committee members may report of such transactions or actions directly to SEC or SET

### Corporate governance

- 33) Review CPN's continual improvement process of good corporate governance, as well as providing approaches and advices for development
- 34) Emphasize and promote good corporate governance as a regular agenda for the Board meetings and AGMs
- 35) Ensure that the Chairman of the Committee receives a copy of the report of the directors' vested interests from the Company Secretary under Article 89/14 of the Securities and Exchange Act within seven days of the date when CPN receives the report

### Risk management

- 36) Review CPN's risk management process to ensure standardization, effectiveness, and efficiency

- 37) Work with the management in considering key policies regarding risk management and risk assessment as well as risks from corruptions
- 38) Work with the Risk Management Committee, the Risk Management task force, and the management in considering, making recommendations, and updating reports on CPN's risk management

#### Other responsibilities

- 39) Conduct other Board-assigned duties
- 40) Regularly review the Audit Committee Charter on an annual basis in order to consider and assess its current assigned roles and responsibilities as well as to propose any required amendments accordingly
- 41) Conduct other duties assigned by SET
- 42) Oversee that there is an effective whistleblower system in place, in the event that an employee or any stakeholder is suspicious of any possible wrong doing, as well as non-compliance to any laws, regulations, business ethics, or to any corporate governance principles, so that the whistleblower has the confidence that the Company has the required and appropriate independent procedure to effectively investigate and resolve such possible wrongdoings and non-compliance issues
- 43) Monitor any special investigation as necessary

## NOMINATION AND REMUNERATION COMMITTEE

**The Board of Directors is responsible for the appointment of the members of the Nomination and Remuneration Committee, which consists of three members, comprising as follows**

- Two independent directors
- One non-executive director
- The Chairman is an independent director.

#### Name and Position of the Nomination and Remuneration Committee Members

1. Mr. Karun	Kittisataporn	Chairman
2. Mrs. Jotika	Savanananda	Member
3. Mr. Sudhitham	Chirathivat	Member

#### Two advisors to the Committee are appointed as follows

1. Mr. Sudhisak	Chirathivat	Advisory
2. Mr. Prin	Chirathivat	Advisory

The advisors may attend the Nomination and Remuneration Committee meetings; however, they are not allowed to vote.

Also, if any advisor has stakes in the reviewed agenda, such advisor shall leave the meeting to prevent conflict of interests and allow other committee members and advisors to fully discuss.

## Duties and Responsibilities of the Nomination and Remuneration Committee

#### Nomination

- 1) Consider the appropriate structure, size, and composition of the Board to suit the organization and changing environment as well as review the criteria of independent directors' qualifications
- 2) Ensure that Board structure comprises ethical and honest experts who are knowledgeable, experienced, and skillful in diverse fields relevant to the conduct of business, as needed and aligned with the Company's strategic directions. Furthermore, Board members are selected with non-discrimination of gender, race, religion, age, professional skill, or other qualifications. Numbers of directors and proportion of independent directors are also taken into consideration as suitable for the size of the organization.
- 3) Consider the criteria for selecting directors, as well as select and nominate those persons qualified and appropriate to be considered by the Board of Directors before further submission to shareholders' meetings for appointment as directors
- 4) Consider the criteria for selecting President & CEO, as well as select and nominate those persons qualified and appropriate to be considered by the Board of Directors for appointment as President & CEO
- 5) Allow minor shareholders the opportunity to propose qualified persons for selection as directors, providing shareholders with enough time prior to shareholders' meetings being held
- 6) Formulate succession plans for President & CEO and senior executive position and review such plan on a regular basis
- 7) Consider appropriate strategies relating to human capital management and organization development to be implemented to ensure its consistency with the Company's business operations

#### Remuneration

- 8) Consider a clear compensation method and standard for directors, members of the sub-committees, as well as that for the President & CEO, so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company as well as will facilitate an effective discharge of their responsibilities. The proposed

compensation plan should also be comparable to those of other companies within the same or similar industry and business sector as the Company, and also take into consideration the overall increase to the total value of the shareholder equity in the long term

- 9) Consider the compensation for directors and subcommittee members and propose it to the Board for endorsement and, in turn, tabling it for the approval of shareholders' meetings
- 10) Define goals and evaluate the performance of the President & CEO to set reasonable compensation

### Other Responsibilities

- 11) If it is considered essential and suitable to do so, the Committee may appoint regular advisor(s) or hire project advisor(s), or both, to provide advice on the Committee's performance. As seen essential and suitable, NRC may decide on such advisors' fees at CPN's expenses
- 12) Revise and amend the Committee charter in line with prevailing circumstances and seeks Board approval
- 13) Perform other Board-assigned duties related to nomination and remuneration

- 3) Review, refine and endorse the manageable levels of risks and deviation acceptable by CPN
- 4) Review CPN's overall risk management, taking into consideration the overall short- and long-term return for shareholders, in comparison with the manageable risks to CPN
- 5) Acknowledge the identified key risks and review the management's responsive actions
- 6) Participate in CPN's annual analysis of risk management strategies and provide recommendations
- 7) Provide directions and guidance for risk management supervision
- 8) Supervise the identification of performance goals and key risk KPIs
- 9) Acknowledge reports on the trends of corporate risks and ensure that CPN's strategies can effectively address identified risk issues
- 10) Report the committee's risk management activities to the Board every quarter
- 11) Perform other tasks as assigned by the Board.

In addition, the management has appointed Risk Management Committee consisting of senior executives and the executives from each core department to implement the Risk Management Policy as assigned by the Risk Policy Committee, control the development of a risk management system under the responsibility scope of each business unit's executives in line with the standard approach and incorporate risk management into business plans, review measured performance against risk management standards by benchmarking it with the acceptable deviation, communicate and manage established and maintained enterprise risk management in line with CPN's risk management framework, and constantly update risk management matters for the Risk Policy Committee.

## RISK POLICY COMMITTEE

**The Board of Directors is responsible for the appointment of the members of the Risk Policy Committee, which consists of four members, comprising as follows**

- Four directors
- The Chairman is an independent director.

### Name and Position of the Members of the Risk Policy Committee Members

1. Mr. Paitoon	Taveebhol	Chairman
2. Mr. Kobchai	Chirathivat	Member
3. Mr. Prin	Chirathivat	Member
4. Mr. Preecha	Ekkunagul	Member

### Duties and Responsibilities of the Risk Policy Committee

- 1) Acknowledge and give recommendations on risk management policies, strategies, structures and development frameworks at every corporate level
- 2) Assess the effectiveness of risk management established by the management

## Summary of the Appointment of Directors on Sub-Committees

Director	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Policy Committee
1. Mr. Suthichai Chirathivat	C	-	-	-
2. Mr. Paitoon Taveebhol	M	C	-	C
3. Mr. Karun Kittisataporn	M	M	C	-
4. Mrs. Jotika Savanananda	M	M	M	-
5. Mr. Veravat Chutichetpong	M	M	-	-
6. Mr. Suthikiati Chirathivat	M	-	-	-
7. Mr. Sudhisak Chirathivat	M	-	A	-
8. Mr. Sudhitham Chirathivat	M	-	M	-
9. Mr. Kobchai Chirathivat	M	-	-	M
10. Mr. Prin Chirathivat	M	-	A	M
11. Mr. Preecha Ekkunagul	M	-	-	M

Remark: C : Chairman  
M : Member  
A : Advisory

## COMPANY SECRETARY

The Board of Directors appoints knowledgeable, capable and qualified person as Company Secretary to support related work and ensure the efficiency and effectiveness under laws and good governance principles. The Board therefore appointed Ms. Ampawee Chompoopongkasem as the Company Secretary, also performing as secretary to the Nomination and Remuneration Committee. Please see the profile and work experience under “Board and Management Profile”. Duties and responsibilities are as follows :

### Duties and Responsibilities of the Company Secretary

- 1) Prepare and maintain all documents relating to the Company's statutory register of directors, Annual Reports, notices and minutes of the meetings of the Board of Directors as well as notices and minutes of the shareholders' meetings
- 2) Maintain and keep a record of vested interests as reported by directors and executives
- 3) Send copies reporting vested interests of directors and executives or related persons to the Chairman and the Chairman of the Audit Committee within seven days of the receipt of each report
- 4) Organize Board and shareholders' meetings according to rules and applicable laws
- 5) Provide advice to CPN and the Board of Directors in conformance to CPN's memorandum of association, articles of association, Securities and Exchange Act, Public Company Limited Act, and applicable laws
- 6) Act as the clearing house between the Board of Directors, executives, and the shareholders
- 7) Coordinate and follow up the Board's and shareholders' resolutions
- 8) Ensure that appropriate information disclosure and information reports are submitted to the regulators as required
- 9) Perform other duties as specified by the regulations of the Capital Market Supervisory Board or as assigned by the Board of Directors
- 10) Prepare minutes of meetings of the Board and the shareholders

## EXECUTIVE COMMITTEE

The Board of Directors is responsible for the appointment of members of the Executive Committee, which consists of a total of five members, comprising as follows :

### Name and Position of the Members of the Executive Committee:

1.	Mr. Suthichai	Chirathivat	Chairman
2.	Mr. Suthikiati	Chirathivat	Member
3.	Mr. Sudhisak	Chirathivat	Member
4.	Mr. Sudhitham	Chirathivat	Member
5.	Mr. Prin	Chirathivat	Member

### Duties and Responsibilities of the Executive Committee

- 1) Screen the following items and submit the findings to the Board for consideration and approval
  - 1.1) CPN's strategic plans, financial targets and operating plans
  - 1.2) Annual budget estimates based on CPN's strategic plans
  - 1.3) Project investments or material transactions within the Committee's scope of authority
  - 1.4) Activities and operations concerning mergers and acquisitions
  - 1.5) Identification and assessment of investment opportunities in new businesses
- 2) Monitor CPN's performance to ensure its conformance to the specified budget and targets
- 3) Supervise and monitor CPN's performance and financial status
- 4) Consider, review and approve within the scope of authority approved by the Board investment transactions, disposition of assets and other transactions relating to CPN businesses
- 5) Assess opportunities, risks and factors facing business operations, and provide recommendations to the Management Committee and the Board
- 6) Support business collaboration to enhance bargaining power and competitiveness
- 7) Strengthen relationships and manage matters concerning all stakeholders
- 8) Secure funds, including loans for business operations
- 9) Ensure efficient management of resources and personnel development
- 10) Hire independent consultants or persons to give opinions or advice as necessary

11. Perform or approve other transactions assigned by the Board on a case-by-case basis.

## MANAGEMENT LEVEL

## MANAGEMENT COMMITTEE

The Management Committee consists of 11 members.

### Name and Position of the Members of the Management Committee:

1.	Mr. Preecha	Ekkunagul <sup>1</sup>	Chairman
		President & CEO	
2.	Ms. Wallaya	Chirathivat <sup>1</sup>	Member
		Deputy Chief Executive Officer	
3.	Mr. Suthipak	Chirathivat <sup>1</sup>	Member
		Senior Executive Vice President, Office of the President	
4.	Ms. Naparat	Sriwanvit <sup>1</sup>	Member
		Senior Executive Vice President, Finance, Accounting and Risk Management	
5.	Mr. Pakorn	Partanapat <sup>1</sup>	Member
		Senior Executive Vice President, Commercial	
6.	Mr. Chanavat	Uahwatanasakul <sup>1</sup>	Member
		Senior Executive Vice President, Development Workgroup	
7.	Mr. Lertvit	Pumipitak <sup>1 and 2</sup>	Member
		Senior Executive Vice President, Property Department	
8.	Major Narit	Ratanaphichetchai	Member
		Executive Vice President, Project Development	
9.	Mrs. Narttaya	Chirathivat	Member
		Executive Vice President, Office of the President	
10.	Dr. Nattakit	Tangpoonsinthana	Member
		Executive Vice President, Marketing	
11.	Mr. Boonchan	Kulvatunyou	Member
		Executive Vice President, Leasing	

Remarks:

<sup>1</sup> CPN' executives No.1-7 are the management members as specified in the SEC Notification. Please see their profiles and experiences under "Board and Management Profile".

<sup>2</sup> Taking the position on January 1, 2019.

## Duties and Responsibilities of the Management Committee

- 1) Prepare and propose strategic business plans, financial targets and operation plans
- 2) Prepare and propose annual budget estimates
- 3) Approve within the Committee's scope of authority CPN's investment and operating budgets, and propose investment and other material transactions to the Executive Committee or the Board, or both, for consideration under the authorization procedure or other CPN regulations
- 4) Take full responsibility for CPN's conformance to applicable laws, its objectives and regulations, shareholders' resolutions, the Board's resolutions and relevant rules
- 5) Regularly consider and review CPN's risk management and internal control system to ensure their efficiency
- 6) Consider the enhancement of CPN's competitiveness and promote continual innovations
- 7) Report the nomination of executives who report directly to the President & CEO, then to the Executive Committee or the Board, or both, for consideration
- 8) The Committee may delegate its authority to any executive or person in performing single or multiple tasks as seen appropriate by the Executive Committee or the Board, or both.
- 9) Encourage employees and executives to continually enhance their knowledge and skills
- 10) Hire independent consultants or persons to give opinions or advice as necessary
- 11) Perform or approve other transactions assigned by the Executive Committee or the Board, or both, on a case-by-case basis.

## OPERATIONAL STRUCTURE FOR SUSTAINABILITY

### RISK MANAGEMENT COMMITTEE

The President & CEO acts as Chairman and the top management of every function act as committeemembers, reporting to the Risk Policy Committee. In 2018, the Committee held five meetings.

#### Duties and Responsibilities

Turn the policy and control framework into action and monitor the implementation of corporate risk management plan to ensure that it meets the requirements, directions and policies.

## CORPORATE GOVERNANCE AND SUSTAINABLE DEVELOPMENT COMMITTEE

The President & CEO acts as Chairman, while the Senior Executive Vice President and Executive Vice President of every function act as committee members, reporting to the Audit Committee. In 2018, the Committee held five meetings.

#### Duties and Responsibilities

Define goals for business sustainability; review policies, strategies, operational plans, requirements, standard systems and operating guidelines; and follow up on performance to ensure uniform direction.

## CLIMATE AND ENVIRONMENT COMMITTEE

Executive Vice President, Project Development, and Executive Vice President, Property Management jointly act as Chairmen. The management from the above-mentioned functions and the Excellence and Sustainable Development Department act as committee members. In 2018, the Committee held two meetings.

#### Duties and Responsibilities

Cascade and drive the climate and environment policy, operations and management of natural resources, energy, utilities, environment, biodiversity, waste management, greenhouse gas emissions and use of alternative resources to systematically and sustainably maximize system efficiency.

## OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The top management of Property Management Department, executives of support function and operation employees act as committee members, reporting to the Corporate Governance and Sustainability Development Committee or the Risk Management Committee (or both) on related issues. In 2018, the Committee held 11 meetings.

#### Duties and Responsibilities

Mobilize and upgrade the safety and hygiene standards in the company to be aligned and in the same direction.

## CSR COMMITTEE

The top management of Property Management Department and the management of support functions act as key committee members. Other directors take turns holding the position by type of activities. In 2018, the working group held a meeting and discussed with related management throughout the year.

### Duties and Responsibilities

Approve economic, social and environmental activities related to CSR to make sure that they follow the guidelines on sustainable development and value co-creation with the communities and stakeholders. This includes approval of employees' volunteer activities and projects.

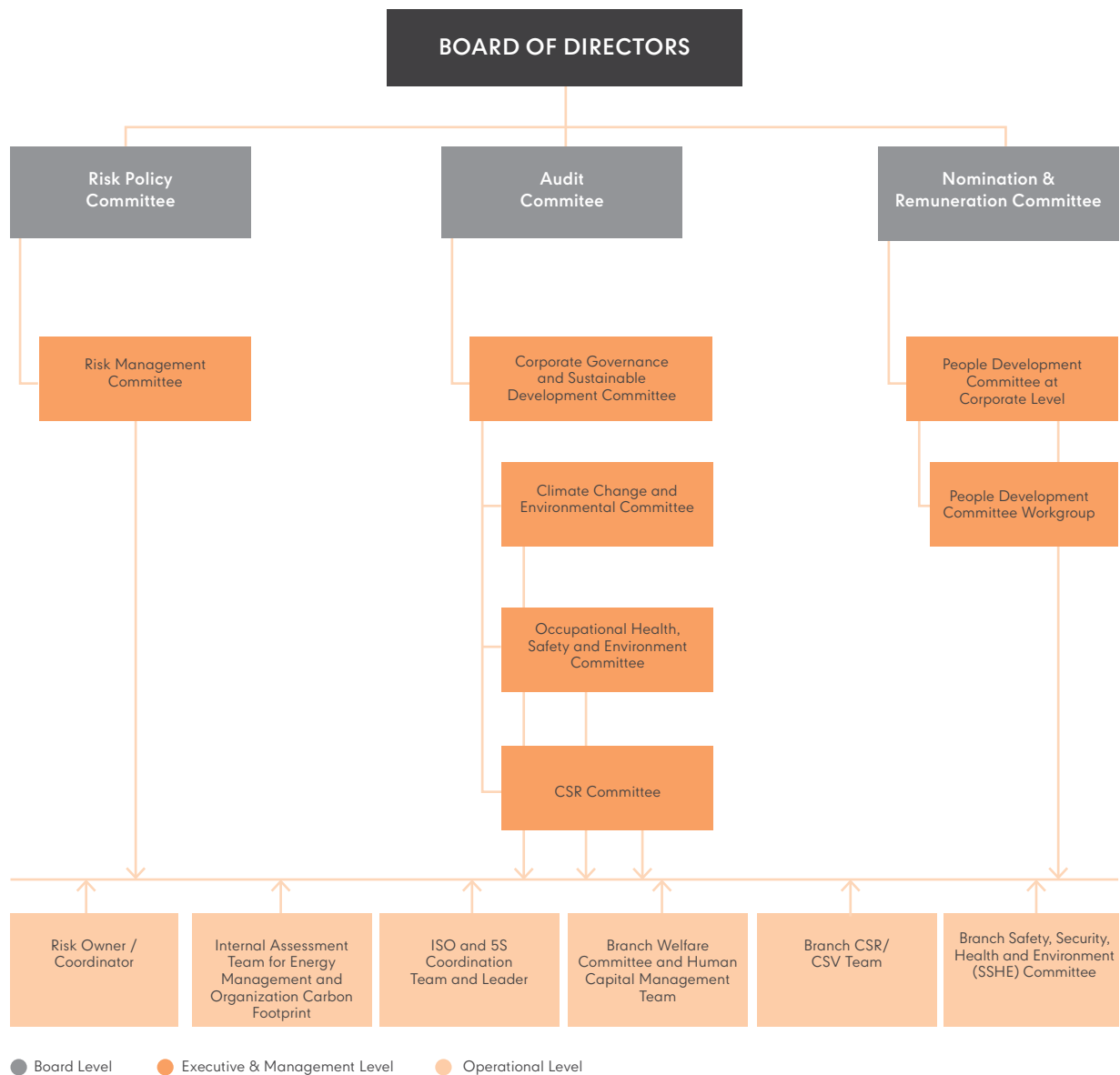
## PEOPLE DEVELOPMENT COMMITTEE AT CORPORATE LEVEL

The President & CEO acts as the Chairman, while the Senior Executive Vice President and the Executive Vice President act as committee members. The top management of Human Capital Management and Organization Development Department acts as the Committee's secretary. In 2018, the Committee held 12 meetings.

### Duties and Responsibilities

Formulate strategies, review, monitor, and give advice on the employee engagement development plan and cascade it.





● Board Level    ● Executive & Management Level    ● Operational Level

## PERSONNEL

CPN employs 4,911 employees. In 2018, the changing number of employees was in line with the Company's growth direction. The Board made sure that CPN has a policy to pay fair remuneration and continuously builds employees' capacity. Please find more details under "Employee Engagement". To date, CPN has never had any significant labor disputes.



The background is a solid orange color. In the top-left corner, there is white line art of a hand with fingers spread. A large, thin white circle is centered on the page. To the right of this circle, there are two small white circles of different sizes. At the bottom-left, there is a small white circle. A thin white line curves across the top of the page, and another thin white line curves across the bottom of the page.

# **CORPORATE GOVERNANCE**

Valuing good corporate governance, CPN believes that ethical, transparent and auditable business conduct will help the Company attain its goal and enjoy sustainable growth. The Board therefore formulated corporate governance policies, a code of conduct and guidelines in its “Code of Conduct and Corporate Governance Principles” handbook for a firm foundation for all personnel. Such policies and guidelines are regularly reviewed in line with current situations. Furthermore, the Board has always been a good role model who follows corporate governance principles. It also ensures employees’ compliance and fosters this idea as a corporate culture to make sure that CPN business sustainably grows.

## CORPORATE GOVERNANCE PRINCIPLES

In ensuring personnel’s conformance to its good corporate governance policy, the Company has defined six CG principles, namely:

- Honesty and transparency
- Open-mindedness
- Equitable treatment
- Fairness
- Adherence to commitment
- Responsibility toward society

## CORPORATE GOVERNANCE POLICY

The Board formulated corporate governance policies under “Corporate Governance Principles” in the CPN Code of Conduct handbook. Below are the five principles of CPN’s CG Policy:

### 1. Rights of Shareholders

CPN takes the following measures to protect the rights of every shareholder:

- CPN ensures that shareholders will receive full returns from their investments by maintaining a straightforward structure of alliance among CPN, its affiliates, and joint ventures, with no joint-holding or cross-holding of shares. It also has no pyramid shareholding structure within the Group.
- CPN equitably provides shareholders, whether major or individual ones, foreign or institutional investors, with basic shareholding rights and right protection treatment, including the right to purchase, sell, and transfer shares; to receive clear and accurate information; to attend shareholders’ meetings and vote on significant transactions; to elect or dismiss

CPN’s directors; to set the Board’s compensation and remuneration; to appoint and dismiss external auditors and set their fees; to receive part of CPN’s profit as dividends; and to participate in and be adequately informed on decisions about CPN’s fundamental changes.

- Details about the exercise of these rights are distributed via the Stock Exchange of Thailand’s Community Portal system (SET Community Portal), with due respect for the equitable and convenient access to information, as well as the right-exercising period. No action will be taken to limit shareholders’ rights of access to CPN’s information system or obstruct communication between shareholders.

### 2. Equitable Treatment of Shareholders

CPN observes the principle of affording equitable treatment to all shareholders without discrimination, whether major or individual ones, institutional or foreign investors. Practical guidelines to promote genuine equality include:

- CPN has put in place internal regulations to prevent abuse of inside information and conflicts of interest. Relevant details appear under “Control and Prevention of the Use of Inside Information”.
- Transactions with possible conflicts of interest must be submitted to the Audit Committee for their review and comments before submission to the Board and shareholders’ meetings for approval, if applicable. CPN discloses complete, essential information under the law and regulations. Relevant details appear under “Monitoring of Conflicts of Interest”.
- Acting under the principles and guidelines on affording equal treatment to all shareholders during shareholders’ meetings as detailed below:

### 2018 AGM:

CPN recognizes the importance of giving identical rights and affording equal treatment to all shareholders. Relevant guidelines have been adopted for actual actions (before, during and after meetings) for all shareholders’ meetings. The 2018 AGM was held on Friday, April 27, 2018, at 14.00 hours at World Ballroom, 23<sup>rd</sup> floor, Centara Grand & Bangkok Convention Centre at CentralWorld, 999/99 Rama 1 Road, Patumwan, Patumwan, Bangkok. There were 249 shareholders attending the meeting in person and 1,609 shareholders attending by proxy, in total amounting to 85.47% of the total 4,488,000,000 shares issued. Out of 11 members of the Board, 10 directors attended the meeting, equal to 90.91% of the Board. The Chairman of the Board, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Chairman of the Risk Policy Committee, President & CEO, Chief

Financial Officer, Company Secretary, and the external auditor attended the meeting. Details of the AGM proceedings are as follows:

## Before the Meeting

- CPN provided individual shareholders with rights to propose in advance additional agenda items and nominate directors from September 29, 2017 to January 15, 2018. This included shareholders' rights to query meeting agenda before the meeting date by submitting their queries to the Company Secretary. Criteria for such consideration, which were agreed by the Board, can be viewed at CPN's website. However, in 2018, no shareholder proposed any names or agenda items for consideration.
- Meeting notices are in Thai and English. For the 2018 AGM, the meeting notice was posted on CPN's website on March 16, 2018, 30 days ahead of the meeting date, and was distributed to shareholders no less than 21 days ahead. This provided shareholders with enough time to examine the information.
- In the meeting notice, CPN enclosed essential, adequate facts and rationales, as well as directors' comments on all items on the agenda for shareholders' consideration. The AGM agenda comprised:
  - 1) Nomination of Directors: CPN provided basic information on candidates, including each one's name, age, type of directorship, position held in CPN, education, director training/seminar courses attended, experience, positions held in other or CPN's related businesses, date of being a director, number of years in each position, and participation in committees' meetings as member of such committees of the last three years, shareholding in CPN, and other information such as any conflict of interest incurred in the previous year.
  - 2) Compensation: CPN provided information on the policy, amount, and form of compensation for each director's position and responsibility, criteria, and the procedures for determining compensation.
  - 3) Appointment of External Auditors: CPN provided information on the names of auditors and their affiliations, auditors' independence, and the number of service years for the Company, the consideration of the suitability of the auditors' fee, presented separately from other fees.
  - 4) Dividend Payment: CPN provided information on the dividend policy and dividend amount proposed for approval, in comparison with the amount paid in the previous year.

- There was no significant, extraordinary document distributed at the meeting, no added item, and no amendment made to material information without informing the shareholders in advance.
- CPN facilitated shareholders who could not attend the meeting themselves by enclosing in the meeting notice Proxy Form B, on which they could state their voting preference, together with details about how to appoint a proxy to shareholders' meetings. Shareholders could download Proxy Forms A, B, and C from [www.cpn.co.th](http://www.cpn.co.th). In addition, the names and profiles of the four independent directors were provided for shareholders' voting by proxy. At the 2018 AGM, 1,396 shareholders appointed independent directors as their proxies. Details were as follows:
  - 918 shareholders appointed Mr. Paitoon Taveebhol, Chairman of the Audit Committee.
  - 98 shareholders appointed Mr. Karun Kittisataporn, Member of the Audit Committee.
  - 315 shareholders appointed Mrs. Jotika Savanananda, Member of the Audit Committee.
  - 65 shareholders appointed Mr. Veravat Chutichetpong, Member of the Audit Committee.

## During the Meeting

- CPN provided at least a two-hour registration period before the meeting. Barcode and computer systems eased registration and vote counting to speed up the process and ensure information accuracy and reliability.
- CPN provided shareholders with voting rights equivalent to the number of shares held. One share yields one vote. There was only one type of share, which was ordinary share.
- Shareholders were informed by CPN about the vote-tallying procedures before the shareholders' meeting.
- CPN introduced the use of ballots for casting votes. The ballots were prepared separately for each agenda item for shareholders' voting convenience.
- CPN provided shareholders with the rights to exercise their votes on the nomination of directors by electing them one by one.
- Participants were informed of the voting result for each agenda item and presented with the voting scores.
- CPN transparently conducted the AGM by following respective agenda items as stated in the meeting notice, in strict conformance to the law and CPN's regulations. Independent party was invited to witness the vote counting.
- Shareholders were allowed to attend a meeting in progress and vote on remaining items.
- CPN allowed shareholders to freely express their views and raise their questions at the meeting. The Chairman of the Board, Chairman of all sub-committees, President

& CEO, senior executives, Company Secretary and external auditor attended the meeting to clearly answer all aspects of shareholders' questions.

### After the Meeting

- CPN submitted the resolutions of every shareholders' meeting through the SET Community Portal on the same day so that non-attending shareholders might be immediately informed.
- Shareholders could also view a webcast of the AGM via CPN's website or request a video-recording VCD of the meeting from the Company Secretary Office.
- The quality of minutes of shareholders' meeting was emphasized by recording the following information:
  - list of directors attending and in absence at the meeting, including their positions
  - voting rights and methods, including the use of ballots for casting votes
  - shareholders' queries and recommendations, including the explanation of directors or the management;
  - shareholders' meeting resolutions and voting-tally on every agenda item that includes voting.
- Minutes of each shareholders' meeting were distributed in Thai and English through the Company's website within 14 days starting from the meeting date, with a copy sent to SET within the stated period.
- The resolutions of CPN's 2018 Annual General Meeting of Shareholders were provided on SET's website and disseminated via the Company's website on April 27, 2018, which was the meeting date.
- Shareholders' opinions on the organizing of shareholders' meeting were obtained through a satisfaction survey. The information acquired was then applied to improving the efficiency of future shareholders' meetings.

CPN complied with the AGM quality assessment project, jointly conducted by the Thai Investors Association, the Securities and Exchange Commission (SEC), and the Thai Listed Companies Association. The assessment criteria included steps undertaken before each shareholders' meeting and activities on the meeting date and afterward.

## 3. Roles of Stakeholders

CPN values all stakeholders and observes sustainability of common benefits. It has clearly set policies and roles toward stakeholders in its "CG Policy", as detailed below:

### Policy and Practices toward Stakeholders

#### Shareholders:

- Stimulating growth with quality and stability for the shareholders' sustainable benefit with good and efficient performance.
- Respecting the shareholders' equal rights to receive necessary information; disclose correct and actual information.
- Conducting business based on honesty, transparency, and fairness. Relevant details appear under "Rights of Shareholders" and "Equitable Treatment of Shareholders".

#### Employees:

- Providing fair and proper treatment of employees, whether in opportunity, compensation, job assignment, job transfer, or competency development, as well as managing employees' workplaces to ensure the safety of their lives and properties.
- Setting up policy of human resources management without discrimination, emphasizing equity and respect in human rights for employees at all levels.
- Enhancing education on several matters that are significant and useful to employees' work, including trainings on safety, occupational health and environment in workplace, trainings on the environment and energy conservation as well as trainings for existing and new employees on corporate governance and anti-corruption. Special courses for specific lines of work were also developed and organized, such as shopping center development and management, and essential knowledge for different lines of work, such as sales, marketing, customer relations, and business development.
- Preparing for employee development for acquiring appropriate knowledge and ability for future positions, such as shopping center general manager and shopping center work system supervisor under the integrated learning and working project with King Mongkut's University of Technology North Bangkok.
- Arranging the employee evaluation at all levels to seek and develop talents as future executives. Supervisors are assigned to formulate development plans for employees in line with their potential

levels, match knowledge and ability with their positions, and prepare them for higher positions.

- Arranging the annual performance evaluation as information accompanying consideration of compensation, such as salary increase and bonus payment. The ratio of the indicators would depend on fields of work and behavior as shown by employees at each level.
- Formulating fair compensation and welfare policy for CPN's personnel at all levels, setting up the compensation structure of salary and bonus, for instance, to be in line with employee's knowledge, expertise, performance and CPN's operating result, both in short- and long-term. Relevant details appear under "Sustainability Management".
- Encouraging dialogue between the Company and employees or their representatives to present information to its decision-makers so as to improve the quality of their work lives in pursuit of joint development.
- Setting up provident fund for employees, on a voluntary basis, to provide employees with additional funds in support of their retirement life or life after quitting.
- Setting up a cremation association for employees to join on a voluntary basis. The association provides its members with support in cremation services for their families.

#### Tenants and Customers:

- Delivering satisfaction to the customers with good services and treat customers fairly and properly, ensuring safety for health, life, and property. The Office for the Promotion and Supervision of Standards ensures that tenants at all branches offer the same standard of services, with regular improvement of tenant-related policies and work processes.
- Providing complete, correct, and actual information. Recognizing the importance of developing public relations media by not using images or contents that may cause negative attitudes, social division, or improper values, especially those about gender or immorality, in the company's sales campaigns.
- Developing service staff and evaluate their services, including tenant relations staffs' daily visits to each store to serve tenants and listen to their problems and complaints. Customer service staffs are also assigned to walk around shopping areas inside every center to handle shoppers' questions or promptly provide recommendations.
- Meeting and communicating any significant operational plans with tenants at least once a year, including meeting with the tenants when opening

or renovating any CPN's shopping complexes, in order to announce its policies and to plan any joint marketing activities. Furthermore, these meetings provide an opportunity for tenants to express their opinions and make any recommendations for continuous service improvement. For existing shopping complexes, CPN holds one tenants' meeting every quarter.

- Undertaking satisfaction surveys relating to the services provided to the tenants on a regular and annual basis, in order to be informed and aware of any tenants and customers' needs as well as to improve CPN's excellence in services.

#### Business Partners:

- Equitable treatment of business partners and joint benefit.
- Observing CPN's clearly detailed procurement procedures and practices to facilitate mutual trust and long-term relationships.
- Fostering economic, social, and environmental cooperation.
- Defining CPN's procedure for business partner selection under its rule on procurement and the rule on project development and construction management, including procurement through business partner selection by price inquiry or price auction, or through E-Auction under CPN's rule on pool procurement. Procurement is, in any case, conducted transparently in line with CPN's Anti-corruption Policy, while each interested party is required to undergo CPN's screening process of pre-qualification assessment before becoming a business partner.
- Arranging the Partner Engagement Meeting to meet and communicate the Company's strategic plans and business directions, enabling suppliers to conduct compatible businesses and grow with CPN in a sustainable way.

#### Creditors:

- Strictly respecting agreements with creditors; managing loans according to lending objectives; avoiding using the loans to cause damage to CPN; ensuring timely repayment of loans and interests; thoroughly honoring loan conditions as agreed; and competently operating the business to assure creditors about CPN's healthy financial standing and loan repayment capabilities.
- Maintaining CPN's financial ratios as specified in loan agreements or the terms and conditions of such agreements, with regular reporting of its performance



to creditors as required, CPN has never defaulted on either debt or interest payment or caused any concerns among creditors on its debt repayment ability. Moreover, CPN provides loans only to subsidiaries under its shareholding structure, with no financial assistance offered to any unrelated companies

### Business Competitors:

- Conducting business with fairness; refraining from improperly seeking competitors' confidential information; refraining from abusing the intellectual property rights of others or those of competitors; promoting information-sharing that benefits the overall development and management of shopping complexes to strengthen the business and contribute to sustainable national economic, social, and environmental development.
- The establishment of the Thai Shopping Center Association exemplifies close cooperation between CPN and industry peers, designed to share useful business directions and experiences for common benefit, with CPN holding membership and directorship in the association since 1998. The Company made an annual membership payment of 50,000 baht to the Thai Shopping Center Association.
- Publicity guidelines for association information through various communication channels, including press conferences and interviews with the mass media, publicity documents, and association seminars designed to educate and provide intelligence on the shopping center business that is useful and timely for the public.
- Appointment of a mini-taskforce to track new laws and provide views on laws potentially affecting the businesses of shopping centers and retail commerce since 2015.
- Implementation of safety measures, including cooperation for crisis preparedness and the invitation of experts to discuss security matters in shopping centers.
- Advocating trade promotion measures to stimulate tourists' spending and encourage Thais to purchase local products, through consultation with the Ministry of Tourism and Sports, Ministry of Finance, Ministry of Commerce, and relevant public and private organizations.
- Functioning as working groups on diverse projects to drive and promote macro-economic development, together with enhancing the competitiveness of shopping-center business sector under the Pracharath (Public-People) Collaboration Project, such as tourism promotion and a MICE industry (Meetings, Incentive Travels, Conventions, and Exhibitions) working group of the Amazing Thai Taste Project and a working group on the Occupational Standards and Professional Qualifications Development Project for Property Management Phase 2.
- In 2018 Thai Shopping Center Association in cooperation with Thai Retailers Association and Duty-Free Trade Association successfully drove the measures to increase the number of points of Downtown VAT Refund for Tourists. The government gave the green light to making a trial of setting up eight VAT refund points via three convenience stores and five shopping centers, namely CentralWorld, the Emporium, Siam Paragon, Central Chidlom, and Robinson Department Store (Sukhumvit Branch). The trial started in Bangkok for six months. It has been one of the six measures driven by CPN and Thai Shopping Center Association members through the Ministry of Tourism and Sports, Ministry of Commerce, Ministry of Finance, and Office of the Prime Minister since 2015 to enhance quality tourism in Thailand to make Thailand a Shopping Destination.

### Society, Communities and the Environment:

- Respecting relevant laws and/or regulations and try to surpass standards, such as inventing or applying the innovation of energy-efficient buildings in CPN's shopping centers and office buildings; monitoring the operation of the company and preventing it from damaging the quality of life of society, communities, and the environment; developing society in its quality of life, education, energy saving, and environmental protection.
- Actively communicating and disseminating knowledge of environmental conservation to its relevant stakeholders to establish an environmental protection network that spreads knowledge and experience to all social sectors.

### Government:

- Cooperating and supporting government policies for the benefit of the country under relevant law and criteria; actively implements projects beneficial to the public, whether as assigned by the government or company-initiated projects.
- Providing cooperation in anti-corruption.

### Independent Organizations and Related Social Organizations:

- Upgrading cooperation and information-sharing with independent organizations and other related social organizations for joint, sustainable development of society and the country, taking into account impacts on the economy, society, and the environment.

### Policy and Guidelines on Safety, Occupational Health and the Environment

In ensuring the safety and sound occupational health of its employees and stakeholders, CPN has defined a policy and guidelines requiring the planning and setting up within its offices and facilities of efficient, adequate security and warning systems. The purposes are to prevent and control risks of damage from accidents, injuries, work-related illnesses, damage or loss of properties, incorrect practices and other mistakes.

### Policy and Practices on Intellectual Properties

CPN conducts its business strictly under the law or regulations on intellectual property rights, whether in trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property, such as using only licensed software that has been inspected and installed by CPN's Information Technology Department, and encouraging employees to ensure that the application of research findings or other data in their work does not constitute a violation of other people's intellectual property rights.

### Policy and Practices on Adherence to Human Rights Protection Laws and Regulations

A key basis of CPN's business conduct is legal compliance, which includes domestic and foreign laws, as well as relevant customs, traditions, and cultures. CPN also tries to surpass standards, such as undertaking studies of relevant laws during conducting feasibility studies of projects and complying with them throughout the development stages, with constant monitoring of any legal revision that may affect its business operation. For example, CPN fully complies with city planning laws to avoid causing any economic, social, and environmental impacts. CPN also strictly observes the laws of every targeted country to ensure that its overseas investments are properly and transparently executed.

CPN promotes and respects the protection of human rights, and

ensures that its business conducts have no connection with any human rights violation such as forced labor or child labor. All stakeholders are treated fairly on human dignity and non-discrimination of national origin, race, gender, age, skin color, religion, physical condition, status, or birth. It also promotes the monitoring of human rights compliance within CPN and encourages subsidiary companies, investors, business partners, and all stakeholders to observe the international standards of the principles of human rights. Another example of CPN's human rights practices is the protection of stakeholders whose rights are affected by CPN's operation by offering compensation at a rate comparable to what is stated by the law.

### Policy and Practices against Fraud and Corruption

CPN has undergone the certification process and become an ally of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since January 16, 2015, organized through the collaboration of the Thai Chamber of Commerce, International Chamber of Commerce, the Federation of Thai Industries, Thai Listed Companies Association, the Thai Bankers' Association, the Federation of Thai Capital Market Organizations, Tourism Council of Thailand, and Thai Institute of Directors (IOD) as secretary.

CPN was recertified on February 12, 2018, with Mr. Paitoon Taveebhol, Chairman of the Audit Committee, as its representative in receiving the certificate.

### Training and Communication

- Constantly acquainting employees with knowledge and understanding of anti-corruption, such as:
  - Annual training on "Ethics in Workplace" with lectures and brainstorming through case studies and board game activity. In 2018 there were 85 participants
  - Training via e-Learning with the course on "CPN Code of Conduct" in line with its Code of Conduct and Corporate Governance Policy and anti-corruption measures
  - Orientation to provide knowledge and understanding to new employees.
- Undertaking campaign activities on CPN's "Honest and Caring Attitude" by communicating good practices from senior executives to instill the corporate culture of performing one's duties honestly and caringly via assorted channels, including the email, events and bulletin boards, etc.
- Consistently communicating relevant policies,



including No Gift Policy, via assorted channels, including the email, CPN's website, bulletin boards, ADMIRE journal and CPN TV which is the internal TV programs at CPN's headquarters, with letters sent to all customers and business partners for acknowledgement and compliance.

- Preparation of the CG Individual Assessment for the management and employees via online channels to assess their knowledge, understanding and compliance as follows:
  - The objective of CG Individual Assessment is to gauge the level of knowledge and understanding about the adherence to the CPN Code of Conduct and CG Principles, while the purpose is to apply assessment results in developing effective approaches for the promotion and implementation of the CG Policy.
  - Behavior Assessment, intended to quantify the level of commitment to the CPN Code of Conduct, which is part of the corporate culture.

#### Extension of Cooperation toward CPN's Business Partners

- Informing suppliers about the Anti-Corruption Measure during the Partner Engagement Meeting and persuading them to join CAC. During the meeting, CPN was honored by experts who shared knowledge on the promotion of cashless society and the prevention of corruption, as guidance for all suppliers to transparently conduct their businesses

for mutual and sustainable growth.

Details of relevant policies are disclosed in CPN's Code of Conduct and CG Principles, Anti-Corruption Measure as well as Code of Conduct and Practices for Business Partners.

## Whistleblowing and Complaints

CPN provides the following channels for stakeholders to voice their suspicions or complaints:

- In the case that employees or stakeholders suspect any unlawful activities or those in violation of the law, rules, regulations, or code of business conduct, they can ask, alert or file complaints together with detailed evidence to the Company or relevant agencies. Then, the Audit Committee will investigate the facts related to such activities and propose its findings to the Board, independent directors, executive management, and related persons for acknowledgement and consideration of penalties as prescribed by CPN's regulations if the suspect persons are found guilty. Details of communication channels are as follows:

#### Audit Committee

Central Pattana Public Company Limited  
30<sup>th</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
Tel: +66(0) 2667-5555 ext.1200  
Email: whistleblower@cpn.co.th

- In the case that employees or stakeholders suspect any activities concerning operation, they can ask or alert complaints to CPN's management via the following channel.

#### The President & CEO

Central Pattana Public Company Limited  
33<sup>rd</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
Email: CEO@cpn.co.th

The rights of whistleblowers who are employees, customers, and outsourced persons will be protected. Those involved in the investigation process must keep all relevant information confidential and disclose only the parts that are necessary, taking into account the safety and interests of whistleblowers, complainants and those cooperating with the investigation. The whistleblowing and complaint-handling

processes, including rights protection for staff, employees and outsourced persons are disclosed in the CPN Code of Conduct and CG Principles as well as Anti-Corruption Measure.

## 4. Disclosure and Transparency

CPN is committed to correct, complete, transparent, thorough, and timely disclosure of information, whether financial or non-financial, so that investors and all stakeholders may regularly receive reliable and adequate information for their decisions through the SET Community Portal and the CPN website, enabling all people to equitably access information. For information that cannot yet be disclosed, CPN has in place measures to prevent unauthorized access to such inside information.

### Investor Relations

CPN is committed to conducting its business in line with good governance to assure that Investor Relations (IR) accurately, completely and transparently performs its duties under relevant laws, regulations of governing bodies and CPN's rules. It has defined a CPN Code of Conduct for Investor Relations as guidelines requiring all IR-related executives and employees to strictly observe.

IR represents CPN's center for disclosing financial and non-financial information, promoting and managing good relations with shareholders, investors, securities analysts, the public and stakeholders in Thailand and abroad on an equal, inclusive and timely basis, in line with SET's requirements. The division has also prepared questionnaire forms for its annual conduct of satisfaction surveys on the division's operation as perceived by institutional shareholders, individual shareholders, investors and securities analysts. The findings are analyzed for the optimization of policies, operation and activities in line with international standards.

Investor Relations reports directly to the CFO and works closely with senior executives to formulate policies as well as quarterly and annual plans, including operating guidelines and approaches for developing CPN Investor Relations practices on a par with leading regional listed companies. The division also presents performance results and comments from shareholders, analysts, and investors to the Board twice a year.

CPN disseminates material information, available in both Thai and English and useful to shareholders and investors for their decision-making on investment, via diverse channels such as the Company's information submitted to SET, the SEC, newspapers and press releases. Information that has been disclosed to shareholders, investors and the general public will be posted on the Company's website under "Investor Relations" ([http://www.cpn.co.th/investor\\_th.aspx](http://www.cpn.co.th/investor_th.aspx)) and is regularly updated.

Information disclosed on the website includes Form 56-1, the Annual Report (Form 56-2), financial statements, Management Discussion & Analysis (MD&A), the Company's past performances, data on the Company's business operation, factsheets for existing and new projects, notices to shareholders' meetings, minutes of shareholders' meetings, corporate governance, information submitted to SET, Investor Relations calendar (IR events and calendar), press releases and presentations used during both domestic and international roadshows. In 2018, users viewed the website for 237,817 times. At the end of 2018, there were 4,151 registered people interested in receiving electronic news from Investor Relations.

In addition, before the announcement of its quarterly and annual performance results to SET, the Company sets a silent period of 14 days to abstain from communicating its quarterly and annual performance report to analysts and investors to avoid unfair release of information which may affect CPN's share price.

## IR Activities

Recognizing the value of forging good relations with investors, CPN's senior executives regularly make time to join investor meetings and activities to elaborate CPN's policies and business directions. These activities include the Analyst Meetings, investor conferences, quarterly performance announcement events, domestic and overseas roadshows to meet investors. In 2018, the number of participants averaged 20-30 persons each quarter. The events are also broadcast live via SET's Opportunity Day Webcast Live on SET's website, where viewers can post their questions and get real-time responses from the management during Q&A sessions. Furthermore, document and recordings of executives' presentations are disseminated through the Investor Relations website, enabling investors to view all past data. The year 2018 was the first year in which CPN attended the SET Digital Roadshow, held by SET as a channel for Thai listed companies to approach international institutions. CPN also invited 21 analysts to visit shopping malls, hotels and condominiums under its management.

CPN's diverse formats of investor relations activities consistently organized in 2018 for senior executives and IR Division to meet with and provide information to interested persons were as follows:

Meeting Format	Number of Meetings	Number of Companies	Number of Investors
1. One-on-One Meetings	64	77	146
2. Conference Calls	10	10	14
3. Analyst Meetings - By CEO (CEO Forum): once - By senior executives: four times	5	62	227
4. Opportunity Day As mode of communication with investors, analysts and the press	5	-	80
5. Investor Conference	8	131	237
6. Non-Deal Roadshows	11	101	172
7. Site Visit Requests	17	31	89
8. Analysts' Site Visits	1	21	21
<b>Total</b>	<b>121</b>	<b>433</b>	<b>986</b>

Shareholders, investors and interested parties may contact Investor Relations for additional information either in person or by sending a letter or email to:

#### Investor Relations Division

Central Pattana Public Company Limited  
31<sup>st</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
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## 5. Board Responsibilities

### The Board's Structure

The Board consists of 11 directors who are knowledgeable, experienced and skillful in diverse fields relevant to the Company's operation, with four of them, including a woman, being independent directors, equivalent to one-third of the total as required by SEC's regulations. Fully qualified under CPN's standard, independent directors can effectively and efficiently discharge their duties for the full benefit of CPN.

To ensure an inclusive supervision of all operational aspects under CG principles, CPN has set up sub-committees, Executive Committee, and Management Committee, as well as appointing the Company Secretary to help the Board in

performing its duties. Relevant details appear under "Management Structure".

### Board Diversity

Recognizing the benefit of board diversity, CPN's emphasis on the diversity of the Board's structure, its policy is clearly defined in the Charter of the Nomination and Remuneration Committee and the Code of Conduct and CG Principles. The Board considers it appropriate that its structure comprises ethical and honest experts who are knowledgeable, experienced, and skillful in diverse fields relevant to the conduct of business. Furthermore, Board members are selected with non-discrimination of gender, race, religion, age, professional skill, or other qualifications.

### Directors' Duties and Responsibilities

The Board actively fulfills its leadership role in ensuring CPN's good governance. Besides performing their duties in accordance with relevant laws and the Company's objectives and regulations, directors are responsible for resolutions of the Board and shareholders' meetings, with duty of loyalty, duty of care, accountability, ethics and equitable treatment to all shareholders without discrimination.

The Board is responsible for commenting on the defined vision, mission, long-term business goals and strategic plans to ensure the Company's sustainability, as studied by the management who turned the Board's direction into a plan.

CPN's vision, mission, long-term goals, strategic plans and policies which include the corporate governance policy, business ethics and ethical standards for directors, executives and employees, with annual revision for compatibility with prevailing business circumstances. The Board also monitors and supervises the management to ensure that the Company's key strategies and policies are actively implemented, enhances the effectiveness of itself and senior executives to drive CPN toward the goals, promotes assorted innovations that add values to business in tandem with creating stakeholder benefits by conducting business responsibly toward society and the environment, supervises the risk management and internal control systems to ensure their efficiency, which in turn guarantees that CPN fully complies with the laws and standards for the supervision of systems for financial reporting and disclosing of material information to ensure their accuracy, adequacy and timeliness under applicable regulations, standards and guidelines. The Board also monitors the operation of sub-committees, such as the Audit Committee, The Nomination and Remuneration Committee and The Risk Policy Committee, to ensure that each fulfills the task assigned. Besides treating all shareholders equitably, CPN provides them with the opportunity to participate in its decisions on important matters.

CPN's significant strategies and policies are conveyed to all management and employees through various channels. At the managerial level, the communication is through the Annual Management Committee and the Management Information Meeting, which is annually held, for instance. At the employee level, either at the headquarter or branches, the communication is through the line of command and a variety of media issued by the Internal Communication Department to vastly cover the whole company. The Board, then, monitors the progress of all defined working plans through the agenda of acknowledgement on CPN's quarterly performance.

In 2018 the Board supervised CPN's business in line with the corporate goals to foster sustainable growth by supplementing long-term financial and non-financial value, enhancing quality, and creating brand for the business. The Board played an important role as seen below:

- Deliberated the President's quarterly reports on CPN's actual performance versus the plan and information on economic conditions, market conditions, competition, customers and related partners.
- Reviewed the strategic plan bi-annually in accordance with the President and CEO's report on CPN's performance against the strategic goals.
- Regularly deliberated sustainability issues and risks that might impact CPN's plans.

- In defining strategies, the management considered the strategic direction defined and recommended by the Board with key issues on economic, social and environmental sustainability. It also analyzed the risks and opportunities that were relevant to all stakeholders and posed significant impacts on the business to define strategies and long-term action guidelines.

## Roles of the Chairman and the CEO

For clear role segregation and checks and balances, the Chairman and the CEO are always two different persons.

In spite of being representatives of the shareholders and not independent directors, based on the deliberation of the Nomination and Remuneration Committee and the approval of the Board, the current structure is appropriate for CPN's business and, in fact, is a forte supporting CPN's constant success and business growth, since the Chairman is knowledgeable, experienced, skillful in the retail and property development industries, and conforms to the principles of good governance, taking into consideration the benefits of all stakeholders.

As a director bound by the Charter of the Board, the Chairman is committed to the Code of Conduct and CG Principles in providing a role model for the Board, executives, and employees. The Chairman presides over the meetings of the Board as well as those of the shareholders, ensuring smooth meetings and providing directors and shareholders with opportunities to express their views and recommendations freely and creatively. Further details are provided in "Management Structure".

The CEO is responsible for managing and administering day-to-day CPN businesses under its strategic plans, vision, and missions, with a scope of authority bound by law, objectives, and company regulations, in addition to the resolutions of the Board and shareholders' meetings.

## Directorship in Other Listed Companies

The Charter of the Board of Directors has stipulated that directors may hold directorships in other companies, but must not let them affect their work as the company's directors. It is stipulated that directors may hold directorships in no more than five listed companies.

The CEO may hold directorships in other companies, but must not let them affect the work as the Company's CEO. Moreover, such entities must not operate business of the same type nor competing to that of the Company. Directorships in other listed companies must gain approval from the Board.



## Policy on Limiting the Number of Term of Directorship for Independent Directors

The Charter of the Board of Directors has stipulated that independent directors may hold office for up to two consecutive terms, extendable to up to nine years in total, to maintain their independence in giving opinions and performing their duties as independent directors.

The Board may consider extending the term of independent directors as deemed appropriate. In the year when any independent director is retired by rotation, the Board may propose such director to the annual general meeting of shareholders to consider reappointment of such independent director for another term.

## Board Meetings

- CPN's regulations require Board meetings to be held at least once every three months. The Board provides guidance and sets business directions, policies and corporate goals at Board meetings, which take place at least eight times a year, and sub-committee meetings throughout the year. The Board formulated a policy on Board meetings as stipulated in CPN's Code of Conduct and Corporate Governance Principles. The Board members had the duty to regularly attend Board meetings with the ratio of at least 75% of the meetings for the entire year. In 2018 there were eight Board meetings, while the ratio of directors' participation was 98.86%.
- The Chairman, CEO, and Company Secretary jointly set a clear agenda before each Board meeting. All directors can freely propose agenda items for consideration by the Chairman before inclusion in a meeting.
- The Company Secretary must submit meeting documents that can be revealed in a written form without affecting CPN's business operations to the directors at least seven days in advance for consideration, together with an invitation letter specifying the meeting date, time, place, and agenda. In emergencies, to protect CPN's rights or interests, appointments for such meetings can be made through other methods at shorter notice.
- During each meeting, the Chairman allocates enough time for discussion of each significant issue and encourages all directors to creatively and freely express ideas with due discretion, with the Company Secretary and Legal Department in attendance to take notes.
- Any director with a vested interest on any agenda items must abstain from the meeting and voting on that item.
- Each time the Board voted, the Board decided that the Board composition should be recorded in the meeting minutes. To date, voting on each item requiring approval was done by no less than two-thirds of the Board.
- If a situation occurs that is critically important or may have a significant impact on CPN and/or any stakeholder, the management will submit full details of the incident to the Board for consideration, opinions, and suggestions, for example, overseas project updates, market situations and project investment plans, "social interest" events or those that could involve CPN's business, and CG guidelines, and so on.
- In 2018 the Board considered important issues to ensure CPN's good corporate governance to meet the challenges of business operation and future changes, which included the following:
  - Safety for life and properties, such as focus on design safety for structure improvement of shopping centers, design of shopping centers to reduce risks of accidents and risks from terrorism and fire.
  - IT such as Smart Technology, Disruptive Technology, Cyber Crime, Cyber Security, and IT Governance.
  - Environmental and energy conservation, such as climate change, building design, energy-saving equipment and tools, wastewater treatment, and canal dredging around shopping centers.
  - Society, such as the structure of aging population, design of shopping centers taking into consideration the elderly, accommodation for the disabled, traffic management, a public transport system for customers' convenience and reduction of traffic congestion, and sufficient parking space.
  - Tenants and consumers, such as transfer of knowledge and understanding of marketing to tenants, and tenants' action planning in line with consumers' changing behavior.
  - Innovation for development of shopping centers and residential projects, such as creation of an impressive atmosphere in shopping centers, centers of activities for cultural presentation of each province, facilities as tourist destination, co-working space to respond to the new generation's lifestyle, as well as design and allocation of residential areas to cater to customers' demand.
- Meeting documents, minutes, information and all relevant documents are safely stored in electronic

- files together with the original documents.
- For any questions arising during a meeting that requires follow-ups and/or additional information from any involved department, the Company Secretary will coordinate and submit additional details/information to the Board as soon as possible.
- The Company Secretary must submit monthly reports, comparing achievements against the Board-approved targets, for the directors' acknowledgment.
- Non-executive directors must hold at least one exclusive meeting a year. In 2018, two meetings were held in July and November to review strategic plans for 2019 and significant business matters which may affect the Company's business, where summaries of issues for consideration and helpful recommendations were provided to the Board and the management for further action.
- The efficiency of Board meetings is evaluated at every Board meeting to promote constant improvement of directors' performance and meeting arrangement. The outcomes of such evaluations for 2018 averaged 98.62%.
- The Board also regularly considers any changes in relevant laws, rules, and regulations that are crucial to CPN, together with any news and updates on good CG practices, so that ongoing activities of the Board fully conform to any revised and relevant laws, as well as rules, regulations, and guidelines currently in effect.

## The Board's Self-Evaluation

### Board's Self-Evaluation Form

#### • Criteria

CPN Board's Self-Evaluation Form applies SET's evaluation approach to suit the characteristics and structure of the Board of Directors. The results are key factors for the enhancement of directors' performance and related duties. The evaluation form consists of two key components:

#### Component I

The Board evaluates the scores given to the following five aspects of its operation:

- 1) Board structure and qualifications
- 2) The roles, duties, and responsibilities of the Board
- 3) Board meetings and board performance
- 4) Relationship with management
- 5) Director's self-improvement and executive development.

#### Component II

The Board gives its opinions and suggestions or identifies special issues of interest about its performance or different aspects of CPN's operation.

#### • Procedure

At the end of each year, the Company Secretary will send a self-evaluation form to every director, collect the completed forms, and report the summary annually to a Board meeting as an agenda item for acknowledgment and discussion.

### Director's Self-Evaluation Form

#### • Criteria

Designed to assist each director in reviewing and enhancing his/her performance, this evaluation form fully aligns with the Board's legal obligation, CPN's Charters and Code of Conduct, and the best-practice guidelines of the SEC and SET, by focusing on:

- 1) Director's code of conduct and performance
- 2) Strategic formulation, supervision, and monitoring of CPN's operation
- 3) Responsibilities toward stakeholders.

#### • Procedure

At the end of each year, the Company Secretary will send a self-evaluation form to every director, collect the completed forms, and report the summary annually to a Board meeting as an agenda item for acknowledgment and discussion.

### Subcommittee's Self-Evaluation Form

All subcommittees including 1) Audit Committee, 2) Nomination and Remuneration Committee and 3) Risk Policy Committee must undertake annual self-evaluation, the outcomes of which are applied to boost their input to support CPN committees' work and each dimension of its business operation.

The "excellent" outcome of the Board, individual director and sub-committees performance assessment in 2018 can be summarized as follows:

Evaluation	Outcome (%)
<b>The Board of Directors</b>	
1. The Board of Directors (full board)	97.70
2. The Board of Directors (individual)	99.00
<b>Sub-Committees</b>	
3. Audit Committee	98.00
4. Nomination and Remuneration Committee	98.86
5. Risk Policy Committee	95.75

## Evaluation of the CEO's Performance

### • Criteria

Based on SET's evaluation approach, the CEO evaluation form consists of two key components:

<b>Component I</b>	Evaluation of the 10 following aspects of CEO's performance: <ol style="list-style-type: none"> <li>1) Leadership skills</li> <li>2) Strategic identification skills</li> <li>3) Adherence to strategic plans</li> <li>4) Financial planning and outcomes</li> <li>5) Relationship with the Board</li> <li>6) Relationship with other business entities and other sectors</li> <li>7) Management skills and staff relationship</li> <li>8) Succession plan</li> <li>9) Products and service knowledge</li> <li>10) Personal qualifications.</li> </ol>
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<b>Component II</b>	Under the section of CEO Development, CEO's strengths and aspects for further improvements are identified by the Board.
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### • Procedure

The CEO, together with the Nomination and Remuneration Committee, defined clear target KPIs at the beginning of the year. Then, the Committee reports the agreed evaluation criteria to the Board. Once the result comes out, the actual performance is compared with financial and non-financial KPIs as criteria of the CEO's remuneration. The outcomes of the evaluation for 2018 averaged 98.36%, rated as "excellent".

## Training and Seminars of the Board

The Board valued the continuous development of its directors for greater knowledge and ability to perform their work. All directors had to attend IOD courses relating to their work. CPN also encouraged the Board and committee members to develop knowledge and exchange experiences in their respective work and responsibilities through public relations and coordination to accommodate the participation of all directors in training and seminars, as well as annual invitations to external speakers for an exchange of experience and opinions among CPN's directors and the top management. The training and seminars attended by each director in 2018 were summarized as follows:

## Seminars and Training Courses Attended by Each Director in 2018

Names	Details	Organization	Date
Mr. Suthichai Chirathivat	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mr. Paitoon Taveebhol	- Attended a lecture on "Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management (ERM)"	Organized by the Faculty of Commerce and Accountancy, Thammasat University, and SET	March 14, 2018
	- Seminar on "Inaugural Corporate Governance Conference 2018 – Building Trust in a Transforming Economy"	Organized by SEC and SET	September 12, 2018
	- C-EB-Executive Briefing 3/2018 on "Four Years of NCPO's anti-corruption efforts"	By Dr. Mana Nimitmongkol, Secretary-General, Anti-Corruption Organization of Thailand, organized by IOD	June 7, 2018
	- R-IDF-ID Forum 1/2018 on "Tough Boardroom Situations – Independent Directors Share Lessons Learned"	Organized by IOD	October 2, 2018
	- G-ID - ID Club Event 3/2018 on "ID Club Networking – Now and Then"	Organized by IOD	November 21, 2018
	- Seminar on "Thailand's 9 <sup>th</sup> National Conference on Collective Action against Corruption" under the "Disrupting Corruption" topic	Organized by CAC	October 11, 2018
	- Attended a special lecture on "Economic Outlook 2018: Thailand, Malaysia and Vietnam"	By Dr. Amonthep Chawla, Senior Director, Research Office, CIMB Thai Bank, organized by CPN	July 19, 2018
	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mr. Karun Kittisataporn	- Course on Board Nomination and Compensation Program (BNCP), Class 3/2018	Organized by IOD	March 6-7, 2018
	- Director Dinner Talk (M-DDT) 1/2018 under the "Social Responsibilities in Action" topic	Organized by IOD	February 8, 2018
	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mrs. Jotika Savanananda	- Business trip under the "Start-up Nation" topic in Israel	Organized by SET	March 23-31, 2018
	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mr. Veravat Chutichetpong	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018

## Seminars and Training Courses Attended by Each Director in 2018

Names	Details	Organization	Date
Mr. Suthikiati Chirathivat	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mr. Sudhisak Chirathivat	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mr. Sudhitham Chirathivat	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mr. Kobchai Chirathivat	- Attended a special lecture on "Risk Management Updates for Board and Senior Management, Central Group"	By Ms. Varunee Pridanonda, Partner and Adviser, Risk and Control Solutions, Internal Control, and Internal Audit, PwC, organized by the Central Group	June 11, 2018
	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mr. Prin Chirathivat	- Course on Corporate Governance for Capital Market Intermediaries (CGI)	Organized by IOD	July 2, 2018
	- Attended a special lecture on "Risk Management Updates for Board and Senior Management, Central Group"	By Ms. Varunee Pridanonda, Partner and Adviser, Risk and Control Solutions, Internal Control, and Internal Audit, PwC, organized by the Central Group	June 11, 2018
	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018
Mr. Preecha Ekkunagul	- Attended a special lecture on "Economic Outlook 2018: Thailand, Malaysia and Vietnam"	by Dr. Amonthep Chawla, Senior Director, Research Office, CIMB Thai Bank, organized by CPN	July 19, 2018
	- Update on "The Amendment of the Public Limited Companies Act, B.E. 2535 (1992)"	Organized by CPN	February 19, 2018
	- Update on "The Amendment of SEC Practices"	Organized by CPN	September 12, 2018

## Participation in Directors' Training Courses Organized by IOD

Courses	Directors									
	Mr. Suthichai Chirathivat	Mr. Paatoon Taveebhol	Mr. Karun Kittisatoporn	Mrs. Jotika Savanananda	Mr. Veravat Chutichetpong	Mr. Suthikiat Chirathivat	Mr. Sudhisak Chirathivat	Mr. Sudtham Chirathivat	Mr. Kobchai Chirathivat	Mr. Prin Chirathivat
Advanced Audit Committee Program (AACP)				•						•
Audit Committee Program (ACP)		•	•							•
Anti-Corruption for Executive Program (ACEP)		•	•							
Board Nomination and Compensation Program (BNCP)			•							
Chief Financial Officer (CFO)										•
Corporate Governance for Capital Market Intermediaries (CGI)				•	•					•
Director Accreditation Program (DAP)	•	•			•	•	•			•
Director Certification Program (DCP)		•	•	•			•	•	•	•
Financial Institutions Governance Program (FGP)			•							
Financial Statements for Directors (FSD)			•							
Monitoring the Internal Audit Function (MIA)		•	•							•
Monitoring the System of Internal Control and Risk Management (MIR)		•								•
Monitoring Fraud Risk Management (MFM)		•								•
Monitoring the Quality of Financial Reporting (MFR)		•	•							•
Chartered Director Class (R-CDC)		•								
Role of the Compensation Committee (RCC)		•	•							
Role of Chairman Program (RCP)	•	•								•
Risk Management Committee Program (RMP)				•						

## Supervision of Subsidiaries and Associated Companies

- **Supervision mechanisms for subsidiaries and associated companies:** CPN specifies efficient corporate governance, risk management and internal control systems in supervising the operation of its subsidiaries and associated companies through applicable rules, regulations and policies. These include clearly defined authorization procedures, operational guidelines and work processes. Under CPN's reporting system, subsidiaries and associated companies are also required to report through their respective lines of command, with periodic submission of reports to CPN's Audit Committee and Board of Directors. These mechanisms ensure a harmonized operation of subsidiaries, associated companies and CPN in line with the Company's establishment objectives, which in turn will be a driving force for the achievement of CPN's long-term targets and sustainable growth.

In addition, CPN has arranged for its subsidiaries and associated companies to accurately and comprehensively disclose their material financial information in line with the criteria and procedures announced by SET. Such information includes the financial status and performance of subsidiaries and associated companies, transactions between them and connected parties, the acquisition or disposition of assets, and significant transactions.

In 2018 the Board stipulated the policy on CPN's Code of Conduct and Corporate Governance Principles that the Board must supervise subsidiaries and associated companies in line with the Company's policy and direction to ensure its safe and efficient investment. The Board was required to approve major operations, such as appointment of CPN's representatives as directors, executives, or authorized persons in subsidiaries and joint ventures, scope of duties and responsibilities of the Company's representatives, monitoring accurate, complete disclosure of financial and operation performance, as well as efficient internal control.

- **Shareholders' agreements:** CPN honors the rights of investors, treats all of them equally and collaborates with them in preparing shareholders' agreements specifying clear and fair investment details to forge an accurate and common understanding. Such details include the proportion of shareholding, controlling power, scopes of duties and responsibilities for management, and the distribution of dividends.

## Control and Prevention of the Use of Inside Information

The Board ensures that a policy is put in place to control the use of inside information and transactions on CPN's shares, to ensure equitable treatment of all shareholders and assuring them that relevant directors and executives are prohibited from undertaking dishonest stock transactions for their own benefit or the benefit of others,

- **Control of inside information:** Directors, executives, and all employees must not use CPN's inside information, significant and undisclosed, for their own benefit or the benefit of others and must strictly comply with the policy specifying the safeguarding and use of inside information.
- **Holding CPN's securities:** CPN directors, executives, and employees may invest in CPN's securities. However, to prevent conflicts of interest, these personnel and their related persons (spouses and under-aged children) must not buy, sell, transfer, or accept any transfer of CPN's shares during the one-month period before the public disclosure of CPN's financial statements and at least 48 hours after the Company has disclosed such information to SET or the public. If any of them buys, sells, transfers, or accepts transfer CPN's shares, they must prepare and disclose the report of shareholding and changes to the regulators as specified.

In case of violation against the policy on the use of inside information, executives and employees will be considered guilty and is subject to the legal punishment.

- **Disclosure on the holding of CPN's securities:** CPN's directors and executives are required to report within 30 days of assuming office their CPN's securities portfolios and report subsequent changes within three days of their transactions. The Company Secretary must file a quarterly report on the shareholding of directors, executives, and related persons including spouse and minor children and submit it to the Board.

## Monitoring of Conflicts of Interest

It is CPN's policy to conduct business with honesty, open-mindedness, transparency, and fairness. CPN's directors, executives, and employees must not engage in any business in competition with CPN or undertake any connected transaction related to themselves or persons/juristic persons, which could



pose any conflicts of interest to CPN. The Board must ensure strict conformance to the regulations and procedures for the disclosure of connected transactions specified by the law and the regulators.

If a connected transaction is unavoidable, however, such transaction must follow the general business provisions as specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of CPN. Any parties involved in a conflict of interest transaction must not take part in the consideration of such transaction. If connected transactions that breach the approved general business provisions could pose any conflicts of interest, the Audit Committee will examine such transactions and include its opinions to the Board or shareholders for approval.

- **Disclosure of connected transactions:** For each fiscal year ending on December 31, directors and executives must fill out the connected transactions disclosure form to demonstrate their transparency, thoroughness, and discretion for deliberating connected transactions during the year. The form is provided by the Company Secretary, who also collects the disclosed information.
- **Disclosure of personal interests held by directors, executives, and related parties:** Directors and executives must submit their first disclosure report within 30 days after first holding office and submit subsequent reports of their interests as of December 31 every year. To ensure the transparency of direct and indirect transactions undertaken by directors, executives, or related parties during the year, such directors or executives must notify CPN without delay by indicating facts about the nature of such contracts, names of counterparties, and their personal interests in such contracts.
- **Disclosure of vested interests:** Directors and executives must report vested interests held by themselves and related persons under the regulations, conditions, and methods specified by the Capital Market Supervisory Board. The Company Secretary must compile and submit a copy of the report of such vested interests to the Chairman and Chairman of Audit Committee within seven days after receiving the report.

In 2018, CPN did not receive any complaints about misuse of inside information committed by any directors or executives.

## Application of the Corporate Governance Code for Listed Companies 2017 (CG Code)

The Board has considered and reviewed SEC's CG Code and applied it to CPN's business context, while requiring a constant review at least once every year. In 2018, Board Meeting No. 8/2018 approved an amendment of CPN's Code of Conduct and Corporate Governance Principles to ensure their conformance to the Corporate Governance Code.

During their meetings, the Board also considered other guidelines currently not applicable. Such consideration was recorded as part of the Board's resolutions.

## Compliance with additional CG guidelines

CPN fully observes additional CG related guidelines widely recognized, whether in the domestic or the international context. The domestic ones include the CG Code 2017, the evaluation criteria of Corporate Governance Report (CGR) for Listed Companies, AGM Checklist and CAC's criteria, while the international CG guidelines are those defined by the likes of the Organisation for Economic Co-operation and Development (OECD), ASEAN Corporate Governance Scorecard and DJSI Sustainability Assessment. Such practices are disclosed in CPN's annual reports under the following topics:

- Sustainability Management
- Sustainability Performance
- Management Structure
- Corporate Governance
- Nomination of Directors and Management
- Remuneration of Directors and Management

# NOMINATION OF DIRECTORS AND MANAGEMENT

## NOMINATION OF DIRECTORS

### Criteria for Nomination

The Nomination and Remuneration Committee reviews eligible directors by:

- Allowing the major shareholder, individual shareholders, directors, and executives to nominate directors. The Company allows all shareholders the opportunity to participate in proposing persons for consideration as possible nominees for appointment as a Director of the Company. This is to take place at least three months prior to the end of the financial year, whereby the Company makes the announcement, together with the details of procedure for the nomination and consideration, through the Stock Exchange of Thailand's Community Portal system (SET Community Portal) as well as through the Company's website. There was no shareholder proposed any person to be nominated as a director of the Company in 2018.
- Examining the Director Pool of the Thai Institute of Directors Association or other agencies with similar lists
- Leveraging other channels considered suitable by the Nomination and Remuneration Committee.

Recruitment of directors is the responsibility of Nomination and Remuneration Committee, which screens candidates with qualifications predetermined in Company's articles of association, Charter of the Board, and applicable criteria. These qualifications are summarized below:

- Conformity to all relevant legal requirements, with no record of criminal conviction or that of being penalized nor blacklisted by any organization, including the Securities and Exchange Commission ("SEC")
- Candidates for independent directors must possess SEC-required qualifications
- Board skill matrix comprising knowledge, experience, skills, and relevant expertise in line with the Company's business operation
- Board diversity, including age and gender diversity
- Leadership, vision, ethics, and integrity
- Ability to devote adequate time to their duties (for outgoing directors nominated for reappointment)

After completing the screening process, the names of shortlisted candidates were tabled by the Nomination and Remuneration Committee for the Board's endorsement and finally for the shareholders' appointment under the following methods:

1. In voting for directors, each share carries one vote.

2. Each shareholder must exercise all of his/her voting rights to elect the proposed candidates one by one.
3. The candidates with the top votes and those in descending order will become directors, with the number of successful candidates equal to the number of directors required or to that to be elected at a given meeting. The chairperson of the meeting casts his/her deciding vote if more than one candidate receives equal votes.

In case of a vacant position due to causes other than term completion, the Board must appoint qualified and lawful candidates as replacement directors at the next Board meeting unless the remaining term is shorter than two months. Each replacement serves in such position only for his/her predecessor's remaining term. For the appointment of the replacement, he/she must receive no less than three-quarter of the votes from the remaining directors.

At the 2018 AGM, four directors completed their terms in 2018

1. Mr. Karun	Kittisataporn	Independent Director / Chairman of the Nomination and Remuneration / Committee / Member of the Audit Committee
2. Mrs. Jotika	Savanananda	Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee
3. Mr. Suthikiati	Chirathivat	Non-Executive Director
4. Mr. Preecha	Ekkunagul	Director / President & CEO / Member of the Risk Policy Committee

Although Mr. Karun Kittisataporn has been an independent director for more than nine years, his knowledge, competency and experience are required to the Company. In addition, his qualifications meet all the requirement of the definition of the independent directors according to the Stock Exchange of Thailand and CPN. The Nomination and Remuneration Committee has considered that Mr. Karun Kittisataporn can provide independent opinions. The Board deems it appropriate

to propose the extension of Mr. Karun Kittisataporn as the independent director term for another term.

Shareholders at the 2018 AGM reappointed Mr. Karun Kittisataporn, Mrs. Jotika Savanananda, Mr. Suthikiati Chirathivat, and Mr. Preecha Ekkunagul for another term.

### Orientation for Newly-Appointed Directors

CPN had arranged a meeting among new and existing ones, including CPN's management team. An orientation was held to develop a better understanding of their roles and to present Company's business, as follows, to the new directors:

1. CPN's goals, vision, and strategies
2. CPN's group structure, organization chart, and sub-committees
3. CPN's business nature
4. CPN's shareholding structure
5. CPN's policy on connected transactions
6. CPN's performance, recent projects, and projects under construction to provide new directors with adequate basic information to perform their duties efficiently

Additionally, the Company Secretary Office has prepared and provided the following documents to the new directors:

1. Director's manual, consisting of CPN's vision, mission, and values; corporate governance policy; code of conduct for directors, executives, and employees; CPN's Articles of Association; CPN's Memorandum of Association; charters of the Board of Directors and sub-committees; manual of listed companies' directors; suggestions for disclosure of information; and applicable laws
2. Company profile
3. Regulations on the CPN's internal information control
4. Regulations on the CPN's securities portfolio
5. Policy on reporting of directors' and executives' vested interests and relevant forms for report preparation
6. Annual reports of the last three years, with information about CPN's business operation and performance, and details on risk management and internal control
7. Board meeting minutes dating back one year
8. Performance reports of the Audit Committee dating back one year
9. Performance reports of the Nomination and Remuneration Committee dating back one year
10. Performance reports of the Risk Policy Committee dating back one year.
11. The regular meeting dates of the Board for the entire year

In 2018, there was no orientation because no directors were newly appointed.

## NOMINATION OF MANAGEMENT

### Nomination of President & CEO

The Executive Committee conducts a preliminary screening of qualified candidates with the required competency and experience, and then tables them to the Nomination and Remuneration Committee's consideration and endorsement before submitting the final list to the Board for its consideration.

### Nomination of Management

The President & CEO selects and appoints qualified and competent candidates, possessing knowledge, skills, and experience relevant to the Company's business operation, suitable for each executive position and responsibility. The recruitment will be done under Human Capital Management and Organization Development Department's regulations.

### Succession Plan

The Board oversees the formulation of CPN's succession and development plans for top executives. Emphasis is on the position of President & CEO to ensure business continuity, while developing personnel to competently take important positions through the following procedures:

- The Executive Committee and the CEO jointly formulate succession plans for the positions of Senior Executive Vice President and Executive Vice President, along with determining the skills, knowledge, competency and other qualifications of candidates for the succession plan.
- The CEO oversees the development of candidates' knowledge and competency via assorted methods including training, special assignment, and job rotation to strengthen essential skills and groom them for future positions.
- The CEO reports to the Nomination and Remuneration Committee on the succession plan for management positions and the implementation outcomes of individual development plans for qualified executives at least once a year and when there is any significant change.
- The Nomination and Remuneration Committee reports to the Board on the summary of the implementation outcomes of succession plans for management positions for the Board's acknowledgement at least once a year and when there is any significant change.

The background is a solid orange color. It features several white line-art elements: a large, irregular, cloud-like shape in the center; a thin, curved line with three small circles (one orange, two white) passing through it; and stylized, branching line art in the top-left and bottom-right corners.

# REMUNERATION OF DIRECTORS AND MANAGEMENT

## REMUNERATION OF DIRECTORS

CPN has considered the remuneration of directors, taking into account both its fairness and appropriateness, which reflects the extent of their responsibilities and performance relative to the Company's overall operational performance and related factors, inclusive of comparisons to remuneration of other companies within the same or similar industry and business sectors as the Company; whereby the Nomination and Remuneration Committee has annually considered from the survey on

remuneration of directors undertaken by the Stock Exchange of Thailand (SET) and the Thai Institute of Directors (IOD) as reference.

In 2018, the Nomination and Remuneration Committee reviewed and proposed the remuneration of directors to the Board of Directors for consideration and concurrence in submitting it to the 2018 Annual General Meeting of Shareholders on April 27, 2018 for approval with a ceiling of Baht 20,000,000. Details were as follows:

Type of Remuneration	Amount (Baht)
<b>1. Quarterly Retainer (Baht/Quarter)</b>	
• Chairman	165,000
• Chairman of the Audit Committee	133,000
• Member of the Audit Committee	103,000
• Director	85,000
<b>2. Board Meeting Allowance for the Board of Directors (Baht/Meeting)</b>	
• Chairman	60,000
• Director	42,000
<b>3. Meeting Allowance for the Audit Committee (Baht/Meeting)</b>	
• Chairman of the Audit Committee	65,000
• Member of the Audit Committee	50,000
<b>4. Meeting Allowance for the Nomination and Remuneration Committee including Advisory (Baht/Meeting)</b>	
• Chairman of the Nomination and Remuneration Committee	35,000
• Member and Advisory of the Nomination and Remuneration Committee	30,000
<b>5. Meeting Allowance for the Risk Policy Committee (Baht/Meeting)</b>	
• Chairman of the Risk Policy Committee	35,000
• Member of the Risk Policy Committee	30,000
<b>Total Remuneration for the Directors as approved by the shareholders in 2018</b>	<b>20,000,000</b>

Remarks: Executive director and management do not receive any remuneration for being members of any sub-committees.

The quarterly retainer for the directors, meeting allowances and bonus for directors as members of the Board and sub-committees for 2018 totaled Baht 17,383,500 with no benefits in other forms, whereby details of meeting attendance and remuneration are as follows:

## Meeting Attendance and Remuneration of the Directors in 2018

Name of Directors	Position	Meeting Attendance (Meeting)			
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Policy Committee
		8 Meetings	11 Meetings	3 Meetings	5 Meetings
1. Mr. Suthichai Chirathivat	Chairman	8/8	-	-	-
2. Mr. Paitoon Taveebhol	Independent Director Chairman of the Audit Committee Chairman of the Risk Policy Committee	8/8	11/11	-	5/5
3. Mr. Karun Kittisataporn	Independent Director Member of the Audit Committee Chairman of the Nomination and Remuneration Committee	8/8	11/11	3/3	-
4. Mrs. Jotika Savanananda	Independent Director Member of the Audit Committee Chairman of the Nomination and Remuneration Committee	8/8	11/11	3/3	-
5. Mr. Veravat Chutichetpong	Independent Director Member of the Audit Committee	7/8	11/11	-	-
6. Mr. Suthikiati Chirathivat	Director	8/8	-	-	-
7. Mr. Sudhisak Chirathivat	Director Advisory of the Nomination and Remuneration Committee	8/8	-	3/3	-
8. Mr. Sudhitham Chirathivat	Director Member of the Nomination and Remuneration Committee	8/8	-	3/3	-
9. Mr. Kobchai Chirathivat	Director Member of the Risk Policy Committee	8/8	-	-	5/5
10. Mr. Prin Chirathivat	Director Member of the Risk Policy Committee Advisory of the Nomination and Remuneration Committee	8/8	-	2/3	5/5
11. Mr. Preecha Ekkunagul	Director Member of the Risk Policy Committee	8/8	-	-	-
Total					

## REMUNERATION OF MANAGEMENT

For the remuneration of the management, CPN bases its decisions on fairness and suitability for their responsibilities proportionally to company performance and comparison with pay rates of industry peers.

In addition, it takes into account individual performance outcomes against their goals in line with CPN's vision, mission, and annual strategic plans so as to drive the CEO's and the

management's long-term contribution to organizational stability and growth. Below are the details.

- **Remuneration for CEO:** The Nomination and Remuneration Committee and the Board of Directors evaluate the performance of the CEO annually to set appropriate remuneration in form of salaries and bonuses. Apart from such short-term incentives, to further motivate the CEO's contribution to sustainable management, CPN provides

Director Remuneration (Baht)						Total (Baht)
Quarterly Retainer	Meeting Allowance for the Board of Directors	Meeting Allowance for the Audit Committee	Meeting Allowance for the Nomination and Remuneration Committee	Meeting Allowance for the Risk Policy Committee	Annual bonus <sup>1</sup>	
660,000	480,000	-	-	-	712,500	1,852,500
532,000	336,000	715,000	-	175,000	570,000	2,328,000
412,000	336,000	550,000	105,000	-	570,000	1,973,000
412,000	336,000	550,000	90,000	-	570,000	1,958,000
412,000	294,000	550,000	-	-	570,000	1,826,000
340,000	336,000	-	-	-	570,000	1,246,000
340,000	336,000	-	90,000	-	570,000	1,336,000
340,000	336,000	-	90,000	-	570,000	1,336,000
340,000	336,000	-	-	150,000	570,000	1,396,000
340,000	336,000	-	60,000	150,000	570,000	1,456,000
340,000	336,000	-	-	-	-	676,000
<b>4,468,000</b>	<b>3,798,000</b>	<b>2,365,000</b>	<b>435,000</b>	<b>475,000</b>	<b>5,842,500</b>	<b>17,383,500</b>

Remark: <sup>1</sup> Annual bonus paid to the directors in 1Q19

him with additional remuneration corresponding to his long-term performance and term of office.

- **Remuneration of Senior Management:** Each year the CEO assesses the performances of individual members of senior management, the outcomes of which support decisions on their remuneration, including salaries and bonuses.

**The total remuneration paid to the management for 2018 are as follows:**

- **Salaries and Bonuses:** CPN contributed remuneration in form of salaries and bonuses paid to 16 executive management team members in 2018 amounted to Baht 199,660,526.
- **Provident Fund:** CPN contributed the Provident Fund paid to 16 executive management team members in 2018 amounted to Baht 9,946,238.

# CAPITAL STRUCTURE AND DIVIDEND POLICY

CPN's capital structure, as at December 31, 2018, was as follows:

## 1. CAPITAL STRUCTURE

### Common shares

Authorized share capital	2,244,000,000	Baht
Paid-up share capital	2,244,000,000	Baht
Number of common shares	4,488,000,000	Shares
Par value	0.50	Baht
Share price	74.75	Baht

### Unsecured and unsubordinated debentures <sup>1</sup>

Debenture	Credit Rating	Amount (Baht Million)	Issuance Date	Tenor (year)	Interest Payment Cycle	Repayment of Principle	Maturity Date	Balance as at Dec 31, 2018
CPN210A	AA	300	12/10/2554	10	Every 3 months	Upon maturity	12/10/2564	300
CPN19NA	n/a	1,000	07/11/2557	5	Every 6 months	Upon maturity	07/11/2562	1,000
CPN221A	AA	1,000	02/06/2558	6.6	Once on the maturity date	Upon maturity	12/01/2565	1,000
CPN228A <sup>2</sup>	AA	800	06/08/2558	7	Every 6 months	callable after the 5 <sup>th</sup> year	06/08/2565	800
CPN20DA <sup>2</sup>	AA	800	16/12/2558	5	Every 6 months	callable after the 3 <sup>rd</sup> year	16/12/2563	800
CPN21DA <sup>2</sup>	AA	800	16/12/2558	6	Every 6 months	callable after the 4 <sup>th</sup> year	16/12/2564	800
CPN22DA <sup>2</sup>	AA	600	16/12/2558	7	Every 6 months	callable after the 5 <sup>th</sup> year	16/12/2565	600
CPN218A	AA	1,900	08/08/2561	3	Every 6 months	Upon maturity	08/08/2564	1,900
CPN258A	AA	1,000	08/08/2561	7	Every 6 months	Upon maturity	08/08/2568	1,000

Remarks:

<sup>1</sup> Average applicable annual loan interest rate of 3.14% per annum

<sup>2</sup> The Issuer has the right to make early redemption in full or in part of the debenture before the maturity date.

Company Financial Ratios following the Debenture's Rights and Conditions	Covenant Ratios	As at Dec 31, 2018
1. Total Debt to Total Shareholders' Equity	Not over 2.50 times	1.18 times
2. Total Interest Bearing Debt to Total Shareholders' Equity		
2.1 Before deducting cash and cash equivalents, and current investments	Not over 1.75 times	0.41 times
2.2 After deducting cash and cash equivalents, and current investments	Not over 1.75 times	0.37 times
3. Total Assets (excluding Secured Debt) to Unsecured Debt	Not less than 1.50 times	4.72 times



## Shareholders

CPN's shareholding distributions as at December 31, 2018 were:

Shareholders	Shares	Shareholding (%)
<b>Registered Capital</b>	<b>4,488,000,000</b>	<b>100.00</b>
<b>Local Shareholders</b>		
- Juristic persons	1,936,911,773	43.16
- Persons	1,338,136,870	29.81
<b>Total</b>	<b>3,275,048,643</b>	<b>72.97</b>
<b>Foreign Shareholders</b>		
- Juristic persons	1,185,268,157	26.41
- Persons	27,683,200	0.62
<b>Total</b>	<b>1,212,951,357</b>	<b>27.03</b>

Top ten major shareholders as at December 31, 2018 were:\*

Shareholders	Shares	Shareholding (%)
1. CENTRAL HOLDING CO., LTD. **	1,176,343,960	26.21
2. THAI NVDR CO., LTD.	264,065,216	5.88
3. STATE STREET EUROPE LIMITED ***	152,701,205	3.40
4. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED ***	146,230,181	3.26
5. BBHISL NOMINEES LIMITED ***	97,969,000	2.18
6. SOCIAL SECURITY OFFICE	94,107,500	2.10
7. BANK OF SINGAPORE LIMITED-SEG ***	79,490,020	1.77
8. CREDIT SUISSE AG, HONG KONG BRANCH ***	77,206,560	1.72
9. UBS AG SINGAPORE BRANCH ***	65,893,600	1.47
10. BANK OF SINGAPORE LIMITED-THB SEG AC ***	57,850,648	1.29
<b>Total</b>	<b>2,211,857,890</b>	<b>49.28</b>

Remarks:

\* The top ten shareholders are ranked by Thailand Securities Depository Co., Ltd.

\*\* Shareholding of Chirathivat family.

\*\*\* The Share Registrar is not able to give details of the names of Shareholders; however these nominee accounts do not have any influence over the Company's strategies or operational management.

### Major shareholders who have significant de facto influence on policies or operations of CPN

Since Central Holding Co., Ltd., and members of the Chirathivat family altogether hold approximately 53% of the total shares in CPN, they have significant de facto influence on its policy formulation and operations. This is because 6 out of 11 members of the Board are representatives of these major shareholders.

### Foreign Limit in Shareholding

CPN has set a foreign limit of 30% of the paid-up capital. As at December 31, 2018, foreign investors altogether held 27.03% of CPN's total paid-up capital.

Directors and executives holding CPN shares in 2018, are as follows

Names			No. of Shares as at January 1, 2018		
			Direct	Indirect <sup>1</sup>	Total
1. Mr. Suthichai	Chirathivat	Chairman	3,312,800	22,293,200	25,606,000
2. Mr. Paitoon	Taveebhol	Independent Director	-	-	-
3. Mr. Karun	Kittisataporn	Independent Director	-	-	-
4. Mrs. Jotika	Savanananda	Independent Director	-	-	-
5. Mr. Veravat	Chutichetpong	Independent Director	-	-	-
6. Mr. Suthikiati	Chirathivat	Director	22,645,900	-	22,645,900
7. Mr. Sudhisak	Chirathivat	Director	28,346,400	-	28,346,400
8. Mr. Sudhitham	Chirathivat	Director	26,764,600	-	26,764,600
9. Mr. Kobchai	Chirathivat	Director	27,105,400	113,000	27,218,400
10. Mr. Prin	Chirathivat	Director	42,145,895	192,000	42,337,895
11. Mr. Preecha	Ekkunagul	Director, President & CEO	-	3,000	3,000
12. Ms. Wallaya	Chirathivat	Deputy Chief Executive Officer	17,199,200	-	17,199,200
13. Mr. Suthipak	Chirathivat	Senior Executive Vice President, Office of the President	25,589,600	-	25,589,600
14. Ms. Naparat	Sriwanvit	Senior Executive Vice President, Finance, Accounting and Risk Management	54,000	24,000	78,000
15. Mr. Pakorn	Partanapat	Senior Executive Vice President, Commercial	-	-	-
16. Mr. Chanavat	Uahwatansakul	Senior Executive Vice President, Development Workgroup	17,504,866	-	17,504,866
17. Mrs. Suwadee	Singngam	Senior Vice President, Accounting and Administration	20,000	48,000	68,000

Remarks: <sup>1</sup> Securities held by a spouse and/or children under the legal age of directors or executive officers.

Changes in No. of Shares Increased/(Decreased) during 2018			No. of Shares as at December 31, 2018			Shareholding (%) as at December 31, 2018
Direct	Indirect <sup>1</sup>	Total	Direct	Indirect <sup>1</sup>	Total	
-	-	-	3,312,800	22,293,200	25,606,000	0.57
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	22,645,900	-	22,645,900	0.50
-	-	-	28,346,400	-	28,346,400	0.63
-	-	-	26,764,600	-	26,764,600	0.60
-	-	-	27,105,400	113,000	27,218,400	0.61
-	-	-	42,145,895	192,000	42,337,895	0.94
-	-	-	-	3,000	3,000	0.00
-	-	-	17,199,200	-	17,199,200	0.38
-	-	-	25,589,600	-	25,589,600	0.57
-	-	-	54,000	24,000	78,000	0.00
-	-	-	-	-	-	-
-	-	-	17,504,866	-	17,504,866	0.39
-	-	-	-	-	-	0.00
-	-	-	20,000	48,000	68,000	

## 2. DIVIDEND POLICY

The policy of CPN is to pay dividends not less than approximately 40% of its operating net profit from consolidated financial statement, except when there is a compelling reason not to. The dividend payment will not exceed the retained earnings in separate financial statement.

The policy of CPN's subsidiaries is to pay dividends when it has net profit and adequate cash flow balance. The dividend payment will depend on the consideration of the Board of Directors and shareholders of the subsidiaries and it will not exceed the retained earnings in financial statement.



# INTERNAL CONTROL

## THE BOARD OF DIRECTORS' VIEWS ON CPN'S INTERNAL CONTROL SYSTEM

Recognizing the value of an internal control system that is efficient and adequate, the Board, the Audit Committee, and CPN management has instituted such system under the internal control scope of COSO 2013 (The Committee of Sponsoring Organizations of the Treadway Commission). The Internal Audit Office annually assesses the system's adequacy and efficiency to ensure efficiency, effectiveness, and standard operations for all aspects of corporate processes.

In 2018, The Internal Audit Office assessed the adequacy of the system against the Securities and Exchange Commission (SEC)'s assessment form in five aspects: control environment, risk assessment, control activities, information and communication, and monitoring activities. The findings were reported to the Audit Committee for concurrence before their forwarding to the Board.

In 2018, CPN organized 11 Audit Committee meetings. At each meeting, agenda items concerned the review of internal control adequacy, undertaken through the review process of The Internal Audit Office's and the external auditor's audit outcomes; review of connected transactions; review of CPN's risk management and corporate governance; and provision of essential recommendations for the development and monitoring of management performance as recommended in applicable reports; and review of internal processes for whistleblowing and complaint handling.

The Audit Committee Meeting No. 1/2019 of January 9, 2019, was reported on the adequacy assessment for the year 2018's internal control system. The committee considered the system adequate and suitable. The Board Meeting No. 1/2019 on January 17, 2019 - with four independent directors and Audit Committee members in attendance - concurred with the Board's resolution that the internal control system was satisfactory and forged sensible confidence in CPN's and subsidiaries' consolidated financial statements (appearing under "Responsibility of the Board of Directors to the Financial Statements") in agreement with the Audit Committee's opinions (as stated under "Report of the Audit Committee"). CPN was adequately staffed to efficiently comply with the system, while top management relentlessly valued and monitored operations. Also, KPMG Phoomchai Audit Ltd., the external auditor of the quarterly and annual financial statements, provided its views included in its audit report that the consolidated and separate financial statements were materially accurate against financial report standards (as stated under "Independent Auditor's Report").

Significant details can be summarized below:

## 1. CONTROL ENVIRONMENT

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CPN's control environment was regarded as suitable, based on the following:

- Consisting those that were knowledgeable and well-versed in business, the Board performed its duties independently from the management. The charters of the Board and its committees were explicitly written, including the Audit Committee Charter, Nomination and Remuneration Committee Charter, Risk Policy Committee Charter, Risk Management Committee Charter, Management Committee Charter, and Executive Committee Charter. These charters enabled the Board and its committees to proceed with efficiency, effectiveness, fairness, and alignment with CPN's corporate governance. Also in existence was a recruitment and review process for qualifications of the directors and the President & CEO, overseen by the Nomination and Remuneration Committee before forwarding names to the Board for approval.
- Defining in writing the Code of Conduct and Corporate Governance Principles, Anti-corruption Measures, and Supplier Code of Conduct. These were explicitly communicated to the Board, management, employees, and external parties.
- Monitoring and evaluating the compliance with the code of conduct; the management and employees conducted their annual evaluation online, namely the CG Individual Assessment (developed by the Excellence and Sustainable Development Department in conjunction with the Company Secretary Office) and the Behavior Assessment (developed by the Human Capital and Organization Development Department).
- Clear, measurable business goals were defined. Training under assorted curricula were organized, and annual training plans enabled employees to be developed in line with CPN's business strategies. Incentives were provided, and activities were organized for a relaxed workplace atmosphere. In addition, the organization structure underwent transformation to suit CPN's policies, business competition, and prevailing circumstances. Succession plans were in place for key top management positions. Finally, career paths and capability development plans allowed uninterrupted business.

## 2. RISK ASSESSMENT

---

CPN commanded risk assessment under the COSO ERM 2017 scope, as detailed under "Risk Factors". Its overall actions were summarized below:

- Risk management came under the oversight of the Risk Policy Committee, with the Risk Management Committee in charge of reviewing and assessing comprehensive risks (internal and external). Monitoring of risk management actions was also in place at the corporate and departmental levels. Risk Management reported its findings to the Risk Management Committee meetings and Risk Policy Committee meetings each quarter.
- Communication with employees established their mastery of risk matters through training, including cyber-security seminars for the top management and risk management training for branch executives.
- Business format transformation with potential business repercussions were assessed to fine-tune CPN's strategies and goals under changing circumstances. Assorted factors were assessed, including national and regional macro-environment, retail sales competition, and key trends.

## 3. CONTROL ACTIVITIES

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CPN controlled its performance efficiently to mitigate risks to manageable levels. Key activities are summarized below:

- In place were policies and operating procedures for suitable internal control, covering key processes, including transactions with the major shareholder, directors, management, or those related to them. Also, transaction approval procedures existed, including those on finance, purchasing, and general administration, as did proper segregation of duties.
- Defined were an anti-corruption policy and measures, a conflicts of interest management policy, and a policy on related transactions to guide CPN employees' actions. Such policies were also communicated to business partners and stakeholders via the corporate intranet and website.
- International standards, including ISO 14001, ISO 50001, ISO 20121, and ISO 45001, and information system-related work were complied with. CPN commanded system security control activities

through its information security policy and information security standards, contained in the Code of Conduct and Corporate Governance Handbook, audited by IT Audit to improve internal control activities of the information system.

## 4. INFORMATION & COMMUNICATION

CPN commanded an efficient information and communication system, as summarized below:

- The Board defined a policy and procedures for maintaining data confidentiality, integrity, and availability as well as the management of market-sensitive information. It also ensured that the directors, top management, employees, and related third parties comply with data security systems.
- CPN efficiently and systematically managed assorted critical financial and other data in its communication of such data in an adequate and timely way for the Board's efficient decision-making. Its data communication with the Board occurred ahead of meetings as required by law.
- Instituted were external and internal communication channels through CPN's intranet and website for those interested in CPN's data and intelligence, together with whistleblowing channels for fraud.
- For data security, CPN's key documents are stored systematically and well organized. CPN planned more electronic document storage for document search that is quickest, prevents document loss, and minimizes paper storage.

## 5. MONITORING ACTIVITIES

CPN commanded adequately efficient and suitable monitoring system, as summarized below:

- In place was work monitoring that confirmed compliance with business goals eight times a year through Board meetings. If performance outcomes differed from such goals, CPN required correction within due time; for this purpose, line superiors monitored progress and regularly reported it to the management through Management Committee meetings.
- In place was regular audit of compliance with the

internal control system, conducted by The Internal Audit Office, which reported directly to the Audit Committee. The Internal Audit Office was continually encouraged to observe work compliance with international standards. It underwent quality assessment by assessors from leading third-party companies to ensure that CPN's internal audit followed international standards and good practices.

- In place were clear policies and communication channels for the management to promptly report to the Audit Committee, the Corporate Governance and Sustainable Development Committee, and the Board. This was communicated under "Anti - corruption Measures" upon discovery of fraud or suspected fraud or in case of violation of laws and other irregular actions.

## HEAD OF INTERNAL AUDIT

The current Head of Internal Audit is Ms. Nonglak Sriwongphanawes, Assistant Vice President, The Internal Audit Office, who gains 17 years of internal audit experience in businesses similar to that of CPN. She possesses good understanding of CPN's activities and operations. The qualifications and experience of the Head of Internal Audit Office appear under "Board and Management Profile".

# CONNECTED TRANSACTIONS

CPN's core business is provision of retail space rental, other relevant businesses, and promotion of the Company's business operation. The long history of success during its business operation is partly due to the fact that CPN is one of business lines within Central Group, the constant leader in retail business. Central Group encompasses various businesses, ranging from department stores, hotels, restaurants, to retail shops of various brands and products, which are anchor and retail tenants within CPN's shopping complexes. It can be said that the alliance businesses within Central Group support CPN to increase its rental rate and build confidence among other prospects to become new tenants. These help guarantee the success of CPN's projects and, therefore, the high profits are yielded to CPN shareholders from such mutual relationship explained above. In fact, CPN and Central Group are two related business alliances, both of which have the Chirathivat family as major shareholders. The Board of Directors and the Audit Committee have considered that such alliance businesses create synergies that benefit CPN; thus, it is deemed necessary and reasonable for the Company's maximum benefits. The Board of Directors and Audit Committee ensure that the transaction is in compliance with the relevant law, regulations, and rules.

CPN and its subsidiaries conducted transactions with connected parties with potential conflicts of interest, as disclosed financial statements of 2018. Most of the connected transactions were engaged with enterprises in Central Group and the Chirathivat Group as described below:

## CONNECTED TRANSACTIONS WITH RELATED PARTIES

### 1. Revenue from connected parties

comprises revenue from space rental and utility service fee in shopping complexes, revenue from land rental, and management fees, as well as revenue from other sources, including insurance premiums, property taxes, sales promotion expenses, warrant fees, and other fees for various services collected from connected parties. Total amount of revenue from connected parties in 2018 was Baht 4,815 million.

### Justification and Rationale for Connected Transactions

CPN's core business is the provision of space for rent and services in shopping complexes, office buildings, residential condominiums, food centers, water parks, and recreational parks located on the premises of shopping complex projects. The Company is also the provider of utility services in shopping complexes. Various businesses in the Central Group are inter-related and complementary of one another, including department stores, supermarkets, retail shops, and various leading branded restaurants. Most of the revenue is earned from doing business under normal business conditions and under general commercial conditions made with the Central Group, with high growth potential and secure financial status. In addition, businesses under popular brands, including department stores, supermarkets, retail shops and restaurants, can draw more customers to CPN's shopping complexes. This, as a consequence, produces higher returns to CPN and its shareholders. The Company's policy on the rates of rental and services collected from connected parties are as follows:

- **Rates of rental, service fees, and utility fees** from space rental in shopping complexes collected from businesses are based on market prices. Compared with other space for rent in the vicinity, or in the same class, CPN's rental rates and service fees are comparable. Rental rates are subject to locations, area sizes, forms, periods, and categories, and are in line with normal business practice following the condition of general trading.
- **Other types of revenue** come from the collection of insurance premiums, property taxes, sales promotion expenses, warrant fees, and other service fees from tenants in shopping complexes. CPN's policy is to standardize revenue collection from both connected parties and general customers, based on the actual cost, space rental category, and the usual business practice following the condition of general trading.
- **Revenue from land lease** occurs at some properties where CPN and other companies in the Central Group have a project on the same piece of land, taking into account the marketing advantage and the size of the project. In this case, one of the companies in the Group will act as the buyer or tenant of the whole piece of land from the landlord and will divide the land into various sizes as needed by other companies, and have those companies lease or sub-lease. The rental is the cost plus actual interests or market price which evaluated by the independent appraiser. Furthermore, the Company's assets were evaluated under SEC and/or other related regulations and transactions concerning revenue from land leases are verified by the auditor.



- **Revenue from large space rental in shopping complexes** is agreed at the stage of project design. Rental is derived from the costs of land and construction plus actual interests as well as operating expenses. Most transactions in this

category were conducted before the listing of the Company on SET. The Company's assets were evaluated under SET regulations and transactions concerning income from large space rental are verified by the auditor.

## Details of Revenue Derived from Connected Parties

Detail	Connected Party	Relationship	Transaction Value (Baht million)
1. CPN earns revenue from rental, service fees, utility fees, and other revenue from leasing retail areas in shopping complexes and office building. The transactions in this category occur in the course of normal business following the condition of general trading.	1. Central Department Store Group (CDG) <sup>1</sup> 2. Central Food Retail Group (CFG) <sup>2</sup> 3. Central Hardlines Group (CHG) <sup>3</sup> 4. Central Online Group (COL) <sup>4</sup> 5. Central Marketing Group (CMG) <sup>5</sup> 6. Centara Hotels and Resorts Group (CHR) <sup>6</sup> 7. Central Restaurants Group (CRG) <sup>7</sup> 8. Other businesses <sup>8</sup>	Majority share held by the Chirathivat Group	1,858 656 246 192 401 144 469 849
2. CPN has made a sub-lease contract for land and part of the building in the premises of Central World Project <sup>9</sup>		Related parties of CPN are serve as major shareholders, directors, management or controlling persons	
3. CPN has made a sub-lease contract for part of land in the premises of CentralFestival Samui Project <sup>10</sup>			

### Remarks:

<sup>1</sup> CDG runs department stores, which comprise Central Department Store, Robinson Department Store, Zen Department Store, Central Embassy Shopping Center, SuperSports, La Rinascente Department Store and ILLUM Department Store, etc.

<sup>2</sup> CFG operates consumer goods retailers, which comprise Central Food Hall, Tops Supermarket, FamilyMart, EATHAI and Central Wine Cellar

<sup>3</sup> CHG operates home decoration and electronic products retailers, which comprise PowerBuy, baan & BEYOND and Thai Watsadu

<sup>4</sup> COL operates stationery shops, bookstores, and online which comprise OfficeMate and B2S

<sup>5</sup> CMG manages imported consumer goods bearing both international and house brands in categories as follows.

- Apparels : such as Dorothy Perkins, Hush Puppies, G2000, Jockey, Lee, Miss Selfridge, Wrangler, Topshop, Topman and Nautica, etc.

- Cosmetics : such as CLARINS, Illamasqua and H2O, etc.

- Watches : such as Guess and Casio, etc.

- Miscellaneous : such as Dyson, Tanita and Kawai, etc.

<sup>6</sup> CHR operates hotels and resorts in Centara Group.

<sup>7</sup> CRG operates Quick Service Restaurants in various brands such as Mister Donut, KFC, Auntie Anne's, Pepper Lunch, Chabuton, Cold Stone Creamery, Yoshinoya, Ootoya, The Terrace and Tenya, etc.

<sup>8</sup> Other businesses such as Fuji Japanese Restaurant, Sakura Restaurant, Bar-B-Q Plaza, Body Shop and Ragazze, etc.

<sup>9</sup> The Thai Business Fund 4 has made a sub-lease contract with Central World Hotel Co., Ltd. for land and part of the building in the premises of CentralWorld Project with land area of 2.53 rai. Under the contract, which is valid for 29 years until December 22, 2032, CHR agreed to use the mentioned land and building for the development of a hotel, a parking lot, and a convention hall. The rental is calculated by the cost plus actual interests and paid to CPN into two parts, one of which is the rental that was paid in the year when the agreement was signed and the other is the annual rental.

<sup>10</sup> Central World Co., Ltd. has made a sub-lease contract with Cusi Hotels Co., Ltd. for part of land in the premises of CentralFestival Samui Project with land area of 2 rai and 73 square wa to develop hotel business. With the contract ending on September 27, 2043, the sub-leasing duration covers approximately 27 years and 2 months. With rights to extend the sub-leasing duration for another 10 years, the sub-lease covers 37 years and 2 months in total. CPN receives total sub-leasing value worth Baht 62 million throughout the sub-lease period. Such transaction gained approval from the Board of Directors Meeting No. 5/2016 on August 5, 2016.

## 2. Expenses paid to connected parties

comprise expenses for space rental in shopping complexes, land rental, and management fees. In 2018, CPN paid altogether Baht 1,353 million to connected parties.

## Justification and Rationale for Connected Transactions

- **Rental of land from connected businesses** occurs in projects where CPN and other companies in the Central Group have a joint development plan on the same piece of land, taking into account the marketing advantage and the suitable size of the project. In this case, one company will act as the buyer or tenant of the

land from the landlord and will divide the land into different sizes as required for leasing or sub-leasing. The rental will be the cost plus actual interests or market price which evaluated by the independent appraiser. The Company's assets were evaluated under SEC, the Stock Exchange of Thailand (SET) and or other related regulations. In addition, the transaction concerning rental payments are verified by auditor.

- **Large space rental in shopping complexes** occurs in projects where CPN has a joint investment with a department store in the Central Group. The building will be divided into two parts, the shopping complex and the department store. In some cases, CPN will rent large space in a department store and develop it into a sales area, considering mainly the revenue from rental and service fees compared with the cost of space rental that CPN has to repay the department store. An agreement on the cost of large space rental is reached at the stage of project design under the same criteria as those used for large space rental to connected businesses. In addition, the transactions concerning rental payments of large space rental are verified by auditor.
- **Hiring a connected business as management consultant** CPN's consideration to hire a management consultant is mainly based on its experience in the retail business and the understanding of the nature and strategies of the business. The management fees paid to management consultant, who is also the Company's connected business, are the actual expenses the service provider incurs in its services.
- **The application for insurance with a connected business** is considered the market price and conditions or the best coverage offered from insurance agents by comparing the price in the past two years. In case of only one insurance agent make a quotation, the Company shall consider by comparing the price in the past year, it depends on the conditions and insurance market situation.
- **Hiring of IT infrastructure management with a connected business** for maximum and optimal efficiency in IT infrastructure in the investment, system administration, and personnel development aspects. Savings arise with the economies of scale along with bargaining power over IT transactions. Conditions and service fees are based on actual costs, which are comparable to market rates as well as CPN-administered fees. Every two years, the average fees undergo revisions for baseline fees.

## Details of Expenses paid to Connected Parties

- 2.1 CPN rents land from Harng Central Department Store Co., Ltd. ("HCDS"), a company in Central Group which Chirathivat Group is major shareholder, to launch shopping complexes in CentralPlaza Ramindra and CentralPlaza Pinklao projects.
- 2.2 CPN rents parts of the buildings from Central Department Store Co., Ltd. ("CDS"), which Chirathivat Group is major shareholder, in CentralPlaza Lardprao, CentralPlaza Pinklao, and CentralPlaza Rama 3 projects for development into retail areas in addition to the parts where CPN holds land ownership or land rental rights.
- 2.3 CPN sub-rents some part of land and building in CentralPlaza Lardprao from Central International Development Co., Ltd. ("CID"), which Chirathivat Group is major shareholder (ownership of the land is held by the State Railway of Thailand). Under the sub-lease contract which is valid for 20 years ended on December 18, 2028. Total sub-lease payment that CPN will pay to CID according to the contract is Baht 16,178.32 million. This transaction was approved by the shareholders with no conflict of interest in the EGM No.1/2009 on March 25, 2009.
- 2.4 CPN hired HCDS which Chirathivat Group is major shareholder, to manage the business, provide management consultation, set up policies, and provide recommendations for running businesses. The directors with no conflict of interests and the Audit Committee have agreed that the service provided by HCDS is beneficial to CPN's business operation due to HCDS's experience, knowledge and understanding in retail business. In addition, the offered terms and conditions of the agreement from HCDS are reasonable. The transaction details were disclosed via the SET Community Portal on December 7, 2016.
- 2.5 Centara Hotel and Convention Centre Udon Thani (formerly named "Charoensri Grand Hotel") which CPN acquired accompany with the CentralPlaza Udonthani Project (formerly named "Charoensri Plaza") since 2009, hired Central Plaza Hotel Co., Ltd. the subsidiary of CHR, which Chirathivat Group is major shareholder, to manage the hotel. The management fee is according to the market price and comparable to the transaction with the other persons.
- 2.6 CPN has signed a 30-year lease on a plot of land with Vantage Ground Co., Ltd. ("Vantage"), a company in Central Group which Chirathivat Group is a major shareholder, for developing CentralPlaza WestGate Project. This contract will end on February 17, 2043. Total upfront and annual rental fee, which CPN has to pay to Vantage for the whole duration of the contract, is Baht 5,099 million. This transaction was approved by the shareholders with no conflict of interest in the EGM

No.1/2013 on January 18, 2013. The Board of Directors of CPN at its meeting No. 4/2015, dated August 7, 2015, approved the revocation of part of the land lease for CentralPlaza WestGate Project with Vantage, so that Vantage may sell the land as mentioned to the IKANO Group of companies for IKEA Store construction. In return for this revocation, Vantage has agreed to refund the upfront fee and rental fee paid by CPN under the conditions of the land lease, amounting to about Baht 120 million.

- 2.7 CPN invested in part of the assets under the Central Phuket Festival Project with CDS, a company in Central Group which Chirathivat Group is a major shareholder. This investment consisted of 41-year land subleasing where the project is located, the contract ending on June 6, 2056; a partial lease of the project building (excluding Central Department Store there); and ownership transfer of utility systems, relevant equipment and furniture. Altogether, the compensation for lease, annual rent, and ownership transfer fees that CPN must pay CDS through the lease period amounts to Baht 9,166 million, which has secured approval from the shareholders without vested interests at the 2015 AGM on April 24, 2015.
- 2.8 CPN sublease land of an estimated area of 4 rai and lease the areas within the Central Department Store in the CentralFestival Phuket for estimated 38 years, with the contract ending on June 6, 2056 and purchase/transfer ownership of properties within the relevant buildings of the project from CDS to develop shopping complex at a cost of Baht 1,282 million (with 12% discounted present value). The transaction details were disclosed via SET Community Portal on August 10, 2018.
- 2.9 CPN purchased some merchandises and services from the businesses in Central Group; from COL such as purchasing office supplies, from CHR such as rental room and service in the hotel included food and beverage, from CRG such as purchasing food and beverage, and other businesses which related parties of CPN are serve as major shareholders, directors, management or controlling persons. The transactions in this category occur according to support normal business and following the fair and at arms' length condition of general trading that comparable to the transaction with the other persons, taking into consideration the best interest of the Company.
- 2.10 CPN took out insurance for shopping complexes and office buildings against any accidents, disasters, and other detrimental incidents with CG Broker Co., Ltd., which Chirathivat Group is major shareholder.
- 2.11 CPN hired RIS, a company in Central Group which Chirathivat Group is a major shareholder, to provide IT infrastructural management, namely the procurement and installation of essential IT and communication equipment, namely hardware and software, maintenance and control

of applications to efficiently accommodate business applications, and provide troubleshooting through service desks and hardware to CPN.

### 3. Loans between CPN and connected parties

#### Justification and Rationale for Connected Transactions

#### Policies on loans between CPN and connected parties

All loans must comply with the following policies on loans between CPN and connected parties:

- **CPN and subsidiaries (those with 99.99% shares held by CPN)**

CPN allows subsidiaries to borrow from CPN and vice versa if the subsidiaries have working capital surplus and CPN needs such money. In this case, current accounts are set up with CPN and promissory notes are prepared as evidence with the average interest rate of unsecured debt securities issued by the Company. Connected transaction approvers consist of the Vice President for Finance, the Senior Executive Vice President for Finance & Accounting, and the President & CEO, respectively.

- **CPN and joint-venture partners (those with 50 to 99.99% shares held by CPN)**

CPN allows joint-venture partners to secure their own sources of fund. In urgent cases, however, they may borrow from shareholders in proportion to their shareholding in CPN. Approval is needed from the Senior Executive Vice President for Finance & Accounting, the President & CEO, and the Board of Directors, respectively. In this case, promissory notes are prepared as evidence and with the average interest rate of unsecured debt securities issued by the Company.

- **CPN and associated companies (those with less than 50% shares held by CPN) or connected parties**

CPN has no policy to let associated companies, with CPN holding less than 50% shares, or connected parties borrow from it. In fact, no such instance has happened. According to CPN's regulations, if a loan is extended to an associated company, approval is needed from the Board of Directors with promissory notes as evidence and with commercial banks' MLR applied.

## Loans between CPN and connected parties

Description as at December 31, 2018	Amount (Baht million)	Financial Statements of
<b>1. Loans</b>		
1) Loans obtained from subsidiaries <sup>1</sup>	22,243	CPN
2) Loans obtained from related parties <sup>2</sup>	-	Consolidated
<b>2. Loans <sup>3</sup></b>		
1) Loans granted to subsidiaries	16,246	CPN
2) Loans granted to related parties	-	Consolidated

Remarks:

<sup>1</sup> These items without collaterals are payable on demand and carry interest at the average interest rate of unsecured debt securities issued by the Company.

<sup>2</sup> These items without collaterals are payable on demand and carry interest at the commercial banks' MLR.

<sup>3</sup> These items without collaterals are payable on demand and carry interest at the average interest rate of unsecured debt securities issued by the Company.

## 4. Guarantees for loans for connected parties

### Justification and Rationale for Connected Transactions

CPN's policy is to provide loan guarantees for its subsidiaries in proportion to its shareholding but has no policy of placing assets for such loan guarantees. However, CPN does provide guarantees as its parent company, and collects commissions from subsidiaries for such guarantees.

CPN had two categories of guarantee obligations to connected parties:

Description as at December 31, 2018	Amount (Baht million)
1. Guarantees for subsidiaries' outstanding loans	396
- Investment project in Malaysia	
2. Loan ceiling guarantees for subsidiaries' guarantees	307
given to Thai commercial banks	

## Approval procedure of connected transactions

All transactions with connected businesses or individuals must go through an approval process, as stipulated by the Company's regulations, in the same way as normal transactions. Approvals are given by authorized persons in each duty and responsibility. Each person in charge of and involved in the transaction would have to make reasonable judgment under the normal business practice, taking into account the best interests of the Company and shareholders, like engaging in transactions with outsiders. All transactions with connected parties must also be lawfully conducted to ensure transparency and compliance with the relevant laws, rules, and regulations. The Company has instituted that normal business practice and supporting normal business practice with operation under the condition of general trading set by the Committee are under the jurisdiction of the operational task forces to deliberate the transaction in accordance with the Company's approval procedure. Other transactions are deliberated by its category and size, with the Company Secretary Office taking charge of compliance with SET regulations as well as occasionally collecting and summarizing connected transactions for the Audit Committee's acknowledgment. CPN has announced its "Connected Transaction Policy" and communicated to all relevant parties for compliance. The Committee and the management must sign their names at year's end to ensure that no transactions with conflicts of interest occurred in the past year. If there was any, it was done in compliance with SET regulations. Transactions between connected parties and the Company are scrutinized by the Internal Audit Office and the external auditor to ensure the Company's compliance with laws and related regulations.

## Policy or trend for future connected transactions

Since transactions with connected parties represent those conducted in the course of normal business practice, it is expected that connected transactions will continue to take place in future. Especially for the one related to joint development of shopping complexes with other companies in the Central Group, it is the strong point that helps promote CPN's successful operation and contributed to its market leadership from past to present. The policy or trend for future connected transactions remains committed to the same principle as the previous year, namely following the condition of general trading and taking into account the benefit of the Company and shareholders. CPN's Board has clearly approved the condition of normal trading in the Company's and its subsidiaries' transaction with connected parties for transparent business operation and the operational guidance for related parties as follows:

## 1. Joint Shopping Complex Development with Companies of the Central Group

\*\*\* It is an open principle that has been practiced since the Company was enlisted on SET in 1995 \*\*\*

To develop an integrated shopping complex, it is necessary to have components enhancing the Company's strength. Companies in the Central Group operate related businesses with CPN, such as department store, retail business, and hotels. With their long experience in the industry and strong brand, these companies can enhance the project's credibility, resulting in stronger business operation as well as Company's and shareholders' added value. Below are the characteristics of joint shopping complex development with other companies in the Central Group.

### 1.1 Land Purchase/Sale or Leasing/ For Rent

**Principles :** CPN and other companies in the Central Group make a purchase or leasing from outsiders for joint shopping complex development. The process is to have a company buy or rent a whole plot of land from the landlord. Once the project design is completed, that company sells or sub-leases the land to other companies in proportion to each company's need to develop its own project. (Each takes responsibility for its own plot of land.)

**Price and condition setting:** Cost plus cost of fund

### 1.2 Construction of Shopping Complexes and Department Stores or Business Units (BUs)

**Principles:** Each holds the ownership of land on which its building is situated. Each is therefore responsible for its own construction cost.

**Price and condition setting:** actual cost with the independent engineering consultant fairly calculating the construction cost and system according to the proportion of actual area use.

### 1.3 Construction of common areas, comprising car parks and landscape

**Principles:**

- CPN holds the ownership of the car park and the outer section of shopping complexes. It also takes responsibility for the costs of all common areas, considered part of the service provided to tenants.
- Department stores or BUs jointly take responsibility for construction according to operational guidance as follows:

- 1) Car parks : At no less than half of the construction costs provided by department stores for customers as required by law
- 2) Common areas: In proportion to the gross area
- 3) Price and condition setting: Actual cost, having the independent engineering consultant fairly calculating the construction cost and system according to the proportion of actual area use.

#### 1.4 Large Space Rental or Space for Rent in Shopping Complexes

**Principles:** CPN may rent or rent out large areas of department stores or Bus, and the lease will be agreed at the stage of project design.

**Price and condition setting:** Cost of land and construction plus cost of fund and operating expense

## 2. Space Rental, Service Fee and Utility Fee

**Principle:** In charging short-term or long-term rental, service fees or utility fees from various retail businesses under the Central Group or connected parties that rent the retail space for other purposes, the price will be set by comparison with the one for profitable clients. Rental rates are subject to locations, area sizes, forms, rental patterns, periods, and categories. The benefits earned are not only rentals, service fees, and utility fees, but also the potential in business operation, experience and success in joint business from past to present.

**Price and condition setting :** Set a price by comparing with the one for profitable clients.

“Profitable customers” means clients with high potential, who rent large retail space or in many projects and provide direct or indirect support for the Company’s successful operation.

The Central Group conducts connected businesses with various companies and with potential connected transactions. Since its establishment, the Central Group has been potential business alliance and it has provided great support to CPN’s successful operation. As a result, CPN remains the source of continually connected transactions. For price and condition deliberation, CPN still takes its best interests into account.

## 3. Fee for Operating Expenses

“Operating Expenses” are insurance premiums, property taxes, promotional expenses, recognizance fees, and service fee collected by tenants

**Principles :** Asset management incurs operating expenses. In normal business practice, the Company charges these expenses by calculating from the actual operating cost. The rate, in the same standard for general customers, depends on lease categories and space rental patterns.

**Price and condition setting :** Actual cost

## 4. Insurance/Group Health Insurance

**Principles :** Comprehensively and equally provide relevant and necessary information for the price offer to each insurance broker. The committee considers the selection of these brokers. In the process, no connected committee or connected management members can attend the deliberation.

**Price and condition setting :** Market price or compared price from the price offered by the insurance broker with the most reasonable amount and the most beneficial conditions for the Company. The price can be compared at least two years backward. In case there is no comparable offer, the Company deliberates the approval by comparing prices with those of the previous year, depending on the insurance conditions and market situation during that period.

## 5. Procurement - Employment

“Procurement” means the purchase of materials, equipment or products, including rental or hire purchase

“Employment” means to hire a seller, manufacturer, contractor or organizer to produce, organize, manage, assemble or construct from the beginning stage to completion, including service provision, inclusive service, and transportation.

This includes the package purchase or hiring of a given contractor to construct buildings and install equipment while managing construction project as well.

**Principles :** Follow the Company’s procurement regulations and process. In selecting the seller or contractor, CPN will proceed with transparency and fairness according to the stated procurement policy. In the process, no connected committee or connected management can attend the deliberation.

**Price and condition setting :** Market price or compared price from the price offering with the most reasonable amount and the most beneficial conditions for the Company.

# LEGAL DISPUTE

The lawsuit significant to the Company and its subsidiaries ("Group of Company"), is as follows:

Bayswater Co., Ltd. (a joint venture)

- 1) In November 2015, the ownership of land under the Bangkok Dome project, amounting to Baht 7,350 million, was transferred to Bayswater Co., Ltd. (a joint venture) as the winner of an auction of assets of the debtor held by the official receiver under a bankruptcy case. However, the debtor under the bankruptcy case was petitioning the court seeking an order to cease the auction totally 3 cases. The Supreme Court dismissed the petitions for 2 cases. At present, there is a remaining case that the debtor and its 2 unsecured creditors (the creditors) filed petitions asking the Central Bankruptcy Court (the Court) to order the cancelation of the auction of assets and to cease compulsory execution while the petition seeking the cancelation of the auction of assets was being considered. The grounds for the petitions are that the official receiver approved the joint venture's successful bid at a price significantly lower than the market price. The Court issued an order to temporarily dispose of the case to await the Supreme Court's decision in a related case. Subsequently, the Supreme Court issued a judgement in the related case, and thus the case is being reconsidered by the Court. Subsequently, on 8 November 2018, the Court dismissed the petitions for such case.
- 2) In addition, in 2017 the joint venture was sued in civil cases by individuals petitioning the Civil Court to issue an order to have the joint venture register easement granting a right of way or an order declaring the disputed way a public way. In April 2018, the Civil Court dismissed the petitions. However, the individuals appealed the Civil Court judgement to the Court of Appeal. Currently, the case is being considered by the Court of Appeal.

On 27 February 2019, the Court of Appeal has given the verdict to dismiss the appeal and stood by the ruling made by the Civil Court. Meanwhile, the joint venture still holds the right to appeal the ruling made by the Civil Court to the Supreme Court.

On 26 December 2018, the first plaintiff submitted an appeal on the Court's ruling to the Specialized Court of Appeal to consider. At the same time, the Court granted an extension to appeal for the second and third plaintiffs until 8 February 2019.

On 23 January 2019, the first plaintiff submitted a withdrawal of appeal, whereas the second and third plaintiffs submitted the notice to relinquish the right to appeal. Hence, the ruling of the case is considered final.



# BOARD AND MANAGEMENT PROFILE

## BOARD OF DIRECTORS

# 1.

### Mr. Suthichai Chirathivat

Age 78 Years

Chairman

### Date of Being a Director of the Company

28 March 2000

### Shareholding in the Company

- Held personally 3,312,800 shares (0.0738%)
- Held by spouse or minor children 22,293,200 shares (0.4967%)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Elder Brother of Mr. Suthikiat Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

### Education

- Diploma in Civil Engineering, Kingston College of Technology, United Kingdom

### Past Experiences and/or Remarkable Positions

- Year 2013 - Present Chairman of Board of Directors, Central Group of Companies Co., Ltd.
- Year 2000 - Present Chairman, Central Pattana Plc.
- Year 2009 - 2013 Chairman of the Supervisory Board, Central Group of Companies Co., Ltd.

### Directorship in Other Listed Companies

- Year 1997 - Present Vice Chairman, Central Plaza Hotel Plc. and Director in subsidiaries

### Directorship in Non-listed Companies

- 76 Companies

### Completed Program from Thai Institute of Directors (IOD)

- Year 2006 - Director Accreditation Program (DAP) Class 55/2006
- Year 2000 - Role of the Chairman Program (RCP)

### Other Training Courses

- None -

## 2.

### Mr. Paitoon Taveebhol

Age 68 Years

Independent Director,

Chairman of the Audit Committee

Chairman of the Risk Policy Committee

### Date of Being a Director of the Company

10 July 2002

### Shareholding in the Company

- Held personally (None)
- Held by spouse or minor children (None)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

### Education

- MBA, Kasetsart University
- B.A. in Accounting, Ramkhamhaeng University
- Certificate in Auditing, Thammasat University

### Past Experiences and/or Remarkable Positions

- Year 2014 - Present Chairman of the Risk Policy Committee, Central Pattana Plc
- Year 2002 - Present Independent Director, Chairman of the Audit Committee, Central Pattana Plc.
- Year 2015 - 2016 Member of the Risk Management Committee, Somboon Advance Technology Plc.
- Year 2010 - 2012 Independent Director, Chairman of the Audit Committee, Member of the Corporate Governance Committee, Big C Supercenter Plc.
- Year 2003 - 2005 Managing Director, BT Business Consulting Co., Ltd.
- Year 1998 - 2000 Vice President and Council Member, The Institute of Internal Auditors of Thailand
- Year 1997 - 2000 Managing Director, Arthur Andersen Business Advisory Ltd.
- Year 1991 - 2005 President and Secretary General, The ASEAN Federation of Accountants
- Year 1991 - 2003 Vice President and Council, Member, The Institute of Certified Accountants & Auditors of Thailand
- Year 1975 - 2000 Director and Executive Director, SGV-Na Thalang Co., Ltd.

### Directorship in Other Listed Companies

- Year 2012 - Present Independent Director, Chairman of the Audit Committee, Chairman of the Risk Policy Committee, KCE Electronics Plc.
- Year 2008 - Present Independent Director, Chairman of the Nomination and Remuneration Committee, Member of the Audit and CG Committee, Somboon Advance Technology Plc.

### Directorship in Non-listed Companies

- 2 Companies

### Completed Program from Thai Institute of Directors (IOD)

- Year 2012
  - DCP Reunion (M-DCP Re) Class 1/2012
  - Anti-Corruption for Executive Program (ACEP) Class 2/2012
- Year 2010
  - Monitoring the System of Internal Control and Risk Management (MIR) Class 9/2010
  - Monitoring the Internal Audit Function (MIA) Class 9/2010
  - Role of the Compensation Committee (RCC) Class 10/2010
  - Monitoring the Quality of Financial Reporting (MFR) Class 11/2010
- Year 2009
  - Monitoring Fraud Risk Management (MFM) Class 1/2009
- Year 2008
  - Chartered Director Class (R-CDC) Class 3/2008
- Year 2005
  - Role of the Chairman Program (RCP) Class 11/2005
  - Audit Committee Program (ACP) Class 6/2005
- Year 2003
  - Director Certification Program (DCP) Class 38/2003
  - Director Accreditation Program (DAP) Class 4/2003

### Other Training Courses

- None -

# 3.

## Mr. Karun Kittisataporn

Age 71 Years

Independent Director

Member of the Audit Committee

Chairman of the Nomination and Remuneration Committee

## Date of Being a Director of the Company

10 April 2009

## Shareholding in the Company

- Held personally (None)
- Held by spouse or minor children (None)

## Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

## Education

- Diploma, GATT Commercial Policy Course, Geneva, Switzerland
- M.A. in International Trade, Syracuse University, U.S.A.
- B.C.A. (Economics) Victoria University of Wellington, New Zealand

## Past Experiences and/or Remarkable Positions

- Year 2015 - Present Chairman of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2009 - Present Independent Director, Member of the Audit Committee, Central Pattana Plc.
- Year 2012 - 2017 Member of the Audit Committee, Member of the Corporate Governance Committee, Khon Kaen Sugar Industry Plc.
- Year 2009 - 2011 Commission Member, The Securities and Exchange Commission Board
- Year 2008 - 2017 Chairman of the Executive Committee, The Support Arts and Craft International Centre of Thailand (Public Organization)
- Year 2008 - 2011 Director, Public Sector Development Commission
- Year 2007 - 2014 Director, Office of Insurance Commission

## Directorship in Other Listed Companies

- Year 2017 - Present Chairman of the Nomination and Remuneration Committee, Member of the Risk Management Committee, Khon Kaen Sugar Industry Plc.
- Year 2010 - Present Independent Director, Khon Kaen Sugar Industry Plc.
- Year 2008 - Present Independent Director, Member of the Audit Committee, Sahamit Machinery Plc.
- Year 2008 - Present Independent Director, Chairman of the Nomination and Remuneration Committee, Bank of Ayudhya Plc.

## Directorship in Non-listed Companies

- None -

## Completed Program from Thai Institute of Directors (IOD)

- Year 2018 - Board Nomination and Compensation Program (BNCP) 3/2018
- Year 2013 - Anti-Corruption for Executive Program (ACEP) Class 7/2013
- - Monitoring The Internal Audit Function (MIA) Class 15/2013
- Year 2011 - Monitoring the Quality of Financial Reporting (MFR) Class 13/2011
- - Financial Institutions Governance Program (FGP) Class 2/2011
- Year 2009 - Audit Committee Program (ACP) Class 27/2009
- - Financial Statements for Directors (FSD) Class 4/2009
- Year 2008 - Role of the Compensation Committee (RCC) Class 6/2008
- Year 2006 - Director Certification Program (DCP) Class 81/2006

## Other Training Courses

- The Joint State-Private Sectors Course Class 8, National Defence College

# 4.

## **Mrs. Jotika Savanananda**

Age 58 Years

Independent Director

Member of the Audit Committee

Member of the Nomination and Remuneration Committee

## **Date of Being a Director of the Company**

25 September 2015

## **Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children (None)

## **Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

## **Education**

- MBA (Finance and International Business), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- M.S. in Psychology, University of San Francisco, California, U.S.A.
- B.A. in Psychology, University of Minnesota, U.S.A.

## **Past Experiences and/or Remarkable Positions**

- Year 2015 - Present Independent Director, Member of the Audit Committee, Member of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2017 - 2018 Director, Life Insurance Fund
- Year 2014 - 2018 Director, Chairman of Audit Committee, Member of Nomination and Remuneration Committee, The Stock Exchange of Thailand
- Year 2014 - 2017 Commission Member, Office of Insurance Commission
- Year 2014 - 2015 Director, Government Housing Bank
- Year 2009 - 2014 President, Chairman of the Investment Committee, Member of the Risk Management Committee, SCB Asset Management Co., Ltd.
- Year 1996 - 2009 Chairman of the Investment Committee, Member of the Risk Management Committee, CEO, TMB Asset Management Co., Ltd.

## **Directorship in Other Listed Companies**

- None -

## **Directorship in Non-listed Companies**

- 3 Companies
- 1 Organization

## **Completed Program from Thai Institute of Directors (IOD)**

- Year 2017 - Corporate Governance for Capital Market Intermediaries (CGI) Class 18/2017
- Year 2015 - Risk Management Committee Program (RMP) Class 6/2015
- - Advanced Audit Committee Program (AACP) Class 18/2015
- Year 2006 - Director Certification Program (DCP) Class 73/2006

## **Other Training Courses**

- Capital Market Academy Leadership Program Class 10
- Thailand Insurance Leadership Program Class 5
- The Joint State-Private Sectors Course Class 20, National Defence College

# 5.

## Mr. Veravat Chutichetpong

Age 58 Years

Independent Director

Member of the Audit Committee

### Date of Being a Director of the Company

21 April 2016

### Shareholding in the Company

- Held personally (None)
- Held by spouse or minor children (None)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

### Education

- MBA, Stern School of Business, New York University, U.S.A.
- B.Eng. in Civil Engineering, Chulalongkorn University

### Past Experiences and/or Remarkable Positions

- Year 2016 - Present Independent Director, Member of the Audit Committee, Central Pattana Plc.
- Year 2012 - 2016 Chairman of the Audit Committee, Phatra Securities Plc.
- Year 2012 - 2013 Director, Kiatnakin Bank Plc.
- Year 2010 - 2016 Director, Phatra Capital Plc.
- Year 2008 - 2009 Member of Sub Committee, Social Security Office
- Year 2005 - 2016 Director, Phatra Securities Plc.
- Year 2003 - 2010 Executive Director, Phatra Securities Co., Ltd.
- Year 2003 - 2009 Member of Sub Committee (Take Over Panel), The Securities and Exchange Commission
- Year 2002 - 2003 Executive Director, Merrill Lynch Phatra Securities Co., Ltd.
- Year 1998 - 2002 CEO, Merrill Lynch Phatra Securities Co., Ltd.
- Year 1995 - 1998 Managing Director, Phatra Securities Co., Ltd.
- Year 1994 - 1995 Managing Director, Phatra Thanakit Co., Ltd.

### Directorship in Other Listed Companies

- Year 2017 - Present Member of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Kiatnakin Bank Plc.
- Year 2016 - Present Independent Director, Kiatnakin Bank Plc.

### Directorship in Non-listed Companies

- 2 Companies

### Completed Program from Thai Institute of Directors (IOD)

- Year 2016 - Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016
- Year 2005 - Director Accreditation Program (DAP) Class 40/2005

### Other Training Courses

- None -

# 6.

## Mr. Suthikiati Chirathivat

Age 76 Years

Director

### Date of Being a Director of the Company

10 July 2002

### Shareholding in the Company

- Held personally 22,645,900 shares (0.5046%)
- Held by spouse or minor children (None)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Younger brother of Mr. Suthichai Chirathivat
- Elder brother of Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

### Education

- Diploma in Mechanical Engineering, South West Essex Technical College, United Kingdom
- M.A. in Political Science, Ramkhamhaeng University
- B.A. in Political Science, Ramkhamhaeng University

### Past Experiences and/or Remarkable Positions

- Year 2002- Present     Director, Central Pattana Plc.
- Year 2014 - 2016     Honorary Advisor, Thai Hainanese Trade Association
- Year 2014 - 2015     Advisor to Chairman of the Constitutional Court
- Year 1992 - 1996     Member, Senate
- Year 1991 - 1992     Member, National Legislative Assembly
- Year 1984 - 1988     The Founder and Head of Thai Retailers Association, Thai Retailers Association

### Directorship in Other Listed Companies

- Year 2009- Present     Director, Chairman of the Executive Committee, Bangkok Post Plc. and subsidiaries
- Year 1993 - Present     Chairman, Central Plaza Hotel Plc. and Director in subsidiaries

### Directorship in Non-listed Companies

- 66 Companies
- 2 Organizations

### Completed Program from Thai Institute of Directors (IOD)

- Year 2008                 - Director Accreditation Program (DAP) Class 68/2008

### Other Training Courses

- The Joint State-Private Sectors Course Class 1, National Defence College
- The Modern Management Class 1, National Defence College

## 7.

**Mr. Sudhisak Chirathivat**

Age 73 Years

Director

Advisory of the Nomination and Remuneration Committee

**Date of Being a Director of the Company**

10 July 2002

**Shareholding in the Company**

- Held personally 28,346,400 shares (0.6316%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Younger brother of Mr. Suthichai Chirathivat and Mr. Suthikiati Chirathivat
- Elder brother of Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

**Education**

- B.A. in Mathematics, St. John Fisher College, U.S.A.

**Past Experiences and/or Remarkable Positions**

- Year 2007 - Present     Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2002 - Present     Director, Central Pattana Plc.

**Directorship in Other Listed Companies**

- Year 2006 - Present     Chairman, Robinson Plc. and Director in subsidiaries
- Year 2003 - Present     Director, Central Plaza Hotel Plc. and subsidiaries

**Directorship in Non-listed Companies**

- 28 Companies

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2007                 - Director Accreditation Program (DAP) Class 61/2007
- Director Certification Program (DCP) Class 89/2007

**Other Training Courses**

- None -

# 8.

## Mr. Sudhitham Chirathivat

Age 71 Years

Director (Authorized Signature)

Member of the Nomination and Remuneration Committee

### Date of Being a Director of the Company

1 March 1995

### Shareholding in the Company

- Held personally 26,764,600 shares (0.5964%)
- Held by spouse or minor children (None)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Younger Brother of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat and Mr. Sudhisak Chirathivat
- Elder brother of Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

### Education

- MBA (Operations Research), Iona University, U.S.A.
- B.S. in Electrical Engineering, University of Maryland (College Park), U.S.A.

### Past Experiences and/or Remarkable Positions

- Year 2016 - Present Member of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 1995 - Present Director, Central Pattana Plc.
- Year 2009- 2013 Chairman of the Executive Committee, Central Group of Companies Co., Ltd.
- Year 2007 - 2015 Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2006- 2008 Member, Senate
- Year 2001 - 2003 Advisor to the Ministry of Commerce, The Ministry of Commerce
- Year 1998 - 2002 President and Founder, Thai Shopping Center Association
- Year 1990 - 2002 Managing Director and Chief Executive Officer, Central Pattana Plc.

### Directorship in Other Listed Companies

- Year 2018 - Present Chairman, Grand Canal Land Plc.
- Year 2015 - Present Independent Director, Member of the Audit Committee, TV Thunder Plc.
- Year 2010 - Present Independent Director, Jasmine International Plc.
- Year 2004- Present Vice Chairman, Robinson Department Store Plc. and Director in subsidiaries
- Year 2003- Present Director, Central Plaza Hotel Plc. and subsidiaries

### Directorship in Non-listed Companies

- 64 Companies

### Completed Program from Thai Institute of Directors (IOD)

- Year 2003 - Director Certification Program (DCP) Class 37/2003

### Other Training Courses

- The Joint State-Private Sectors Course Class 13, National Defence College



# 9.

## Mr. Kobchai Chirathivat

Age 62 Years

Director (Authorized Signature)

Member of the Risk Policy Committee

### Date of Being a Director of the Company

1 March 1995

### Shareholding in the Company

- Held personally 27,105,400 shares (0.6040%)
- Held by spouse or minor children 113,000 shares (0.0025%)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Cousin of Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

### Education

- MBA, University of Chicago, Graduate School of Business, U.S.A.
- M.A. in Political Science, University of Norte Dame, U.S.A.
- LL.B. (Law), Chulalongkorn University

### Past Experiences and/or Remarkable Positions

- Year 2014 - Present    Member of the Risk Policy Committee, Central Pattana Plc.
- Year 1995 - Present    Director, Central Pattana Plc.
- Year 2012 - 2016       Director, Malee Group Plc.
- Year 2002 - 2013       President & CEO, Central Pattana Plc

### Directorship in Other Listed Companies

- None -

### Directorship in Non-listed Companies

- 31 Companies

### Completed Program from Thai Institute of Directors (IOD)

- Year 2001                - Director Certification Program (DCP) Class 7/2001

### Other Training Courses

- The Joint State-Private Sectors Course Class 21, National Defence College

# 10.

## Mr. Prin Chirathivat

Age 56 Years

Director (Authorized Signature)

Member of the Risk Policy Committee

Advisory of the Nomination and Remuneration Committee

### Date of Being a Director of the Company

1 March 1995

### Shareholding in the Company

- Held personally 42,145,895 shares (0.9391%)
- Held by spouse or minor children 192,000 shares (0.0043%)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Cousin of Mr. Kobchai Chirathivat and Mr. Chanavat Uahwatanasakul

### Education

- MBA (Business Management), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- B.A. in Accounting, Skidmore College, U.S.A.

### Past Experiences and/or Remarkable Positions

- Year 2014 - Present Member of the Risk Policy Committee, Central Pattana Plc.
- Year 2007 - Present Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 1995 - Present Director, Central Pattana Plc.
- Year 2015 - 2016 Director, Thai Chamber of Commerce
- Year 2003 - 2012 Chairman of the Audit Committee, Bualuang Securities Plc.

### Directorship in Other Listed Companies

- Year 2012 - Present Member of the Audit Committee, Bumrungrad Hospital Plc.
- Year 2006 - Present Director, Robinson Plc. and subsidiaries
- Year 1993 - Present Director, Central Plaza Hotel Plc. and subsidiaries

### Directorship in Non-listed Companies

- 133 Companies

### Completed Program from Thai Institute of Directors (IOD)

- Year 2018 - Corporate Governance for Capital Market Intermediaries (CGI) Class 20/2018
- Year 2009 - Monitoring Fraud Risk Management (MFM) Class 1/2009
- - Monitoring of the Quality of Financial Reporting (MFR) Class 7/2009
- Year 2007 - Monitoring the Internal Audit Function (MIA) Class 1/2007
- - Monitoring the System of Internal Control and Risk Management (MIR) Class 1/2007
- Year 2005 - Director Accreditation Program (DAP) Class 35/2005
- - Audit Committee Program (ACP) Class 6/2005
- - Role of the Chairman Program (RCP) Class 11/2005
- Year 2000 - Director Certification Program (DCP) Class 2/2000

### Other Training Courses

- Psychology Workshop Class 73, Institute of Security Psychology
- Graduate Diploma in Management of Public Economy Class 4, King Prajadhipok's Institute
- Capital Market Academy Leadership Program Class 1
- The Programme for Senior Executives on Justice Administration Class 13
- The Joint State-Private Sectors Course Class 22, National Defence College

## 11.

**Mr. Preecha Ekkunagul**

Age 60 Years

Director (Authorized Signature)

President &amp; CEO

Member of the Risk Policy Committee

**Date of Being a Director of the Company**

25 April 2014

**Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children 3,000 shares (0.0001%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- M.Eng., Asian Institute of Technology
- B.Sc. in Chemical Engineering, Chulalongkorn University

**Past Experiences and/or Remarkable Positions**

- Year 2014 - Present Director, President & CEO, Member of the Risk Policy Committee, Central Pattana Plc.
- Year 2012 - 2014 Director, Officemate Plc.
- Year 2003 - 2013 Director, Executive Director, President, Robinson Department Store Plc. and subsidiaries
- Year 2000 - 2003 President, B2S Co., Ltd.
- Year 2000 - 2003 President, CRC Power Retail Co., Ltd.
- Year 1995 - 2000 Managing Director, Big C Supercenter Plc.

**Directorship in Other Listed Companies**

- Year 2018 - Present Director, Grand Canal Land Plc.

**Directorship in Non-listed Companies**

- 39 Companies

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2005 - Director Certification Program (DCP) Class 62/2005
- Year 2004 - Director Accreditation Program (DAP) Class 8/2004

**Other Training Courses**

- Capital Market Academy Leadership Program Class 7

## MANAGEMENT

12.

### Ms. Wallaya Chirathivat

Age 57 Years

Deputy Chief Executive Officer

#### Shareholding in the Company

- Held personally 17,199,200 shares (0.3832%)
- Held by spouse or minor children (None)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Younger sister of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat and Mr. Suthipak Chirathivat
- Aunt of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

#### Education

- MBA, University of Hartford, U.S.A.
- B.A. in Business Management, University of California, Los Angeles (UCLA), U.S.A.

#### Past Experiences and/or Remarkable Positions

- Year 2018 - Present Deputy Chief Executive Officer, Central Pattana Plc.
- Year 2017 - Present Director, CPN REIT Management Co., Ltd.
- Year 2011 - 2018 Senior Executive Vice President, Business Development and Project Construction, Central Pattana Plc.
- Year 2005 - 2011 Executive Vice President, Business Development and Project Construction, Central Pattana Plc.
- Year 1998 - 2004 Executive Vice President, Central Retail Corporation Co., Ltd.

#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies

- 42 Companies

#### Completed Program from Thai Institute of Directors (IOD)

- Year 2018 - Director Certification Program (DCP) Class 251/2018

#### Other Training Courses

- Business Revolution and Innovation Network (BRAIN) Class 2, The Federation of Thai Industries
- Advanced Management Program, Executive Course, Harvard Business School, Harvard University, U.S.A.
- PoompalungPandin Class 3, Chulalongkorn University
- The Joint State-Private Sectors Course Class 25, National Defence College
- Capital Market Academy Leadership Program Class 10

## 13.

**Mr. Suthipak Chirathivat**

Age 57 Years

Senior Executive Vice President

Office of the President

**Shareholding in the Company**

- Held personally 25,589,600 shares (0.5702%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Younger brother of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat and Mr. Sudhitham Chirathivat
- Elder brother of Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

**Education**

- Executive MBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Mini MBA, Faculty of Commerce and Accountancy, Chulalongkorn University
- Mini MBA (Property), Faculty of Architecture, Chulalongkorn University
- B.A in Political Science, Ramkhamhaeng University

**Past Experiences and/or Remarkable Positions**

- Year 2015 - Present      Senior Executive Vice President, Office of the President, Central Pattana Plc.
- Year 2007 - 2014      Executive Vice President, Office of the President, Central Pattana Plc.
- Year 2004 - 2006      Executive Vice President, Leasing, Central Pattana Plc.
- Year 2003      Senior Vice President, New Business Development, Central Pattana Plc.
- Year 2002      Senior Vice President, Leasing & Marketing, Central Pattana Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies**

- 24 Companies

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2011      - Director Certification Program (DCP) Class 12/2011

**Other Training Courses**

- Advanced Management Program, Executive Course, Harvard Business School, Harvard University, U.S.A.
- Real Estate Investment, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- The Joint State-Private Sectors Course Class 24, National Defence College
- Capital Market Academy Leadership Program Class 8
- The Executive Program in Energy Literacy for a Sustainable Future (TEA) Class 5
- Politics and Governance in Democratic Systems for Executives Class 9, King Prajadhipok's Institute
- Top Executive Program in Commerce and Trade (TEPCoT 10)
- Thammasat World Leadership Program (TWLP1)

# 14.

## Ms. Naparat Sriwanvit

Age 46 Years

Senior Executive Vice President, Finance, Accounting and Risk Management

### Shareholding in the Company

- Held personally 54,000 shares (0.0012%)
- Held by spouse or minor children 24,000 shares (0.0005%)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

### Education

- Certified Public Accountant (CPA), Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- M.A., Faculty of Commerce and Accountancy, Thammasat University
- B.A., Faculty of Commerce and Accountancy, Chulalongkorn University

### Past Experiences and/or Remarkable Positions

- Year 2017 - Present Director, CPN REIT Management Co., Ltd.
- Year 2015 - Present Senior Executive Vice President, Finance, Accounting and Risk Management, Central Pattana Plc.
- Year 2013 - 2014 Executive Vice President, Finance, Accounting and Risk Management, Central Pattana Plc.
- Year 2012 - 2015 Company Secretary, Central Pattana Plc.

### Directorship in Other Listed Companies

- None -

### Directorship in Non-listed Companies

- 13 Companies

### Completed Program from Thai Institute of Directors (IOD)

- Year 2002 - Company Secretary Program (CSP) Class 2/2002

### Other Training Courses

- Finance for Executives Program, INSEAD Business School, France
- Capital Market Academy Leadership Program Class 26

### Continuing Professional Development in the Accounting Profession (CPD) in 2018

- Thai Financial Reporting Standard (TFRS) 15, Central People Development Center Co., Ltd., totaling 7 hours
- Thai Financial Reporting Standard (TFRS) 7, 9, Central People Development Center Co., Ltd., totaling 7 hours
- Auditing in the Nutshell Class 4/61, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King, totaling 6 hours
- Summary of significant change for TFRS (Revised 2561) Class 3/61, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King, totaling 6 hours

## 15.

**Mr. Pakorn Partanapat**

Age 53 Years

Senior Executive Vice President, Commercial

**Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- MBA (Finance, Money & Financial Markets, and International Business), Columbia Business School, U.S.A.
- B.A. in Economics, Thammasat University

**Past Experiences and/or Remarkable Positions**

- Year 2018 - Present Senior Executive Vice President, Commercial, Central Pattana Plc.
- Year 2017 - 2018 Senior Executive Vice President, Operation, Central Pattana Plc.
- Year 2014 - 2016 Senior Executive Vice President, Kasikornbank Plc.
- Year 2012 - 2014 Director, Kasikorn Leasing Co., Ltd.
- Year 2009- 2013 Director, Muang Thai Group Holding Co., Ltd.
- Year 2008- 2015 Director, Muang Thai Life Assurance Plc.
- Year 2008- 2014 Executive Vice President, Kasikornbank Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies**

- None -

**Completed Program from Thai Institute of Directors (IOD)**

- None -

**Other Training Courses**

- Capital Market Academy Leadership Program Class 16
- Good Governance for Medical Executives (TMC) Class 3, King Prajadhipok's Institute

# 16.

## **Mr. Chanavat Uahwatanasakul**

Age 46 Years

Senior Executive Vice President, Development Workgroup

### **Shareholding in the Company**

- Held personally 17,504,866 shares (0.3900%)
- Held by spouse or minor children (None)

### **Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Cousin of Mr. Kobchai Chirathivat and Mr. Prin Chirathivat

### **Education**

- M.S. in Finance/Supply Chain Management, Marshall School of Business, University of Southern California (Los Angeles, U.S.A.)
- MBA, Marshall School of Business, University of Southern California (Los Angeles, U.S.A.)
- B.S. in Industrial Engineering, Chulalongkorn University

### **Past Experiences and/or Remarkable Positions**

- Year 2018 - Present Chief Development Officer, Central Pattana Plc.
- Year 2018 - Present Chairman, GLAND REIT MANAGEMENT Co.,Ltd.
- Year 2017 - 2018 Executive Vice President, Business Development, Central Pattana Plc.
- Year 2013 - 2016 Senior Vice President, Development, Central Pattana Plc.

### **Directorship in Other Listed Companies**

- None -

### **Directorship in Non-listed Companies**

- 27 Companies

### **Completed Program from Thai Institute of Directors (IOD)**

- Year 2018 - Director Certification Program (DCP) Class 255/2018

### **Other Training Courses**

- Advanced Management Program, Harvard Business School, Harvard University, U.S.A.



## 17.

**Mrs. Suwadee Singngam**

Age 54 Years

Senior Vice President, Accounting and Office Management

**Shareholding in the Company**

- Held personally 20,000 shares (0.0004%)
- Held by spouse or minor children 48,000 shares (0.0011%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- MBA, Chulalongkorn University
- B.B.A. in Accounting, Ramkhamhaeng University

**Past Experiences and/or Remarkable Positions**

- Year 2009 - Present Senior Vice President, Accounting and Office Management, Central Pattana Plc.
- Year 1995 - 2008 Senior Vice President, Accounting, Central Pattana Plc.
- Year 1993 - 1995 Senior Vice President, Accounting, Central Pattana Co., Ltd.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies**

- None -

**Completed Program from Thai Institute of Directors (IOD)**

- None -

**Other Training Courses**

- Specialist Bar in Taxation: The Best Practice, ASEAN Law Association
- Executive Financial Management, Department of Accountancy, Chulalongkorn University
- Employee's Choice Ambassadors, Association of Investment Management Companies

**Continuing Professional Development in the Accounting Profession (CPD) in 2018**

- Thai Financial Reporting Standard (TFRS) 15, Central People Development Center Co., Ltd., totaling 7 hours
- Thai Financial Reporting Standard (TFRS) 7, 9, Central People Development Center Co., Ltd., totaling 7 hours

# 18.

## Ms. Ampawee Chompoopongkasem

Age 41 Years

Vice President, Company Secretary Office,  
Company Secretary

### Date of Being a Company Secretary of the Company

1 May 2016

### Shareholding in the Company

- Held personally (None)
- Held by spouse or minor children (None)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

### Education

- M.A. in Managerial Accounting, Chulalongkorn University
- B.A. in Accounting, Kasetsart University

### Past Experiences and/or Remarkable Positions

- Year 2016 - Present    Company Secretary, Central Pattana Plc.
- Year 2003 - 2016      Company Secretary Assistant, Central Pattana Plc.

### Directorship in Other Listed Companies

- None -

### Directorship in Non-listed Companies

- None -

### Completed Program from Thai Institute of Directors (IOD)

- Year 2017
  - Open House for Company Secretary: The Role of Company Secretary in Enhancing Good Corporate Governance (IOH) Class 1/2017
  - Anti-Corruption: The Practical Guide (ACPG) Class 38/2017
  - CGR Workshop 2017: Enhancing Good Corporate Governance based on CGR Scorecard (R-CGW) Class 2/2017
  - Director Briefing 4/2017: The Sleeping Giants of Succession (M-DBT) Class 4/2017
- Year 2013
  - Anti-Corruption: The Practical Guide (ACPG) Class 5/2013
- Year 2010
  - Board Reporting Program (BRP) Class 4/2010
- Year 2007
  - Board Performance Evaluation (CG Workshop) Class 2/2007
- Year 2006
  - Developing Corporate Governance Policy (CG Workshop) Class 1/2006

### Other Training Courses

- None -

### Continuing Development in the Company Secretarial Practices

- Year 2018
  - Roundtable Discussion 2018 "Driving Business Value & Sustainability through Active Investors", The Securities and Exchange Commission
  - Seminar "Disclosure in Compliance with the New CG Code", The Securities and Exchange Commission
  - CG Code Workshop: Assist Your Board in Leading through Disruptions with CG Perspective, PwC Thailand
- Year 2009
  - Company Secretary Program (FPCS) Class 21, Thai Listed Companies Association
- Year 2004
  - Corporate Secretary Development Program Class 9, Faculty of Commerce and Accountancy, Chulalongkorn University, and the Thai Listed Companies Association

## 19.

**Ms. Nonglak Sriwongphanawes**

Age 44 Years

Assistant Vice President, Internal Audit Office

**Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- The Master of Commerce in International Business, The University of New South Wales, Australia
- B.B.A. in Finance and Banking, Assumption University

**Past Experiences and/or Remarkable Positions**

- Year 2015 - Present     Assistant Vice President, Internal Audit Office, Central Pattana Plc.
- Year 2011 - 2015       Assistant Vice President, Internal Audit Office, Big C Supercenter Plc.
- Year 2008 - 2011       Senior Manager, Internal Audit Office, Big C Supercenter Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies**

- None -

**Completed Program from Thai Institute of Directors (IOD)**

- None -

**Other Training Courses**

- Analytical Thinking for Professional Internal Auditors, The Institute of Internal Auditors of Thailand
- Anti-Corruption Synergy to Success, The Institute of Internal Auditors of Thailand
- Internal Audit's Challenge in Value Adding, The Institute of Internal Auditors of Thailand
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- CAE Forum - Digitization: Empower IA New GEN, The Institute of Internal Auditors of Thailand

## LIST OF COMMITTEE IN SUBSIDIARIES

		Central Pattana Plc.	Central Food Avenue Co., Ltd.	Central World Co., Ltd.	Central Pattana Realty Co., Ltd.	Central Pattana Rattanathibet Co., Ltd.	Bangna Central Property Co., Ltd.	Central Pattana Rama 3 Co., Ltd.	Central Pattana Rama 2 Co., Ltd.	Central Pattana Chiangmai Co., Ltd.	Central Pattana Khon Kaen Co., Ltd.	CPN Pattaya Co., Ltd.	Central Pattana Nine Square Co., Ltd.	CPN Residence Co., Ltd.	Central Pattana Development Co., Ltd.	CPN Global Co., Ltd.	CPN City Co., Ltd.	Central Pattana Chonburi Co., Ltd. <sup>1</sup>	CPN Learning Center Co., Ltd. <sup>1</sup>
1.	Mr. Suthichai Chirathivat	•					•												
2.	Mr. Sudhitham Chirathivat	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
3.	Mr. Suthikiati Chirathivat	•																	
4.	Mr. Kobchai Chirathivat	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
5.	Mr. Prin Chirathivat	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
6.	Mr. Preecha Ekkunagul	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
7.	Mr. Sudhisak Chirathivat	•																	
8.	Mr. Paitoon Taveebhol	•																	
9.	Mrs. Jotika Savanandana	•																	
10.	Mr. Veravat Chutichetpong	•																	
11.	Mr. Karun Kittisataporn	•																	
12.	Mr. Suthiphand Chirathivat		•		•	•	•		•	•			•						
13.	Mr. Suthipak Chirathivat		•	•	•		•	•		•	•	•	•	•	•	•	•	•	•
14.	Ms. Wallaya Chirathivat		•	•		•	•	•	•	•	•	•	•	•	•	•	•	•	•
15.	Mrs. Narttaya Chirathivat										•								
16.	Mr. Suthilaksh Chirathivat														•				
17.	Mr. Yotin Booddicharern												•						
18.	Mr. Jatesiri Booddicharern												•						
19.	Mr. Premchai Karnasuta												•						
20.	Mr. Thaveepol Kongseri												•						
21.	Mr. Jarern Jirawisan												•						
22.	Mr. Peerapon Pattanapeeradej									•									
23.	Mr. Noppadon Pattanapeeradej									•									
24.	Mr. Chanavat Uahwatanasakul							•		•	•				•	•		•	•
25.	Mr. Isareit Chirathivat									•								•	
26.	Flt.Lt. Kree Dejchai									•			•						
27.	Mr. Kunayudh Dej-udom																		
28.	Ms. Naparat Sriwanvit																		
29.	Mr. Charly Madan																		
30.	Mrs. Suphatee Suthumpun																		
31.	Ms. Pattaneeporn Thienprasiddhi																		
32.	Mr. Sangchai Apichatthanapath																		
33.	Mr. Sithisakdi Apichatthanapath																		
34.	Mrs. Porntipa Prutisart																		
35.	Mr. Upatham Nisitsukcharoen																		
36.	Ms. Kanokrat Promptuan																		
37.	Mr. Miroslav Friml																		
38.	Ms. Anusara Chokvanitphong																		
39.	Mr. Ittichai Banasanprasit																		
40.	Mr. Tosapol Pibulsonggram																		
41.	Mr. Pandit Mongkolkul																		
42.	Mr. Prapanpong Vejajajiva																		
43.	Mrs. Jitmanee Suwannapool																		
44.	Ms. Nopporn Tirawattanagool																		
45.	Mr. Pak To Leung																		
46.	Mrs. Pienghathai Pongsuwan																		
47.	Mr. Charli Sophonpanich																		
48.	Mrs. Nijaporn Charanachitta																		
49.	Ms. Pirinee Pringsulaka																		
50.	Mr. Soravit Chairaj																		
51.	Mr. Rangsin Kritalug																		
52.	Mr. Charan Mongkolchan																		
53.	Mr. Vithaya Chavananand																		
54.	Ms. Puan Sri Tey Siew Thuan																		
55.	Mr. Soon Thien Suan																		
56.	Ms. Leong Wai Yin																		
57.	Mr. Razali Bin Abdul Rashid																		

Remarks: <sup>1</sup> Central Pattana Chonburi Co.,Ltd. and CPN Learning Center Co.,Ltd. are in process of Liquidation.

Company Name	2023												2022												2021												2020												2019												2018												2017												2016												2015												2014												2013												2012												2011												2010												2009												2008												2007												2006												2005												2004												2003												2002												2001												2000												1999												1998												1997												1996												1995												1994												1993												1992												1991												1990												1989												1988												1987												1986												1985												1984												1983												1982												1981												1980												1979												1978												1977												1976												1975												1974												1973												1972												1971												1970												1969												1968												1967												1966												1965												1964												1963												1962												1961												1960												1959												1958												1957												1956												1955												1954												1953												1952												1951												1950												1949												1948												1947												1946												1945												1944												1943												1942												1941												1940												1939												1938												1937												1936												1935												1934												1933												1932												1931												1930												1929												1928												1927												1926												1925												1924												1923												1922												1921												1920												1919												1918												1917												1916												1915												1914												1913												1912												1911												1910												1909												1908												1907												1906												1905												1904												1903												1902												1901												1900												1899												1898												1897												1896												1895												1894												1893												1892												1891												1890												1889												1888												1887												1886												1885												1884												1883												1882												1881												1880												1879												1878												1877												1876												1875												1874												1873												1872												1871												1870												1869												1868												1867												1866												1865												1864												1863												1862												1861												1860												1859												1858												1857												1856												1855												1854												1853												1852												1851												1850												1849												1848												1847												1846												1845												1844												1843												1842												1841												1840												1839												1838												1837												1836												1835												1834												1833												1832												1831												1830												1829												1828												1827												1826												1825												1824												1823												1822												1821												1820												1819												1818												1817												1816												1815												1814												1813												1812												1811												1810												1809												1808												1807												1806												1805												1804												1803												1802												1801												1800												1799												1798												1797												1796												1795												1794												1793												1792												1791												1790												1789												1788												1787												1786												1785												1784												1783												1782												1781												1780												1779												1778												1777												1776												1775												1774												1773												1772												1771												1770												1769												1768												1767												1766												1765												1764												1763												1762												1761												1760												1759												1758												1757												1756												1755												1754												1753												1752												1751												1750												1749												1748												1747												1746												1745												1744												1743												1742												1741												1740												1739												1738												1737												1736												1735												1734												1733												1732												1731												1730												1729												1728												1727												1726												1725												1724												1723												1722												1721												1720												1719												1718												1717												1716												1715												1714												1713												1712												171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# SUMMARY OF ASSOCIATE COMPANIES WITH CPN OWNERSHIP OF 10% OR MORE

Company		Registered Capital (THB)	Shopping Center
1.	Central Food Avenue Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	5,000,000	
2.	Central Pattana Realty Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,003,658,000	CentralPlaza Chonburi
3.	Central Pattana Rama 2 Co., Ltd. 160 Rama 2 Rd., Samaedum, Bangkhuntian, BKK 10150 Tel +66 (0) 2866 4300	1,500,000,000	CentralPlaza Rama 2
4.	Central Pattana Chiangmai Co., Ltd. 2 Mahidol Rd., 252-252/1 Wualai Rd., Haiya, Muang, Chiangmai 50100 Tel +66 (0) 5399 9199	1,000,000,000	CentralPlaza Chiangmai Airport
5.	Central Pattana Rattanathibet Co., Ltd. 562, 566 Rattanathibet Rd., Bangkrasor, Muang, Nontaburi 11000 Tel +66 (0) 2834 6000	800,000,000	CentralPlaza Rattanathibet
6.	Central Pattana Rama 3 Co., Ltd. 79 Sathupradit Rd., Chongnonsee, Yannawa, BKK 10120 Tel +66 (0) 2649 6000	324,738,000	CentralPlaza Rama 3
7.	Central Pattana Khon Kaen Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,000,000,000	CentralPlaza Khonkaen
8.	Central Pattana Nine Square Co., Ltd. 9/9 Rama 9 Rd., Huai Khwang, BKK 10310 Tel +66 (0) 2103 5999	3,200,000,000	CentralPlaza Grand Rama 9
9.	Bangna Central Property Co., Ltd. 587, 589 Bangna-Trad Rd., Bangna, BKK 10260 Tel +66 (0) 2763 6000	1,160,563,400	CentralPlaza Bangna
10.	CPN Pattaya Co., Ltd. 999/9, Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,500,000,000	CentralFestival Pattaya Beach

Nature of Business					
Food Center	Office	Residential Developer	Real Estate Developer	Property Investment / Holding Company	Other
CentralPlaza Chaengwattana CentralPlaza Pinklao (Partially) CentralPlaza Bangna					
CentralPlaza Chonburi				Shopping center and service facilities of CentralPlaza Lardprao (Partially)	
CentralPlaza Rama 2					
CentralPlaza Chiangmai Airport					
CentralPlaza Rattanaibet					
CentralPlaza Pinklao (Partially) CentralPlaza Rama 3					
CentralPlaza Khonkaen					
	CentralPlaza Grand Rama 9				
	CentralPlaza Bangna	Central City Residence			Water Pak at CentralPlaza Bangna
CentralFestival Pattaya Beach					Hilton Pattaya Hotel

Company		Registered Capital (THB)	Shopping Center
11.	Central World Co., Ltd. 4, 4/1-4/2, 4/4 Ratchadumri Rd., Patumwan, BKK 10330 Tel +66 (0) 2640 7000	2,511,938,100	CentralPlaza Udonthani CentralPlaza Phitsanulok CentralPlaza Ubonratchathani CentralFestival Samui
12.	Siam Retail Development Co., Ltd. 587, 589, 589/7-9 Ramindra Rd., Kannayao, BKK 10230 Tel +66 (0) 2947 5000	500,000,000	Fashion Island
13.	Square Ritz Plaza Co., Ltd. 587 Ramindra Rd., Kannayao, BKK 10230 Tel +66 (0) 2947 5000	125,000,000	
14.	Ayudhya Agrocitcity Co., Ltd. 3/10 M.17 Bangna-Trad Rd., Bangpleeyai, Bangplee, Samutprakarn 10540 Tel +66 (0) 2399 4510	400,000,000	
15.	CPN Retail Growth Leasehold REIT Managed by CPN REIT Management Co., Ltd 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	29,653,382,715	
16.	CPN Commercial Growth Leasehold Property Fund Managed by SCB Asset Management Co., Ltd. SCB Park Plaza I, 7th-8th Fl., 18 Ratchadapisek Rd., Chatuchak, BKK 10900 Tel. +66 (0) 2949 1500	4,394,381,700	
17.	Thai Business Fund 4 Managed by Krung Thai Asset Management Plc. 1 Empire Tower, 32nd Fl., South Sathorn Rd., Yannawa, Sathorn, BKK 10120 Tel. +66 (0) 2686 6100	5,443,793,158	
18.	CPN Residence Co.,Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	400,600,000	
19.	Central Pattana Developmennt Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	700,000,000	CentralPlaza Chiangrai CentralPlaza Suratthani CentralPlaza Lampang
20.	CPN Global Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	
21.	CPN City Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,863,485,000	



Nature of Business					
Food Center	Office	Residential Developer	Real Estate Developer	Property Investment / Holding Company	Other
CentralPlaza Udonthani, CentralPlaza Phitsanulok CentralPlaza Ubonratchathani CentralFestival Samui					Centara Hotel & Convention Centre Udon Thani
			•		
			•		
				CentralPlaza Rama 2 CentralPlaza Rama 3 CentralPlaza Pinklao CentralPlaza Chiangmai Airport CentralFestival Pattaya Beach Hilton Pattaya Hotel	
				The Offices at CentralWorld	
				CentralWorld	
		ESCENT			
CentralPlaza Chiangrai CentralPlaza Suratthani CentralPlaza Lampang					
		•	•		
		•			

Company		Registered Capital (THB)	Shopping Center
22.	CPN Complex Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,341,600,000	
23.	CPN Rayong Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000,000	CentralPlaza Rayong
24.	CPN Korat Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000,000	CentralPlaza Nakhonratchasima
25.	CPN Residence Khon Kaen Co.,Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	200,000,000	
26.	C.S. City Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	500,000,000	
27.	CPN Estate Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	
28.	Phenomenon Creation Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	400,000,000	
29.	CPN REIT Management Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	10,000,000	
30.	Vimarn Suriya Co., Ltd. Dusit Thani Building, 5th Fl., 946 Rama IV Rd, Silom, Bangrak, BKK 10500 Tel +66 (0) 2200 9999	1,100,000,000	
31.	Suanlum Property Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	172,000,000	
32.	Saladang Property Management Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	400,000	
33.	Phraram 4 Development Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	

Nature of Business					
Food Center	Office	Residential Developer	Real Estate Developer	Property Investment / Holding Company	Other
			•		
CentralPlaza Rayong					
CentralPlaza Nakhonratchasima					
			•		
			•		
			•		
					Theme Park Developer at Central Phuket
					Management of real estate investment trust
			•		
			•		
			•		
			•		

Company		Registered Capital (THB)	Shopping Center
34.	Dara Harbour Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	400,000,000	
35.	Synergistic Property Development Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	465,000,000	
36.	CPN Pattaya Hotel Co., Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	200,000,000	
37.	Global Retail Development & Investment Limited 30th Fl., Jardine House One Connaught Place Central, Hong Kong	HKD 10,000	
38.	Global Commercial Property Limited 30th Fl., Jardine House One Connaught Place Central, Hong Kong	HKD 10,000	
39.	CPN Ventures Sdn. Bhd. Unit 30-01, 30th Fl., Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	MYR 10,000,000	
40.	Central Plaza i-City Real Estate Sdn. Bhd. Unit 30-01, 30th Fl., Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	MYR 458,000,000	
41.	CPN Residence Management Co.,Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	
42.	Chanakun Development Co.,Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	70,000,000	
43.	CPN Village Co.,Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	
44.	Dusit Thani Public Company Limited Dusit Thani Building, 5th Fl., 946 Rama IV Rd., Silom, Bangrak, BKK 10500 Tel +66 (0) 2200 9999	850,000,000	
45.	Grand Canal Land Public Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	6,535,484,202	
46.	Belle Development Co.,Ltd. 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	2,064,261,300	
47.	Belle Assets Co.,Ltd. 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	11,000,000	

Nature of Business					
Food Center	Office	Residential Developer	Real Estate Developer	Property Investment / Holding Company	Other
			•		
			•		
					To sublease and conduct a business of Hilton Pattaya Hotel which is under CPRNEIT
			•		
			•		
					Real estate management consulting and corporate services
			•		
					Management of condominium juristic person and housing estate juristic person
			•		
			•		
					Operate hotel business and Hotel Management Service
	The Ninth Towers				
		Belle Grand Rama 9			
		•			

Company		Registered Capital (THB)	Shopping Center
48.	Sterling Equity Co.,Ltd. 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	1,800,000,000	
49.	G Land Property Management Co.,Ltd. 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	500,000,000	
50.	Rama 9 Square Co.,Ltd. 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	1,900,000,000	
51.	Rama 9 Square Hotel Co.,Ltd. 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	16,000,000	
52.	GLAND REIT Management Co.,Ltd. 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	10,000,000	
53.	Ratchada Assets Holding Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	6,000,000	
54.	Bayswater Co.,Ltd. 21 Soi Choei Phuang Vibhavadi Rangsit Rd., Chomphon, Chatuchak BKK 10900 Tel +66 (0) 2273 8838	10,000,000	
55.	GLAND Office Leasehold Real Estate Investment Trust SCB Park Plaza 1, 7th-8th Fl., 18 Ratchadapisek Rd., Chatuchak, BKK 10900 Tel. +66 (0) 2949 1500	10,000,000	
56.	Common Ground (Thailand) Co.,Ltd. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	

Remarks: Central Pattana Chonburi Co.,Ltd. and CPN Learning Center Co.,Ltd are in the process of liquidation

Nature of Business					
Food Center	Office	Residential Developer	Real Estate Developer	Property Investment / Holding Company	Other
	Unilever House				
	G Tower Grand Rama9		•		
			•		
					Management of real estate investment trust
				•	
			•		
				The Ninth Towers Unilever House and Parking Areas	
					Co-working Space

# LIST OF CPN SHOPPING MALLS

01

## **CENTRALPLAZA LARDPRAO**

Address : 1693 Phaholyothin Road, Chatuchak, Chatuchak, Bangkok 10900

Tel : +66 (0) 2793 6000 Fax : +66 (0) 2541 1341

02

## **CENTRALPLAZA RAMINDRA**

Address : 109/10, Ramindra Road, Bangkhen, Bangkok 10220

Tel : +66 (0) 2790 3000 Fax : +66 (0) 2552 5513

03

## **CENTRALPLAZA PINKLAO**

Address : 7/222 Baromrachachonnanee Road, Arunamarin, Bangkoknoi, Bangkok 10700

Tel : +66 (0) 2877 5000 Fax : +66 (0) 2884 8446

04

## **CENTRALMARINA**

Address : 78/54 Moo 9, Pattaya Sai 2 Road, Banglamung, Chonburi 20260

Tel : +66 (0) 3300 3888 Fax : +66 (0) 3300 3888 ext. 1225-6

05

## **CENTRALPLAZA CHIANGMAI AIRPORT**

Address : 2 Mahidol Road, 252-252/1 Wulai Road, Haiya, Muang Chiangmai, Chiangmai 50100

Tel : +66 (0) 5399 9199 Fax : +66 (0) 5399 9122-3

06

## **CENTRALPLAZA RAMA 3**

Address : 79 Sathupradit Road, Chongnonsee, Yannawa, Bangkok 10120

Tel : +66 (0) 2649 6000 Fax : +66 (0) 2673 6009

07

## **CENTRALPLAZA BANGNA**

Address : 587, 589 Bangna-Trad (KM.3) Road, Bangna, Bangkok 10260

Tel : +66 (0) 2763 6000 Fax : +66 (0) 2399 5777

08

## **CENTRALPLAZA RAMA 2**

Address : 160 Rama 2 Road, Samaedum, Bangkhuntian, Bangkok 10150

Tel : +66 (0) 2866 4300 Fax : +66 (0) 2872 4560

09

## **CENTRALWORLD**

Address : 4, 4/1, 4/2, 4/4 Rajdamri Road, Patumwan, Bangkok 10330

Tel : +66 (0) 2640 7000 Fax : +66 (0) 2255 9767

10

## **CENTRALPLAZA RATTANATHIBET**

Address : 68/100, 68/919 Moo 8, Rattana Thibet Road, Bangkrasor, Muang Nonthaburi, Nonthaburi 11000

Tel : +66 (0) 2103 5777 Fax : +66 (0) 2526 6092

11

## **CENTRALPLAZA CHAENGWATTANA**

Address : 99, 99/9 Moo 2, Chaengwattana Road, Bangtarad, Pak Kret, Nonthaburi 11120

Tel : +66 (0) 2101 0000 Fax : +66 (0) 2101 1343



- 12 CENTRALFESTIVAL PATTAYA BEACH**  
Address : 333/99 Moo 9, Banglamung, Chonburi 20260  
Tel : +66 (0) 3300 3999 Fax : +66 (0) 3300 3999 ext. 1225-6
- 13 CENTRALPLAZA UDONTHANI**  
Address : 277/1-3, 271/5 Prajaksillapakhom Road, Markkeang, Muangudonthani, Udonthani 41000  
Tel : +66 (0) 4224 9192 Fax : +66 (0) 4224 4639
- 14 CENTRALPLAZA CHONBURI**  
Address : 55/88-89, 55/91 Moo 1, Sa-Med, Muang Chonburi, Chonburi 20000  
Tel : +66 (0) 3300 3333 Fax : +66 (0) 3300 3179
- 15 CENTRALPLAZA KHONKAEN**  
Address : 99, 99/1 Srichan Road, Naimuang, Muang, Khonkaen 40000  
Tel : +66 (0) 4300 1000 Fax : +66 (0) 4300 1209
- 16 CENTRALPLAZA CHIANGRAI**  
Address : 99/9 Moo 13, Robwiang, Muang District, Chiang Rai 57000  
Tel : +66 (0) 5202 0999 Fax : +66 (0) 5202 0900
- 17 CENTRALPLAZA PHITSANULOK**  
Address : 9/99 Moo 5 Plaichomphon, Muang Phitsnulok, Phitsanulok 65000  
Tel : +66 (0) 5500 0999 Fax : +66 (0) 5500 0990
- 18 CENTRALPLAZA GRAND RAMA 9**  
Address : 9/9 Rama 9 Road, Huai Khwang, Bangkok 10320  
Tel : +66 (0) 2103 5999 Fax : +66 (0) 2103 5990
- 19 CENTRALPLAZA SURATTHANI**  
Address : 88 Moo 10, Watpradu, Muang Suratthani, Suratthani 84000  
Tel : +66 (0) 7796 3555 Fax : +66 (0) 7796 3599
- 20 CENTRALPLAZA LAMPANG**  
Address : 319 Highway Lampang-Ngao Rd., Suandok, Muang, Lampang 52100  
Tel : +66 (0) 5401 0555 Fax : +66 (0) 5401 0599
- 21 CENTRALPLAZA UBONRATCHATHANI**  
Address : 311 Moo 7 Chae Ra Mae, Muang, Ubonratchathani 34000  
Tel : +66 (0) 4595 0699 Fax : +66 (0) 4595 0600
- 22 CENTRALFESTIVAL CHIANGMAI**  
Address : 99, 99/1, 99/2 Moo 4 Superhighway Road, Fa Ham, Muang, Chiangmai 50000  
Tel : +66 (0) 5399 8999 Fax : +66 (0) 5200 1700

# LIST OF CPN SHOPPING MALLS

**23****CENTRALFESTIVAL HATYAI**

Address : 1518, 1518/1, 1518/2 Kanchanavanid Road, Hatyai, Hatyai, Songkhla 90110

Tel : +66 (0) 7480 1555 Fax : +66 (0) 7480 1599

**24****CENTRALFESTIVAL SAMUI**

Address : 209, 209/1-209/2 Moo 2, Borpud, Samui, Suratthani 84320

Tel : +66 (0) 7796 2777 Fax : +66 (0) 7796 2799

**25****CENTRALPLAZA SALAYA**

Address : 99/19, 99/20 Moo 2, Bangtoey, Sampran, Nakornpatom 73210

Tel : +66 (0) 3410 0888 Fax : +66 (0) 3410 0899

**26****CENTRALPLAZA RAYONG**

Address : 99, 99/1 Bangna-Trad Road, Chengneun, Muangrayong, Rayong 21000

Tel : +66 (0) 3301 3333 Fax : +66 (0) 3301 3300

**27****CENTRAL PHUKET  
CENTRAL PHUKET FESTIVAL**

Address : 74, 75 Moo 5, Vichit, Muang Phuket, Phuket 83000

Tel : +66 (0) 7629 1111 Fax : +66 (0) 7629 4000

**CENTRAL PHUKET FLORESTA**

Address : 199 Moo 4, Vichit, Muang Phuket, Phuket 83000

Tel : +66 (0) 76603 333

**28****CENTRALPLAZA WESTGATE**

Address : 199,199/1,199/2 Moo 6, Soa Thong Hin, Bang Yai, Nonthaburi 11140

Tel : +66 (0) 2102 7999 Fax : +66 (0) 2102 7900

**29****CENTRALFESTIVAL EASTVILLE**

Address : 69, 69/1, 69/2 Praditmanutham Rd., Ladprao, Bangkok 10230

Tel : +66 (0) 2102 5000 Fax : +66 (0) 2102 5099

**30****CENTRALPLAZA NAKHON SI THAMMARAT**

Address : 8, 9/8 Moo 7, Nasan, Phraphrom, Nakhon Si Thammarat 80000

Tel : +66 (0) 7580 3333 Fax : +66 (0) 7580 3399

**31****CENTRALPLAZA NAKHON RATCHASIMA**

Address : 990,998 Mittraphap-Nong Khai Road, Nai Muang, Muang Nakhon Ratchasima, Nakhon Ratchasima 30000

Tel : +66 (0) 4400 1555 Fax : +66 (0) 4400 1599

**32****CENTRALPLAZA MAHACHAI**

Address : 98 Moo 4, Na Di, Muang Samut Sakhon, Samut Sakhon 74000

Tel : +66 (0) 3411 2777 Fax : +66 (0) 3411 2799

# INFORMATION FOR INVESTORS

## Central Pattana Public Company Limited Dividend Policy :

**Registered Capital :** Baht 2,244,000,000  
**Issued and Paid-up Capital :** Baht 2,244,000,000  
 Comprising ordinary shares of 4,488,000,000 shares  
 Par Value of Baht 0.5 per share

CPN has a policy to pay dividend at a rate of approximately 40 percent of the annual net profit (unless there is a compelling reason against this).

## Securities Information

Common shares of Central Pattana Public Company Limited were listed and traded on the Stock Exchange of Thailand with "CPN" as the abbreviated Security Name.

## Shareholders' Meeting

The Board of Directors of Central Pattana Public Company Limited agreed to hold the Annual General Meeting of Shareholders ("AGM") 2019 on 26<sup>th</sup> April 2019, at 2.00 pm at World Ball Room 23<sup>rd</sup> Floor, Centara Grand and Bangkok Convention Centre at CentralWorld, 999/99 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand.

## Investor Relations

**Central Pattana Public Company Limited**  
 31<sup>st</sup> Floor, the Offices at CentralWorld,  
 999/9 Rama I Road, Patumwan Sub-District, Patumwan District,  
 Bangkok 10330, Thailand  
 Telephone : +66 (0) 2667 5555 ext. 1614, 1632, 1689  
 E-mail : ir@cpn.co.th  
 Website : www.cpn.co.th

## Share prices and dividend payments for the past five years (2014-2018)

Unit: THB/Share

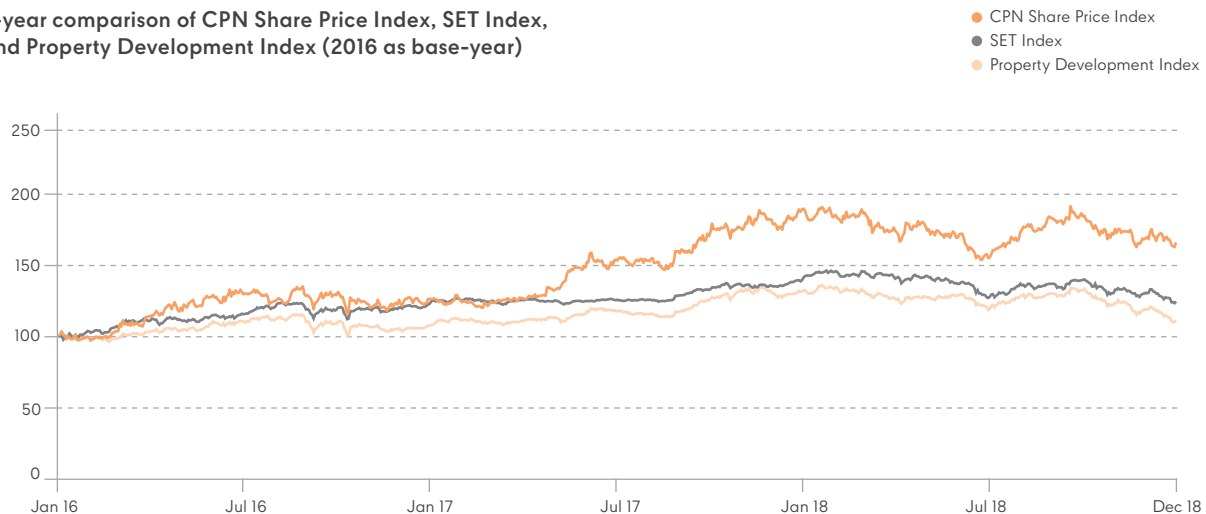
Year	Highest Price	Lowest Price	Dividened Payment
2014	49.50	37.00	0.65
2015	49.25	39.75	0.70
2016	61.75	43.00	0.83
2017	87.00	53.75	1.40
2018	87.25	68.25	1.10 <sup>1</sup>

Remark: 1. Subject to an approval from AGM 2019

## Movements of CPN Share Price against SET Index and Property Development Index

Increase of share price index	3 years	1 year
CPN Share Price Index	59%	-12%
SET Index	21%	-11%
Property Development Index	9%	-16%

## 3-year comparison of CPN Share Price Index, SET Index, and Property Development Index (2016 as base-year)



Source : The Stock Exchange of Thailand (SET)

## Investor Relations Activities for 2018

Date	Events
11-12 January 2018	Non-deal roadshow in Singapore, organized by DBS Vickers Securities (Thailand)
16 January 2018	CEO Forum with local fund manager and analyst in Bangkok, organized by CPN
19 January 2018	Non-deal roadshow in Malaysia, organized by Macquarie Securities (Thailand)
29-30 January 2018	Non-deal roadshow in Hong Kong, organized by CLSA Securities (Thailand)
27 February 2018	Analyst Meeting FY2017, organized by CPN
5-6 March 2018	Daiwa Investment Conference in Japan, organized by Daiwa Securities
27-28 March 2018	Invest ASEAN Conference in Singapore, organized by Maybank Kim Eng Securities (Thailand)
27 April 2018	Annual General Meeting of Shareholders Year 2018 at Centara Grand & Bangkok Convention Center
16 May 2018	Analyst Meeting 1Q18, organized by CPN
6 June 2018	Local non-deal roadshow, organized by Bualuang Securities
11 June 2018	Conference “Thai Corporate Day” in Hong Kong, organized by Bualuang Securities and Morgan Stanley
19-20 June 2018	Non-deal roadshow in Singapore, organized by Thanachart Securities and Daiwa Capital Markets Singapore
29 June 2018	Conference “dbAccess Thailand Corporate Day” in Bangkok, organized by Deutsche TISCO Investment Advisory Company Limited
12 Jul 2018	Conference “Thailand Property and REITs Corporate Day” in Bangkok, organized by DBS Vickers Securities (Thailand)
15 August 2018	Analyst Meeting 2Q18, organized by CPN
24 August 2018	Non-deal roadshow in Malaysia, organized by JP Morgan Securities (Thailand)
30-31 August 2018	Thailand Focus 2018 Conference with foreign institutions in Bangkok, organized by The Stock Exchange of Thailand
21 September 2018	Conference “Corporate Day” in Bangkok, organized by Krungsri Securities
24-28 September 2018	Non-deal roadshow in Canada and US by DBS Vickers Securities (Thailand)
25-26 September 2018	Conference “2018 Global Real Estate” in New York, organized by Bank of America Merrill Lynch and Phatra Securities
11-12 October 2018	Non-deal roadshow in Singapore, organized by UBS Securities (Thailand)
16-19 October 2018	Non-deal roadshow in UK and Germany, organized by CLSA Securities (Thailand)
16 November 2018	Analyst Meeting 3Q18, organized by CPN
21 November 2018	Non-deal roadshow in Japan, organized by Krungsri Securities
26-27 November 2018	Non-deal roadshow in Hong Kong, organized by CGS-CIMB Securities (Thailand)

## Financial Calendar for 2019

Financial Calendar	2019 (Tentative)
Announcement of full year financial results (prior year)	February
Analyst Meeting for full year performance at The Offices@CentralWorld, organized by CPN	February
Analyst Meeting for full year performance (prior year) (Opportunity Day) organized by The Stock Exchange of Thailand	March
The closing date of the shareholders registration book for the rights to attend the AGM	March
The Annual General Meeting of the Shareholders	April
Dividend payment for prior year performance	May
Announcement of first quarter financial results	May
Analyst Meeting for first quarter performance at The Offices@CentralWorld, organized by CPN	May
Analyst Meeting for first quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	May
Announcement of second quarter financial results	August
Analyst Meeting for second quarter performance at The Offices@CentralWorld, organized by CPN	August
Analyst Meeting for second quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	August
Announcement of third quarter financial results	November
Analyst Meeting for third quarter performance at The Offices@CentralWorld, organized by CPN	November
Analyst Meeting for third quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	November

# REFERENCE FIRMS

## REGISTRAR OF COMMON SHARES

Thailand Securities Depository Co., Ltd.  
93 The Stock Exchange of Thailand Building  
Ratchadapisek Road, Dindaeng,  
Bangkok 10400, Thailand  
Telephone : + 66 (0) 2009 9999  
Facsimile : + 66 (0) 2009 9991

## DEBENTURE HOLDERS REPRESENTATIVE

### Debenture CPN218A and CPN258A

Bank of Ayudhya Public Company Limited  
1222 Rama 3 Road, Bang Phongphang, Yannawa,  
Bangkok 10120, Thailand  
Telephone : + 66 (0) 2296 3582  
Facsimile : + 66 (0) 2683 1298

## REGISTRAR OF UNSECURED DEBENTURES

### Debentures CPN19NA

CIMB Thai Bank Public Company Limited  
44 Langsuan Road, Lumpini Sub-District, Pathumwan  
Bangkok 10330, Thailand  
Telephone : + 66 (0) 2626 7503  
Facsimile : + 66 (0) 2626 7542

## AUTHORIZED AUDITOR

KPMG Phoomchai Audit Ltd.  
Ms. Vannaporn Jongperadechanon  
Ms. Bongkot Amsageam,  
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Remarks: Investors can obtain further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.cpn.co.th](http://www.cpn.co.th)



## LRQA Assurance Statement

Relating to the Central Pattana Public Company Limited's Annual Report  
(Sustainability part) for the calendar year 2018

This Assurance Statement has been prepared for Central Pattana Public Company Limited in accordance with our contract but is intended for the readers of this Report.

### Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Central Pattana Public Company Limited (CPN) to provide independent assurance on its Annual Report (Sustainability part) for the calendar year 2018 ("the Report") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LRQA's verification approach. LRQA's verification approach is based on current best practice and uses the principles of AA1000AS (2008) - Inclusivity, Materiality, Responsiveness and Reliability of performance data and processes defined in ISAE3000.

Our assurance engagement covered CPN's operations and activities in Thailand and specifically the following requirements:

- Confirming that the Report is in accordance with the GRI Sustainability Reporting Standards and core option
- Evaluating the reliability of data and information for following topic specific standards below:
  - Environmental: (GRI 302-1) Energy consumption, (GRI 302-3) Energy intensity, (GRI 303-1) Water withdrawal by sources (GRI 303-3) Water recycled and reused, (GRI 305-1) Direct (Scope 1), (GRI 305-2) Energy indirect (Scope 2), (GRI 305-3) Other indirect (Scope 3) GHG emissions and (GRI 305-4) GHG emissions intensity.
  - Social: (GRI 403-2) Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities for all employees, and (GRI 403-1) workers representation in formal joint management-worker health and safety committee.

Our assurance engagement excluded the data and information of CPN's operations and activities outside of Thailand.

LRQA's responsibility is only to CPN. LRQA disclaims any liability or responsibility to others as explained in the end footnote. CPN's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of CPN.

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that CPN has not:

- Met the requirements above
- Disclosed reliable performance data and information for the selected topic specific standards
- Covered all the issues that are important to the stakeholders and readers of this Report.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the Verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites.

### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing CPN's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this by reviewing documents and associated records.
- Reviewing CPN's process for identifying and determining material issues to confirm that the right issues were included in their Report and updated overtime. We did this by benchmarking reports written by CPN and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether CPN makes informed business decisions that may create opportunities which contribute towards sustainable development.
- Auditing CPN's data management systems to confirm that there were no significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling process, and systems, including those for internal verification. We also spoke with key people in various facilities responsible for compiling the data and drafting the Report.
- Sampling of evidences presented at CentralPlaza Lardprao, Bang-na, Salaya and Central World Shopping Centers in Bangkok to confirm the reliability of the selected topic specific standards.





### Observations

Further observations and findings, made during the assurance engagement, are:

- **Stakeholder Inclusivity:**  
We are not aware of any key stakeholder groups that have been excluded from CPN's stakeholder engagement process. However, we believe that CPN's engagement process should move further to full dialogue with stakeholders.
- **Materiality:**  
We are not aware of any material aspects concerning CPN's sustainability performance that have been excluded from the Report. CPN has processes for determining which issue/aspect is material and that these criteria are not biased to the CPN's management.
- **Responsiveness:**  
CPN have processes for responding to various stakeholder groups. However, we believe that future Reports should provide more information regarding action taken based on EH&S performance data analysis. CPN should start with waste water management and renewable energy actions.
- **Reliability:**  
CPN has a well-defined data management system to consolidate data and information associated with the selected specific topic standards. However, we believe that establishing internal verification processes will improve the reliability of its reported data and information.

### LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification together with TGO CFO (Carbon Foot Print of an organization Scheme of Thailand Greenhouse Gas Management Organization (Public Organization)) are the only works undertaken by LRQA for CPN and as such does not compromise our independence or impartiality.

Signed

Dated: 27<sup>th</sup> February 2019

A handwritten signature in black ink, appearing to read 'Opart Charuratana'.

Opart Charuratana  
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance Ltd.  
Lloyd's Register International (Thailand) Limited  
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LRQA Reference: BGK1000000260

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The English version of this Assurance Statement is the only valid version. Lloyd's Register Group Limited assumes no responsibility for versions translated into other languages.

This Assurance Statement is only valid when published with the Report to which it refers. It may only be reproduced in its entirety.

# GRI CONTENT INDEX

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GRI Standard		Disclosure	Page Number and/or URL	SGDs	External Assurance
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GRI Standard	Disclosure	Page Number and/or URL	Omission			SGDs	External Assurance
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Material Topics GRI 400 Social Standards Series							
GRI 103 Management Approach 2016	<b>PUBLIC POLICY</b>						
	103-1 Explanation of the material topic and its boundary	Political participation policy ( <a href="http://www.cpn.co.th/sustainability.aspx?menu=Policies_and_Implementing_Guidelines">www.cpn.co.th/sustainability.aspx?menu=Policies_and_Implementing_Guidelines</a> )					
	103-2 The management approach and its components						
	103-3 Evaluation of the management approach						
GRI 415: Public Policy	415-1 Political contributions	None					
GRI 103 Management Approach 2016	<b>CUSTOMER HEALTH AND SAFETY</b>						
	103-1 Explanation of the material topic and its boundary	106 - 107					
	103-2 The management approach and its components						
	103-3 Evaluation of the management approach						
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	111					
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	None					

GRI Standard	Disclosure	Page Number and/or URL	Omission			SGDs	External Assurance
			Part Omitted	Reason	Explanation		
Material Topics GRI 400 Social Standards Series							
GRI 103 Management Approach 2016	<b>SOCIOECONOMIC COMPLIANCE</b>						
	103-1 Explanation of the material topic and its boundary	105 - 106					
	103-2 The management approach and its components						
	103-3 Evaluation of the management approach						
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	105, 126, 130					

# UNITED NATIONS GLOBAL COMPACT PRINCIPLES

Principles	Disclosure	Page
Human Rights	Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights	74, 117, 124 - 126
	Principle 2 : Businesses should make sure that they are not complicit in human rights abuses	
Labor	Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	117 - 118, 122 - 126
	Principle 4 : The elimination of all forms of forced and compulsory labour	
	Principle 5 : The effective abolition of child labour	
	Principle 6 : The elimination of discrimination in respect of employment and occupation	
Environment	Principle 7 : Businesses should support a precautionary approach to environmental challenges	131 - 141
	Principle 8 : Undertake initiatives to promote greater environmental responsibility	
	Principle 9 : Encourage the development and diffusion of environmentally friendly technologies	
Anti-corruption	Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery	119, 124 - 126, 170 - 172, 194 - 197





**PROPERTY  
DEVELOPMENT  
& INVESTMENT**  
A Member of Central Group

## **CENTRAL PATTANA PUBLIC COMPANY LIMITED**

10<sup>th</sup>, 30<sup>th</sup> – 34<sup>th</sup> Floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District, Patumwan District  
Bangkok 10330, Thailand  
Tel. +66 (0) 2667 5555  
[www.cpn.co.th](http://www.cpn.co.th)





# SUSTAINABLE FUTURE



## ANNUAL REPORT 2018 (FINANCIAL REPORT)



**PROPERTY  
DEVELOPMENT  
& INVESTMENT**  
A Member of Central Group

# Central Pattana Public Company Limited

<b>Location</b>	10 <sup>th</sup> , 30 <sup>th</sup> – 34 <sup>th</sup> Floor, The Offices at CentralWorld, 999/9 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand
<b>Telephone</b>	+ 66 (0) 2667 5555
<b>Corporate Website</b>	<a href="http://www.cpn.co.th">www.cpn.co.th</a>
<b>Registration No</b>	0107537002443
<b>Year of Establishment</b>	1980
<b>Business Overview</b>	Develop and invest in retail property for rent comprising large-scale shopping complexes and other related and supportive businesses, such as office buildings, hotels, residential development and food court. In addition, the Company invests in and is the property manager of CPN Commercial Growth Leasehold Property Fund (CPNCG) and CPN Retail Growth Leasehold REIT (CPNREIT).
<b>Securities Information</b>	Common shares of Central Pattana Plc. were listed and traded on the Stock Exchange of Thailand in 1995 under the abbreviated security name of “CPN”.
<b>Registered Capital</b>	Baht 2,244,000,000
<b>Issued and Paid-up Capital</b>	Baht 2,244,000,000 comprising ordinary shares of 4,488,000,000 shares Par value of Baht 0.5 per share
<b>Contacts</b>	<b>Company Secretary</b> Telephone : + 66 (0) 2667 5555 Ext. 1665, 1684, 1685, 1686 and 1687 Email : <a href="mailto:co.secretary@cpn.co.th">co.secretary@cpn.co.th</a>  <b>Investor Relations</b> Telephone : + 66 (0) 2667 5555 Ext. 1614, 1632 and 1689 Email : <a href="mailto:ir@cpn.co.th">ir@cpn.co.th</a>

Investors can obtain further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.cpn.co.th](http://www.cpn.co.th)



## **Annual Report 2018**

(Financial Report)

CENTRAL PATTANA PUBLIC COMPANY LIMITED

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**AUDITOR'S  
REMUNERATION**

## RESPONSIBILITY OF THE BOARD OF DIRECTORS TO THE FINANCIAL STATEMENTS

The Board of Directors of Central Pattana Public Company Limited (“the Company”) is responsible for the consolidated financial statements of the Company and its subsidiaries as well as financial information as presented in the annual report. The financial statements are prepared in conformity with Thai Financial Reporting Standards (TFRSs) which are appropriately applied on a consistent basis. Conservation judgment and best estimate are adopted in this preparation. In addition, all important information is adequately disclosed in the notes to financial statements.

The Board of Directors has set up and maintained an effective internal control to reasonably ensure that all accounting records are accurate, complete and sufficient to secure its assets. Moreover, all possible weakness could be found to prevent fraud or material unusual transactions.

The Board of Directors has appointed the audit committee which comprises independent directors, to control quality of financial report and internal control system. The opinion of the audit committee on this matter has already been presented in the audit committee report.

The Board of Directors is of an opinion that internal control systems of the Company are in the satisfactory and sufficient level to reasonably build the confidence in the reliability of the consolidated financial statements of the Company and its subsidiaries as of December 31, 2018.



**Mr. Suthichai Chirathivat**  
Chairman



**Mr. Preecha Ekkunagul**  
Director  
President & CEO

**Central Pattana Public Company Limited  
and its Subsidiaries**

Financial Statements for the Year Ended 31 December 2018  
and  
Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Central Pattana Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of Central Pattana Public Company Limited and its subsidiaries (the “Group”) and of Central Pattana Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2018 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.

Business acquisition	
Refer to Notes 2, 3 (a) and 4 to the consolidated financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
On 12 September 2018, the Group has acquired the business of Grand Canal Land and its subsidiaries of Baht 10,163 million. Management of the Company had evaluated the fair value of assets acquired and liabilities assumed from business acquisition. The fair value of assets acquired were evaluated by market comparison and income approach discounted cash flows. Such business acquisition had significant amounts and involved with judgement. I considered as the key audit matter.	<p>Audit procedures included:</p> <ul style="list-style-type: none"> <li>- read the sale and purchase agreement and analysis memorandum of business combination prepared by the Group to understand key terms and conditions;</li> <li>- evaluated the assessment of the identification of assets acquired and liabilities assumed and fair value of valuation methods of the business acquired that prepared by management of the Company;</li> <li>- evaluated the significant assumptions that management used in market comparison and discounted cash flows;</li> <li>- considered the adequacy of the disclosure in accordance with the related Thai Financial Reporting Standards.</li> </ul>

Revenue recognition	
Refer to Note 3 (q) to the consolidated and separate financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
Revenue from rental and service are significant amounts in the financial statements. Those revenues are based on a large number of tenancy agreements and service agreements, each with variety of contractual terms and conditions including rental and service discounts given to tenants. Consequently, the accuracy and completeness of revenue recognition relating to tenancy agreements and service agreements are areas of focus for my audit.	<p>Audit procedures included:</p> <ul style="list-style-type: none"> <li>- understanding the revenue recognition process by inquiring these activities with the relevant management and reading a sample of tenancy agreements and service agreements to understand the key contractual terms and conditions to assist in identifying the risks of inappropriate income recognition pertaining to the various revenue streams;</li> <li>- testing of internal control over the revenue process including key manual controls, including but not limited to, the controls on the approval of lease contracts and changes to lease terms and the input of this information to the accounting system, controls on the invoice billings and collection processes, controls on the approval of rental discount granted and credit note issued;</li> <li>- testing of systems-based controls over the revenue process with assistance of KPMG IT specialists including testing of controls over system configuration of rental pricing data and billing process and the linkage to usage data that drives revenue recognition;</li> </ul>



Revenue recognition	
Refer to Note 3 (q) to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
	<ul style="list-style-type: none"> <li>- testing the recording of revenue from rental and service using a sampling basis and agreeing contractual terms and conditions stipulated in the lease agreements with related documents including collection; and</li> <li>- assessing the adequacy of the disclosure in accordance with the related Thai Financial Reporting Standards.</li> </ul>

### *Emphasis of Matter*

I draw attention to notes 4 to the consolidated financial statements. The Group is under the fair value valuations of assets acquired and liabilities assumed from the business acquisition by independent appraiser. Therefore, fair value of business acquired and the allocation of purchase price have been provisionally determined and are subject to potential amendment depending on the finalisation of the appraisal value by independent appraiser. My opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Vannaporn Jongperadechanon)  
Certified Public Accountant  
Registration No. 4098

KPMG Phoomchai Audit Ltd.  
Bangkok  
21 February 2019

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of financial position**

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
(in Baht)					
Current assets					
Cash and cash equivalents	6	3,021,030,701	2,418,138,796	2,011,203,777	1,505,217,748
Current investments	7	45,520,769	2,943,116,488	45,520,769	2,943,116,488
Trade accounts receivable	5, 8	1,278,625,107	1,308,097,843	837,338,645	878,840,469
Other receivables	5, 9	3,168,772,085	2,838,749,752	1,517,268,346	2,845,197,533
Real estate projects under development	10, 20	7,787,315,457	3,606,162,607	-	-
Short-term loans to related parties	5	-	-	26,016,862	1,281,303,012
Total current assets		15,301,264,119	13,114,265,486	4,437,348,399	9,453,675,250
Non-current assets					
Restricted bank deposits	20	11,222,888	-	-	-
Investments in subsidiaries and funds	11	-	-	27,620,971,880	24,901,031,928
Investment in associates	13	7,045,707,212	5,920,082,060	7,886,680,686	7,867,432,436
Investment in joint ventures	13	2,853,474,276	380,079,010	232,499,900	232,499,900
Long-term investments related parties	7	1,908,857,872	66,250,000	1,842,607,872	-
Other long-term investments	7	172,924,286	127,555,078	3,138,420	3,184,560
Long-term loans to related parties	5	4,518,469,601	134,319,205	16,220,408,363	16,087,529,371
Investment properties	14, 20	108,412,457,321	84,972,214,794	41,029,978,438	41,907,656,364
Property, plant and equipment	15, 20	1,646,079,488	1,675,813,726	392,174,330	363,327,709
Goodwill	4	1,036,491,639	-	-	-
Leasehold rights	16, 20	14,085,954,198	11,207,056,686	5,772,809,100	6,101,449,536
Right for usage of assets	17	414,568,118	451,942,388	313,353,879	346,867,844
Deferred tax assets	18	1,899,878,950	1,422,943,436	847,923,688	670,861,951
Other non-current assets	5, 19	2,400,476,442	1,101,068,594	193,259,505	229,620,605
Total non-current assets		146,406,562,291	107,459,324,977	102,355,806,061	98,711,462,204
Total assets		161,707,826,410	120,573,590,463	106,793,154,460	108,165,137,454

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of financial position**

		Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
Liabilities and equity	Note	2018	2017	2018	2017
		(in Baht)			
Current liabilities					
Short-term loans from financial institutions	20	7,948,005,411	-	3,700,000,000	-
Trade accounts payable	5, 21	2,123,681,493	1,105,875,706	819,274,548	594,832,433
Other payables	5, 22	6,180,048,570	5,317,472,349	2,643,149,705	2,540,945,555
Short-term loans from related parties	5, 20	90,089,296	-	9,694,518,039	8,759,460,386
Short-term loans from other parties	20	-	14,229,014	-	-
Current portion of account payable for leasehold right	5	-	33,333,333	-	33,333,333
Current portion of long-term loans	20	2,927,965,861	2,274,077,220	2,405,097,143	2,233,600,000
Current portion of advance received from rental and service income	5	1,720,153,388	1,387,287,909	153,923,137	114,720,349
Income tax payable		662,266,277	455,838,437	111,556,219	98,501,198
Contractor payables		2,930,778,023	3,752,736,726	1,095,938,949	1,823,927,428
Current portion of employee benefit obligations	23	30,365,820	13,128,350	24,951,614	11,744,867
Total current liabilities		24,613,354,139	14,353,979,044	20,648,409,354	16,211,065,549
Non-current liabilities					
Long-term loans from related parties	5, 20	-	-	12,548,928,693	25,058,486,213
Other long-term loans	20	19,522,147,447	7,255,200,000	12,350,102,857	7,255,200,000
Accounts payable for leasehold right	5	418,017,667	418,017,667	418,017,667	418,017,667
Deferred tax liabilities	18	2,035,483,307	-	-	-
Advance received from rental and service income	5, 37	32,310,327,223	26,938,527,778	2,575,968,498	2,347,130,677
Deposits received from customers	5	7,692,519,955	6,858,851,553	3,602,225,127	3,320,727,205
Employee benefit obligations	23	430,963,702	345,494,336	339,329,775	296,255,374
Provision for decommissioning and restoration		275,479,220	264,368,003	275,479,219	264,368,003
Guarantees received for leasehold rights	5	233,796,711	259,365,296	233,088,889	239,876,794
Total non-current liabilities		62,918,735,232	42,339,824,633	32,343,140,725	39,200,061,933
Total liabilities		87,532,089,371	56,693,803,677	52,991,550,079	55,411,127,482

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of financial position**

		Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
Liabilities and equity	Note	2018	2017	2018	2017
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital	24				
Authorised share capital		2,244,000,000	2,244,000,000	2,244,000,000	2,244,000,000
Issued and paid-up share capital		2,244,000,000	2,244,000,000	2,244,000,000	2,244,000,000
Premium on ordinary shares	24	8,558,557,850	8,558,557,850	8,558,557,850	8,558,557,850
Retained earnings					
Appropriated to legal reserve	25	224,400,000	224,400,000	224,400,000	224,400,000
Unappropriated		55,007,135,395	50,890,234,034	42,987,177,514	41,720,969,366
Other components of equity	25	(308,073,729)	(116,168,918)	(212,530,983)	6,082,756
<b>Equity attributable to owners of the Company</b>		<b>65,726,019,516</b>	<b>61,801,022,966</b>	<b>53,801,604,381</b>	<b>52,754,009,972</b>
Non-controlling interests	12	8,449,717,523	2,078,763,820	-	-
<b>Total equity</b>		<b>74,175,737,039</b>	<b>63,879,786,786</b>	<b>53,801,604,381</b>	<b>52,754,009,972</b>
<b>Total liabilities and equity</b>		<b>161,707,826,410</b>	<b>120,573,590,463</b>	<b>106,793,154,460</b>	<b>108,165,137,454</b>

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of comprehensive income**

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Income					
Revenue from rent and services	5, 26	28,068,405,459	26,057,214,156	14,835,883,058	13,707,244,343
Revenue from food and beverage	5, 26	1,849,088,363	1,630,596,993	666,541,609	533,063,828
Revenue from hotel operation	26	1,207,833,474	1,097,195,048	-	-
Revenue from sale of real estate	26	2,761,736,087	-	-	-
Investment income	5, 27	115,143,290	23,211,972	5,065,987,189	7,147,769,230
Revenue from insurance compensation	40	-	3,500,000,000	-	-
Other income	5, 28	2,570,528,767	2,309,066,459	2,122,117,161	2,043,179,227
Total income		36,572,735,440	34,617,284,628	22,690,529,017	23,431,256,628
Expenses					
Cost of rent and services	5	14,143,042,184	12,894,153,904	8,360,132,764	7,651,402,447
Cost of food and beverage	5	1,448,220,343	1,280,463,427	518,935,765	418,557,333
Cost of hotel operation		423,005,969	343,542,403	-	-
Cost of sale of real estate		1,564,737,158	-	-	-
Administrative expenses	5, 29	6,114,292,602	5,109,938,621	4,218,161,364	3,665,876,379
Finance costs	5, 32	426,332,773	363,859,110	1,184,608,506	1,049,098,043
Total expenses		24,119,631,029	19,991,957,465	14,281,838,399	12,784,934,202
Share of profit (loss)					
Associates	13	1,089,896,163	839,029,427	-	-
Joint ventures	13	(102,745,044)	(320,882)	-	-
Profit before income tax expense		13,440,255,530	15,464,035,708	8,408,690,618	10,646,322,426
Income tax expense	33	(2,056,902,384)	(1,794,526,413)	(845,514,108)	(708,847,687)
Profit for the year		11,383,353,146	13,669,509,295	7,563,176,510	9,937,474,739

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**

**Statement of comprehensive income**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		For the year ended		For the year ended	
		31 December		31 December	
	<i>Note</i>	2018	2017	2018	2017
		(in Baht)			
<b>Other comprehensive income</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		28,946,025	(77,655,190)	-	-
Gains (loss) on remeasuring available-for-sale investments		(220,850,836)	3,429,482	(218,613,739)	3,228,799
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>(191,904,811)</b>	<b>(74,225,708)</b>	<b>(218,613,739)</b>	<b>3,228,799</b>
<i>Items that will not be reclassified to profit or loss</i>					
Losses on remeasurements of defined benefit plans	33	(26,483,672)	-	(13,880,572)	-
<b>Other comprehensive income (expense) for the year, net of tax</b>		<b>(218,388,483)</b>	<b>(74,225,708)</b>	<b>(232,494,311)</b>	<b>3,228,799</b>
<b>Total comprehensive income for the year</b>		<b>11,164,964,663</b>	<b>13,595,283,587</b>	<b>7,330,682,199</b>	<b>9,940,703,538</b>
<b>Profit attributable to:</b>					
Owners of the Company		11,215,652,867	13,567,644,892	7,563,176,510	9,937,474,739
Non-controlling interests	12	167,700,279	101,864,403	-	-
<b>Profit for the year</b>		<b>11,383,353,146</b>	<b>13,669,509,295</b>	<b>7,563,176,510</b>	<b>9,937,474,739</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		10,997,264,384	13,493,419,184	7,330,682,199	9,940,703,538
Non-controlling interests	12	167,700,279	101,864,403	-	-
<b>Total comprehensive income for the year</b>		<b>11,164,964,663</b>	<b>13,595,283,587</b>	<b>7,330,682,199</b>	<b>9,940,703,538</b>
<b>Basic earnings per share (in Baht)</b>	34	2.50	3.02	1.69	2.21

The accompanying notes are an integral part of these financial statements.



**Central Pattana Public Company Limited and its Subsidiaries**  
Statement of changes in equity

Note	Consolidated financial statements										Total equity
	Other components of shareholders' equity					Equity attributable to owners of parent	Non-controlling interests	Total equity			
	Retained earnings	Currency translation differences	Available-for-sale investments (in Baht)	Surplus on business combination of entities under common control	Total other components of shareholders' equity						
Year ended 31 December 2017											
Balance at 1 January 2017	2,244,000,000	8,558,557,850	224,400,000	41,052,032,491	(3,798,443)	16,227,008	(54,371,775)	(41,943,210)	52,037,047,131	967,754,435	53,004,801,566
Transactions with owners, recorded directly in equity											
Distributions to owners of the Company											
Dividends to owners of the Company	-	-	-	(3,725,004,559)	-	-	-	-	(3,725,004,559)	-	(3,725,004,559)
Total distributions to owners of the Company	-	-	-	(3,725,004,559)	-	-	-	-	(3,725,004,559)	-	-
Changes in ownership interests in subsidiary											
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	-	498,330,896	498,330,896
Acquisition of non-controlling interests with a change in control	-	-	-	(4,438,790)	-	-	-	-	(4,438,790)	510,814,086	506,375,296
Total changes in ownership interests in subsidiary	-	-	-	(4,438,790)	-	-	-	-	(4,438,790)	1,009,144,982	1,004,706,192
Total transactions with owners, recorded directly in equity	-	-	-	(3,729,443,349)	-	-	-	-	(3,729,443,349)	1,009,144,982	(2,720,298,367)
Comprehensive income for the year											
Profit	-	-	-	13,567,644,892	-	-	-	-	13,567,644,892	101,864,403	13,669,509,295
Other comprehensive income	-	-	-	-	(77,655,190)	3,429,482	-	(74,225,708)	(74,225,708)	-	(74,225,708)
Total comprehensive income for the year	-	-	-	13,567,644,892	(77,655,190)	3,429,482	-	(74,225,708)	13,493,419,184	101,864,403	13,595,283,587
Balance at 31 December 2017	2,244,000,000	8,558,557,850	224,400,000	50,890,234,034	(81,453,633)	19,656,490	(54,371,775)	(116,168,918)	61,801,022,966	2,078,763,820	63,879,786,786

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
Statement of changes in equity

Consolidated financial statements										Total equity	
Note	Retained earnings		Other components of shareholders' equity				Equity attributable to owners of parent	Non-controlling interests			
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Currency translation differences	Available-for-sale investments (in Bahi)			Surplus on business combination of entities under common control		Total other components of shareholders' equity
Year ended 31 December 2018											
Balance at 1 January 2018											
	2,244,000,000	8,558,557,850	224,400,000	50,890,234,034	(81,453,633)	19,656,490	(54,371,775)	(116,168,918)	61,801,022,966	2,078,763,820	63,879,786,786
Transactions with owners, recorded directly in equity											
Distributions to owners of the Company											
	-	-	-	-	-	-	-	-	-	497,153,491	497,153,491
35	-	-	-	(6,283,087,790)	-	-	-	-	(6,283,087,790)	-	(6,283,087,790)
Total distributions to owners of the Company											
	-	-	-	(6,283,087,790)	-	-	-	-	(6,283,087,790)	497,153,491	(5,785,934,299)
Changes in ownership interests in subsidiary											
4, 11	-	-	-	(789,180,044)	-	-	-	-	(789,180,044)	(3,264,743,059)	(4,053,923,103)
Acquisition of non-controlling interests without a change in control											
4	-	-	-	-	-	-	-	-	-	8,970,842,992	8,970,842,992
Acquisition of non-controlling interests with a change in control											
Total changes in ownership interests in subsidiary											
	-	-	-	(789,180,044)	-	-	-	-	(789,180,044)	5,706,099,933	4,916,919,889
Total transactions with owners, recorded directly in equity											
	-	-	-	(7,072,267,834)	-	-	-	-	(7,072,267,834)	6,203,253,424	(869,014,410)
Comprehensive income for the year											
	-	-	-	11,215,652,867	-	-	-	-	11,215,652,867	167,700,279	11,383,353,146
Other comprehensive income											
	-	-	-	(26,483,672)	28,946,025	(220,850,836)	-	(191,904,811)	(218,388,483)	-	(218,388,483)
Total comprehensive income for the year											
	-	-	-	11,189,169,195	28,946,025	(220,850,836)	-	(191,904,811)	10,997,264,384	167,700,279	11,164,964,663
Balance at 31 December 2018											
	2,244,000,000	8,558,557,850	224,400,000	55,007,135,395	(52,507,608)	(201,194,346)	(54,371,775)	(308,073,729)	65,726,019,516	8,449,717,523	741,757,737,039

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

	Note	Separate financial statements				
		Issued and paid share capital	Share premium	Retained earnings		Other component of equity Available-for-sale investments
				Legal reserve	Unappropriated (in Baht)	
<b>Year ended 31 December 2017</b>						
<b>Balance at 1 January 2017</b>		<b>2,244,000,000</b>	<b>8,558,557,850</b>	<b>224,400,000</b>	<b>35,508,499,186</b>	<b>2,853,957</b>
<b>46,538,310,993</b>						
<b>Transactions with owners, recorded directly in equity</b>						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	35	-	-	-	(3,725,004,559)	-
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,725,004,559)</b>	<b>-</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	9,937,474,739	-
Other comprehensive income		-	-	-	-	3,228,799
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>9,937,474,739</b>	<b>3,228,799</b>
<b>Balance at 31 December 2017</b>		<b>2,244,000,000</b>	<b>8,558,557,850</b>	<b>224,400,000</b>	<b>41,720,969,366</b>	<b>6,082,756</b>
<b>52,754,009,972</b>						

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

		Separate financial statements				
	Note	Issued and paid share capital	Share premium	Retained earnings		Total equity
				Legal reserve	Other component of equity Available-for-sale investments (in Baht)	
<b>Year ended 31 December 2018</b>						
<b>Balance at 1 January 2018</b>		<b>2,244,000,000</b>	<b>8,558,557,850</b>	<b>224,400,000</b>	<b>6,082,756</b>	<b>52,754,009,972</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	35	-	-	-	-	(6,283,087,790)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,283,087,790)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	7,563,176,510	-	7,563,176,510
Other comprehensive income		-	-	(13,880,572)	(218,613,739)	(232,494,311)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>7,549,295,938</b>	<b>(218,613,739)</b>	<b>7,330,682,199</b>
<b>Balance at 31 December 2018</b>		<b>2,244,000,000</b>	<b>8,558,557,850</b>	<b>224,400,000</b>	<b>(212,530,983)</b>	<b>53,801,604,381</b>

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of cash flows**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	11,383,353,146	13,669,509,295	7,563,176,510	9,937,474,739
<b><i>Adjustments to reconcile profit (loss) to cash receipts (payment)</i></b>				
Real estate projects under development decrease from transfer to cost of sale	1,564,737,158	-	-	-
Depreciation and amortisation	5,905,735,427	5,314,523,307	3,019,600,997	2,716,140,569
Investment income	(115,143,290)	(23,211,972)	(5,065,987,189)	(7,147,769,230)
Financial cost	426,332,773	363,859,110	1,184,608,506	1,049,098,043
Bad debt and doubtful debts expense	34,496,992	6,488,129	27,112,921	16,004,445
Write off of investment properties	3,890,492	2,870,323	1,003,589	1,650,912
Gain on sale of long-term investments from related parties	(7,673,576)	-	(7,673,576)	-
Gain on sale of current investments	(16,403,862)	-	(16,403,862)	-
(Gain) loss on sales of assets	(3,504,608)	(49,766,621)	(2,548,062)	225,067
Recognition of advance received from rental and service income	(1,640,018,757)	(1,013,794,304)	(175,350,835)	(164,583,579)
Provision for employee benefits	56,735,638	47,081,658	41,667,732	41,446,665
Share of profit of associates and joint ventures	(987,151,119)	(838,708,545)	-	-
Unrealised gain on exchange rate	74,956	-	-	-
Unrealised gain from financial instruments	-	(3,209,759)	-	-
Tax expense	2,056,902,384	1,794,526,413	845,514,108	708,847,687
	<u>18,662,363,754</u>	<u>19,270,167,034</u>	<u>7,414,720,839</u>	<u>7,158,535,318</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	75,037,114	(212,259,028)	14,388,903	(222,814,396)
Other receivables	201,745,226	(912,569,339)	(116,385,138)	(320,248,767)
Real estate projects under development	(1,362,139,329)	(2,987,266,274)	-	-
Other non-current assets	(919,442,407)	(573,935,144)	(40,639,756)	15,337,576
Trade accounts payable	(143,915,969)	105,859,673	224,442,115	142,096,714
Other payables	599,208,342	990,384,766	21,999,978	319,990,621
Advance received from rental and service income	1,588,333,205	12,978,017,491	443,391,444	466,484,960
Deposits from customers received	606,140,848	247,877,811	281,497,922	218,104,740
Provisions for employee benefit paid	(3,878,100)	(538,120)	(2,737,300)	-
Net cash generated from operating	<u>19,303,452,684</u>	<u>28,905,738,870</u>	<u>8,240,679,007</u>	<u>7,777,486,766</u>
Taxes paid	<u>(2,164,122,589)</u>	<u>(2,306,828,146)</u>	<u>(952,917,935)</u>	<u>(903,338,478)</u>
<b>Net cash from operating activities</b>	<u><b>17,139,330,095</b></u>	<u><b>26,598,910,724</b></u>	<u><b>7,287,761,072</b></u>	<u><b>6,874,148,288</b></u>

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of cash flows**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the year ended		For the year ended	
	31 December		31 December	
<i>Note</i>	2018	2017	2018	2017
	<i>(in Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	20,982,103	21,053,794	529,621,744	458,451,503
Dividends received	913,380,125	776,793,484	5,970,034,001	5,273,884,990
Decrease (increase) in current investments	2,910,997,710	(2,349,227,588)	2,910,997,710	(2,374,743,698)
Acquisition of investments in subsidiaries, associates and joint ventures	(75,348,250)	(669,158,643)	(2,749,828,202)	(984,313,590)
Proceeds from redemption of investment unit trusts of funds	-	-	10,640,000	17,520,000
Proceeds from capital reduction of investment in associate	21,889,868	-	-	-
Acquisition of other long-term investments	(44,818,286)	-	-	-
Acquisition of other long-term investments - related party	(2,147,314,306)	-	(2,147,314,306)	-
Proceeds from sales of other long-term investments	-	-	-	11,535
Proceeds from sale of long-term investments - related party	43,635,398	-	43,635,398	-
Loans to related parties	(56,202,750)	(130,833,653)	(7,983,564,480)	(10,602,678,748)
Proceeds from repayment of loan to related parties	62,650,403	-	9,109,875,642	5,841,225,047
Acquisition of investment properties	(4,811,278,120)	(8,609,758,555)	(844,454,465)	(4,052,738,376)
Acquisition of property and equipment	(182,411,550)	(187,103,791)	(101,245,974)	(90,233,700)
Acquisition of leasehold rights	(3,765,670,031)	(1,560,858,981)	(401,368,771)	(318,162,003)
Advance payment for purchase of investment properties and leasehold rights	(228,220,975)	(210,502,961)	(42,075,833)	-
Payment for leasehold rights payable	(33,333,333)	-	(33,333,333)	-
Proceeds from sales of leasehold rights and investment properties	68,760,493	111,951,717	47,497,500	58,101,102
Repayment of contractor payables	(1,436,670,415)	(1,768,402,565)	(999,183,741)	(1,617,918,809)
Acquisition of business	<sup>4</sup> (9,710,732,944)	-	-	-
<b>Net cash from (used in) investing activities</b>	<b>(18,449,704,860)</b>	<b>(14,576,047,742)</b>	<b>3,319,932,890</b>	<b>(8,391,594,747)</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(610,576,876)	(482,966,161)	(1,235,887,039)	(1,066,270,904)
Dividends paid to owners of the Company	(6,282,449,843)	(3,724,688,810)	(6,282,449,843)	(3,724,688,810)
Proceeds from issuance of ordinary shares of subsidiaries to non-controlling interests	497,153,491	554,204,105	-	-
Payments of change in ownership interests in subsidiaries without a change in control	(4,053,923,103)	-	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(820,863)	(1,590,663)	(820,863)	(1,590,663)
Proceeds from loans from related parties	75,807,000	-	10,361,121,600	21,111,060,621
Repayment of loans from related parties	-	-	(21,910,071,788)	(6,527,471,548)
Proceeds from loans from other party	-	14,037,773	-	-
Proceeds from loans from financial institutions and institutional investors	24,828,865,411	16,500,000,000	21,100,000,000	16,500,000,000
Repayments of loans from financial institutions and institutional investors	(12,569,734,572)	(24,875,010,460)	(12,133,600,000)	(24,808,360,000)
<b>Net cash from (used in) financing activities</b>	<b>1,884,320,645</b>	<b>(12,016,014,216)</b>	<b>(10,101,707,933)</b>	<b>1,482,678,696</b>

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries****Statement of cash flows**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the year ended		For the year ended	
	31 December		31 December	
	2018	2017	2018	2017
	<i>(in Baht)</i>			
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>573,945,880</b>	<b>6,848,766</b>	<b>505,986,029</b>	<b>(34,767,763)</b>
Cash and cash equivalents at 1 January	2,418,138,796	2,488,945,220	1,505,217,748	1,539,985,511
Foreign currencies translation differences for foreign operations	28,946,025	(77,655,190)	-	-
<b>Cash and cash equivalents at 31 December</b>	<b><u>3,021,030,701</u></b>	<b><u>2,418,138,796</u></b>	<b><u>2,011,203,777</u></b>	<b><u>1,505,217,748</u></b>

**Non-cash transactions**

During the year 2018, the Group acquired investment properties, property, plant and equipment, leasehold rights and right for usage of assets at total cost of Baht 9,587.7 million (2017: Baht 14,378.3 million), of which Baht 8,759.3 million was paid by cash (2017: Baht 10,357.7 million), capitalised borrowing costs relating to the acquisition of assets amounting to Baht 93.4 million (2017: Baht 116.5 million), Baht 735.0 million was outstanding contractor payables as at 31 December 2018 (2017: Baht 3,752.7 million) and there was no outstanding accounts payable for leasehold right (2017: Baht 151.4 million).

During the year 2018, the Company acquired investment properties, property, plant and equipment, leasehold rights and right for usage of assets at total cost of Baht 1,854.6 million (2017: Baht 6,485.2 million), of which Baht 1,347.1 million was paid by cash (2017: Baht 4,461.1 million), capitalised borrowing costs relating to the acquisition of assets amounting to Baht 56.3 million (2017: Baht 48.8 million), and Baht 451.2 million was outstanding contractor payables as at 31 December 2018 (2017: Baht 1,823.9 million) and there was no outstanding account payable for leasehold rights (2017: Baht 151.4 million).

During the year 2018, the Group acquired real estate projects under development at a total cost of Baht 2,595.4 million (2017: Baht 3,177.7 million) of which Baht 1,362.1 million was paid by cash (2017: Baht 3,002.9 million), transferred from investment properties, property, plant, and equipment of 934.9 million (2017: 15.6 million), capitalised borrowing costs relating to the acquisition of assets amounting to Baht 90.3 million (2017: Baht 15.6 million), Baht 208.1 million was outstanding trade accounts payable as at 31 December 2018 (2017: Baht 159.2 million).

The accompanying notes are an integral part of these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

### For the year ended 31 December 2018

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 21 February 2019.

## 1 General information

Central Pattana Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 999/9 Rama I Road, Patumwan, Patumwan, Bangkok.

The Company was listed on the Stock Exchange of Thailand in March 1995.

The Company’s major shareholder during the financial year was Central Holdings Company Limited (26.2% shareholding), which is incorporated in Thailand.

The principal businesses of the Company are developing new projects and managing projects as constructing office buildings and shopping centres for rent, providing utility services in shopping centres, sales of food and beverage and providing property management consulting and corporate services. As at 31 December 2018 and 2017, details of the Company’s subsidiaries, fund, associates and joint ventures entities are additionally given in note 5, 11, and 13. Details are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest	
			2018	2017
(%)				
Direct subsidiaries				
Central Pattana Rama 2 Co., Ltd.	(1) (4)	Thailand	100.0	100.0
Central Pattana Chiangmai Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
Central Pattana Realty Co., Ltd.	(2) (6)	Thailand	44.0	100.0
Central Pattana Rattana Thibet Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
Central Food Avenue Co., Ltd.	(4)	Thailand	100.0	100.0
Central World Co., Ltd.	(1) (2) (4) (7)	Thailand	100.0	100.0
Central Pattana Rama 3 Co., Ltd.	(1) (4)	Thailand	100.0	100.0
Central Pattana Chonburi Co., Ltd.				
(Under liquidation process)	(1) (2) (4)	Thailand	100.0	100.0
CPN Residence Co., Ltd.	(10)	Thailand	100.0	100.0
Central Pattana Development Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
CPN Global Co., Ltd.	(6)	Thailand	100.0	100.0
Central Pattana Nine Square Co., Ltd.	(1) (2)	Thailand	93.3	93.3
Central Pattana Khon Kaen Co., Ltd.	(1) (2) (4) (10)	Thailand	78.1	78.1
CPN Pattaya Co., Ltd.	(1) (2) (4) (7)	Thailand	100.0	100.0
CPN Learning Center Co., Ltd.				
(Under liquidation process)	(9)	Thailand	100.0	100.0
CPN Rayong Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
CPN Korat Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
CPN Estate Co., Ltd.	(6)	Thailand	100.0	100.0
CPN Residence Khon Kaen Co., Ltd.	(6)	Thailand	100.0	100.0
Suanlum Property Co., Ltd.	(1)	Thailand	63.0	63.0
Phraram 4 Development Co., Ltd.	(6)	Thailand	90.0	90.0
Saladang Property Management Co., Ltd.	(1)	Thailand	86.0	75.0
CPN REIT Management Co., Ltd.	(11)	Thailand	100.0	100.0
Dara Harbour Co., Ltd.	(6)	Thailand	65.0	65.0

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Name of entity	Type of business	Country of incorporation	Ownership interest	
			2018	2017
(%)				
<b>Direct subsidiaries (continued)</b>				
CPN Pattaya Hotel Co., Ltd.	(7)	Thailand	100.0	100.0
Chanakun Development Co., Ltd.	(1)	Thailand	100.0	-
CPN Village Co., Ltd.				
(Formerly name Sawan Vithee Co., Ltd.)	(1)	Thailand	100.0	-
Common Ground (Thailand) Co., Ltd.	(2)	Thailand	100.0	-
<b>Indirect subsidiaries</b>				
Central Pattana Realty Co., Ltd	(2) (6)	Thailand	56.0	-
Central Pattana Nine Square Co., Ltd.	(1) (2)	Thailand	4.4	-
Bangna Central Property Co., Ltd.	(1) to (5)	Thailand	99.9	99.9
Global Retail Development & Investment Limited	(6)	Hong Kong	100.0	100.0
Global Commercial Property Limited	(6)	Hong Kong	100.0	100.0
CPN Complex Co., Ltd.	(6)	Thailand	99.9	99.9
CPN City Co., Ltd.	(6)	Thailand	99.9	99.9
C.S. City Co., Ltd.	(1)	Thailand	100.0	100.0
CPN Residence Management Co., Ltd.	(12)	Thailand	100.0	-
CPN Ventures Sdn. Bhd.	(8)	Malaysia	100.0	100.0
CPN Real Estate Sdn. Bhd.				
(Liquidated on 28 November 2018)	(6)	Malaysia	-	100.0
CPN Malls Malaysia Sdn. Bhd.				
(Liquidated on 28 November 2018)	(6)	Malaysia	-	100.0
Central Plaza i-City Malls Malaysia Sdn. Bhd.				
(Liquidated on 28 November 2018)	(6)	Malaysia	-	100.0
Central Plaza i-City Sdn. Bhd.				
(Liquidated on 28 November 2018)	(6)	Malaysia	-	100.0
Central Plaza i-City Real Estate Sdn. Bhd.	(6)	Malaysia	60.0	60.0
Grand Canal Land Public Company Limited	(1) (2) (3)			
	(4) (8)	Thailand	67.5	-
Belle Development Co., Ltd.	(1) (10)	Thailand	79.6	-
Belle Assets Co., Ltd.	(6)	Thailand	100.0	-
Sterling Equity Co., Ltd.	(1)	Thailand	100.0	-
G Land Property Management Co. Ltd.	(1)	Thailand	100.0	-
Rama 9 Square Co., Ltd.	(1)	Thailand	93.1	-
Rama 9 Square Hotel Co., Ltd.	(7)	Thailand	99.9	-
GLAND REIT Management Co., Ltd.	(11)	Thailand	100.0	-
Ratchada Assets Holding Limited	(6)	Thailand	100.0	-
<b>Funds</b>				
Thai Business Fund 4	(6)	Thailand	100.0	100.0
Thai Business Fund 5				
(Liquidated on 15 May 2018)	(6)	Thailand	-	100.0

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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*Type of business*

- (1) Construction of office buildings and shopping centers for rent
- (2) Provision of utility services in shopping centers
- (3) Construction of residential and shop houses for rent
- (4) Sales of food and beverage
- (5) Operator of play land and water theme park on shopping centers
- (6) Investment in real estates
- (7) Hotel business
- (8) Property management consulting and corporate services
- (9) Training service and personnel development
- (10) Real estate business for sales of land and houses and condominium units
- (11) Management of a real estate investment trust
- (12) Management of condominium juristic person and housing estate juristic person

**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 (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 42.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale investments	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (o)

**(c) Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**(d) Use of estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- |               |  |
|---------------|--|
| Note 3(t), 18 | Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used |
| Note 3(p)     | Recognition and measurement of provisions: and   |
| Note 3(o), 23 | Measurement of defined benefit obligations: key actuarial assumptions  |
| Note 4        | Acquisition of business  |

*Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, 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.

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 (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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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 the following notes:

- Note 14 Investment properties
- Note 36 Financial instruments

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all period 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”) and the Group’s interests in associates and joint ventures.

*Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

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 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 (generally 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 includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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*Step acquisition*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

*Acquisitions from entities under common control*

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

*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.

*Interests in equity - accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

**Central Pattana Public Company Limited and its Subsidiaries**  
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Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**(c) *Derivative financial instruments***

Derivative financial instruments are used to manage exposure to foreign exchange, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate such as government bonds.

**(d) *Cash and cash equivalents***

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(e) *Trade and other accounts receivable***

Trade and other accounts receivable (including balances with related parties) are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(f) *Real estate development projects***

Real estate development projects are projects for the development of properties with the intention of sale in the ordinary course of business. They are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of real estate development projects comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development projects are capitalised, on a specific identification basis, as part of the cost of the property until the completion of development.

**(g) *Investments***

*Investments in subsidiaries and funds, associates and joint ventures*

Investments in subsidiaries and funds, associates and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investment in associates and joint ventures in the consolidated financial statements is accounted for using the equity method.



**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Investments in other debt and equity securities*

Debt securities that the Group has positive intent and ability to hold to maturity are classified as held-to-maturity investment. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale are determined at the quoted bid price at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is 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 applied to the carrying value of the total holding of the investment.

**(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 supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings and improvements	20 - 30 years
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Any gains and losses on disposal of item of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment properties, and are recognised in profit or loss.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**(i) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct 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, and capitalised borrowing costs. 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 and losses on disposal of 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. Property, plant and 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 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.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to cost and reclassified as investment property.

*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.

**Central Pattana Public Company Limited and its Subsidiaries**  
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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 and equipment. The estimated useful lives are as follows:

Buildings and improvements	20 years
Furniture, fixtures, office and transportation equipments	5 - 15 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) Leasehold rights**

Leasehold rights are recorded at cost less accumulated amortisation and impairment losses.

*Amortisation*

Amortisation is recognised in profit or loss on a straight-line basis over the period of lease as follows:

Leasehold rights over land and buildings	30 years
Leasehold rights over land	25 - 40 years

**(k) Right for usage of assets**

Right for usage of assets are stated at cost less accumulated amortisation and impairment losses.

*Amortisation*

Amortisation is calculated over the cost of the assets, 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 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:

Right for usage of assets	10 - 40 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(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, 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.

**Central Pattana Public Company Limited and its Subsidiaries**  
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When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less cost 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. Available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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 estimate 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 stated at cost.

**(n) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(o) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

**Central Pattana Public Company Limited and its Subsidiaries**  
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*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Actuarial gains or loss arising from remeasurements of the net defined benefit liability, are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*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.

**(p) 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.

*Provision for decommissioning and restoration*

The Company recognises provision for decommissioning costs of the buildings or structures with the present value of the estimate of the eventual costs at the lease end date. The recognised provision for decommissioning costs are based on removal cost estimates, removal period, discount rate and future inflation rate. Provision for decommissioning and restoration are discounted to be present value, and are included as part of the assets.

**(q) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and special discount.

**Central Pattana Public Company Limited and its Subsidiaries**  
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*Rent and services*

Revenue from rent is recognised in profit or loss on a straight-line basis over the term of the lease. Initial costs granted are recognised as an integral part of the total revenue from rent. Contingent rentals are recognised as income in the accounting period in which they are earned. Revenue from services is recognised as services are provided.

*Food and beverage*

Revenue from food and beverage is recognised upon delivery of goods to customers.

*Sale of real estate*

Sales of real estate are recognised as revenue when the significant risks and rewards of ownership have been transferred to buyer as construction works are completed and the ownerships were transferred to buyers after all payments received from the buyers.

*Investments*

Revenue from investments comprises dividend and interest income from bank deposits and investments.

*Dividend income*

Dividend income is recognised in profit or loss on the date the Group's right to receive dividend.

*Interest income*

Interest income is recognised in profit or loss as it accrues.

**(r) Finance costs**

Finance costs are recognised using the effective interest method and comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

**(s) 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 payments made, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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*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.

**(i) 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 at the reporting date 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 transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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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.

**(u) Basic 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 attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

**(v) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and tax assets and liabilities.

**4 Acquisition of business and non-controlling interests**

**(a) Acquisition of business**

On 12 September 2018, the Group purchased business of Grand Canal Land Public Company Limited and its subsidiaries ("Grand Canal Land"), a property developer by CPN Pattaya Co., Ltd. ("CPN Pattaya"), a subsidiary of the Company. CPN Pattaya acquired the ordinary shares of 3,278.13 million shares which accounted for 50.43% of total issued and paid-up capital of Grand Canal Land by Baht 3.10 per share, totalling Baht 10,162.21 million and already fully paid-up for shares on 12 September 2018 that Group completed the business acquisition.

The major goodwill was due to the fact that taking control of Grand Canal Land will enable the Group to improve financial support and enhance liquidity for long-term return to shareholders as well as raise the competency in business competition. Also, the Group can invest in more larger-scale projects that will significantly increase the growth rate and the performance of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

During the period from acquisition date to 31 December 2018, Grand Canal Land Public Company Limited and its subsidiaries contributed revenue of Baht 585.90 million and loss of Baht 13.57 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have increased by Baht 1,782.36 million for the year 2018 and consolidated profit would have decreased by Baht 117.7 million for the year ended 31 December 2018. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

Management of the Group evaluated the fair value of assets acquired and liabilities assumed from business acquisition. The fair value of assets acquired were evaluated by market comparison and income approach discounted cash flows for each type of asset properly.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:



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*Identifiable assets acquired and liabilities assumed*

		<b>Fair value</b>
	<i>Note</i>	<i>(in million Baht)</i>
Cash and cash equivalents		452
Trade and other receivables		777
Real estate projects under development		3,150
Long-term loan		4,304
Investment in associate	13	952
Investment in joint ventures	13	2,520
Long-term investment in related parties		440
Investment properties	14	22,973
Property, plant, and equipment	15	499
Leasehold rights	16	109
Deferred tax assets	18	147
Other non-current assets		38
Trade and other payables		(1,585)
Borrowings	20	(8,602)
Advanced received income		(5,756)
Income tax payables	18	(32)
Deferred tax liabilities		(2,044)
Other non-current liabilities		(244)
<b>Total identifiable net assets</b>		<b>18,098</b>
Interest acquired (%)		50.43
<b>Fair value of identifiable assets acquired and liabilities assumed</b>		<b>9,127</b>
Goodwill arising from the business acquisition		1,036
<b>Purchase consideration transferred</b>		<b>10,163</b>
Net cash acquired with the subsidiaries		452
Cash paid		(10,163)
<b>Net cash outflow</b>		<b>(9,711)</b>

The Group is under the fair value valuations of assets acquired and liabilities assumed from the business acquisition by independent appraiser. Therefore, fair value of business acquired and the allocation of purchase price have been provisionally determined and are subject to potential amendment depending on the finalisation of the appraisal value by independent appraiser. According to TFRS 3: Business Combination, the Company applied and was during the measurement period, if there are new information that obtain additionally within one year since the date of business acquisition. In case of the information from facts and circumstances that existed at the acquisition date, the business acquisition recording will be revised.

Under the Share Purchase agreement, determines that the seller has liable for damage that may occur, arising from litigations as stipulated in the agreement of Grand Canal Land Public Company Limited and its subsidiaries in the amount specified in the agreement.

*Acquisition-related costs*

The Group incurred acquisition-related costs of Baht 23.6 million related to external legal fees and due diligence costs. The said legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**(b) Acquisition of non-controlling interests**

On 24 September 2018, the Group make a mandatory offer for all remaining shares of Grand Canal Land Public Company limited and its subsidiaries (Grand Canal Land) to the Securities and Exchange Commission, Thailand and the buying period was from 25 September 2018 to 31 October 2018. After acquisition offer completed in November 2018, the Group acquired an additional 17.1% interest in Grand Canal Land for Baht 3,445 million in cash, increasing its ownership interest from 50.43% to 67.53%. The Group recognised a decrease in non-controlling interests of Baht 3,094.64 million, a decrease in retained earnings of Baht 350.34 million, and attributable to owners of the Group of Baht 3,444.98 million of changes in the Group's ownership interest in Grand Canal Land.

The following summarises the effect of changes in the Group's ownership interest in Grand Canal Land:

	<i>(in million Baht)</i>
Group's ownership interest at 12 September 2018	9,127
Effect of increase in Group's ownership interest	3,095
<b>Group's ownership interest at 31 December 2018</b>	<b>12,222</b>

**5 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and funds, associates and joint venture are described in note 1, 11 and 13. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Central Holding Co., Ltd.	Thailand	Major shareholder, some common directors
Central Department Store Co., Ltd.	Thailand	Some common directors
Hang Central Department Store Co., Ltd.	Thailand	Some common directors
Central Trading Co., Ltd.	Thailand	Some common directors
Central Super Store Co., Ltd.	Thailand	Some common directors
Power Buy Co., Ltd.	Thailand	Some common directors
CRC Sport Co., Ltd.	Thailand	Some common directors
CRC Power Retail Co., Ltd.	Thailand	Some common directors
B2S Co., Ltd.	Thailand	Some common directors
Office Club (Thai) Co., Ltd.	Thailand	Some common directors
Earth Care Co., Ltd.	Thailand	Some common directors
CR Chiangmai (Thailand) Co., Ltd.	Thailand	Some common directors
Central Garment Factory Co., Ltd.	Thailand	Some common directors
Samsonite (Thailand) Co., Ltd.	Thailand	Some common directors
Central Plaza Hotel Public Company Limited	Thailand	Some common directors
Central World Hotel Co., Ltd.	Thailand	Some common directors
Central Restaurant Group Co., Ltd.	Thailand	Some common directors
Central Food Retail Co., Ltd.	Thailand	Some common directors

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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Food Gimmick Co., Ltd.	Thailand	Some common directors
Food Excellent Co., Ltd.	Thailand	Some common directors
Central International Development Co., Ltd.	Thailand	Some common directors
Robinson Public Company Limited	Thailand	Some common directors
Central Watson Co., Ltd.	Thailand	Some common directors
F&D International Co., Ltd.	Thailand	Some common directors
Food Festival Co., Ltd.	Thailand	Some common directors
Food Millennium Co., Ltd.	Thailand	Some common directors
Central Retail Corporation Co., Ltd.	Thailand	Some common directors
Fairy Plaza Co., Ltd.	Thailand	The shareholder of subsidiaries
Siam Retail Development Co., Ltd.	Thailand	Held by a subsidiary
Ayudhaya Agrocit Co., Ltd.	Thailand	Held by a subsidiary
Square Ritz Plaza Co., Ltd.	Thailand	Held by a subsidiary and some common directors
Vantage Ground Co., Ltd.	Thailand	Some common directors
Bara, Windsor & Co., Ltd.	Thailand	Some common directors
Spaghetti Factory Co., Ltd.	Thailand	Some common directors
Fuji Delicious Creation Co., Ltd.	Thailand	Some common directors
CMG Marketing Co., Ltd.	Thailand	Some common directors
CRC Thai Watsadu Co., Ltd.	Thailand	Some common directors
Zen Restaurant Holding Co., Ltd.	Thailand	Some common directors
CRG International Food Co., Ltd.	Thailand	Some common directors
Food Passion Co., Ltd.	Thailand	Some common directors
Dusit Thani Public Company Limited	Thailand	Held by the Company
Super Assets Co., Ltd.	Thailand	Some common directors
CKS Holding Co., Ltd.	Thailand	Some common directors
Grand Fortune Co., Ltd.	Thailand	Some common directors
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Revenue from rent and services	Market prices which are subject to location, lease space, lease form, lease period and type of lease
Revenue from sale of food and beverage	Market prices
Management income and other income	The rate being charged by other parties in the business
Interest income/interest expense	The average interest rate of debt securities issued by the Company and contractually agreed interest rate
Dividend income	As declared payment
Cost of rent and services	Market prices
Cost of food and beverage	Market prices

**Central Pattana Public Company Limited and its Subsidiaries**  
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<b>Transactions</b>	<b>Pricing policies</b>
Administrative expenses	At actual amount
Management fee	As mutually agreed in contract
Key management personnel	As defined by the nomination and remuneration committee which does not exceed the amount approved by the shareholders
Sale of investment properties	As mutually agreed in contract
Sale of equipment	As mutually agreed in contract

Significant transactions for the years ended 31 December with related parties were as follows:

<b>Year ended 31 December</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries and funds</b>				
Revenue from rent and services	-	-	81,513	70,855
Management income	-	-	315,062	350,644
Interest income	-	-	512,992	459,277
Dividend income	-	-	3,619,129	5,895,663
Other income	-	-	269,926	196,400
Cost of rent and services	-	-	233,132	232,371
Cost of food and beverage	-	-	4	1
Administrative expenses	-	-	21,675	20,654
Interest expense	-	-	852,770	601,323
Sale of investment properties	-	-	-	53,134
<b>Associates</b>				
Dividend income	-	-	913,249	776,662
Revenue from rent and services	1,260,732	592,300	36,688	31,530
Management income	715,728	448,408	570,048	436,709
Revenue from sale of food and beverage	1	1	-	-
Interest income	5,437	3,485	5,437	3,485
Other income	28,234	243,460	27,379	196,958
Cost of rent and services	37,894	4,278	2,801	2,752
Cost of food and beverage	37,987	33,508	-	-
Administrative expenses	429,355	82,001	50,629	55,727
Sale of equipment	-	75,000	-	-
<b>Joint ventures</b>				
Revenue from rent and services	649	-	649	-
Management income	320	-	320	-
Other income	320	-	310	-
Interest income	88,674	-	-	-

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<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Other related parties</b>				
Revenue from rent and services	4,611,970	4,367,052	2,614,954	2,419,459
Revenue from sale of food and beverage	1,759	2,678	70	35
Management income	2,819	-	-	-
Other income	201,180	191,245	91,832	76,200
Cost of rent and services	981,321	853,957	945,931	827,176
Cost of food and beverage	5,519	5,609	223	159
Management fees	215,917	194,497	206,310	183,687
Administrative expenses	162,787	155,875	130,832	129,036
Interest expense	-	14	-	14
<b>Key management</b>				
Key management personnel				
Short-term benefits	240,914	181,242	229,549	181,242
Post-employment benefits	4,866	4,587	4,866	4,587
<b>Total key management personnel</b>	<b>245,780</b>	<b>185,829</b>	<b>234,415</b>	<b>185,829</b>

Significant balances as at 31 December with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable - related parties</b>				
Subsidiaries and funds	-	-	55,176	39,092
Associates	75,554	-	52,249	-
Joint ventures	803	-	803	-
Other related parties	239,455	260,527	137,536	134,296
<b>Total</b>	<b>315,812</b>	<b>260,527</b>	<b>245,764</b>	<b>173,388</b>
<b>Other receivables</b>				
Associates	37,055	-	-	-
<b>Accrued income</b>				
Subsidiaries and funds	-	-	135,622	1,570,829
<b>Accrued income</b>				
Subsidiaries and funds	-	-	-	26
Associates	106,420	-	-	-
Joint ventures	129,956	-	-	-
<b>Total</b>	<b>236,376</b>	<b>-</b>	<b>-</b>	<b>26</b>
<b>Prepaid expenses</b>				
Other related parties	117,336	9,360	11,431	9,360

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Other non-current assets</b>				
<b>Deposit</b>				
Associate	<u>991,025</u>	<u>492,380</u>	<u>-</u>	<u>-</u>
<b>Loans to related parties</b>				
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(% per annum)</i>			
	<i>(in thousand Baht)</i>			
<b>Short-term loans to</b>				
Subsidiaries and funds	2.49	2.67, 3.70	-	-
			26,017	1,281,303
<b>Long-term loans to</b>				
Subsidiaries and funds	2.49, 3.25	2.67, 3.25	-	-
			16,145,193	15,953,210
Associates	5.20	5.20	75,215	134,319
			75,215	134,319
Joint Ventures	6.50,			
	MLR-0.5	-	4,443,254	-
			-	-
<b>Total long-term loans</b>			<u>16,220,408</u>	<u>16,087,529</u>
<b>Total loans to related parties</b>			<u>16,246,425</u>	<u>17,368,832</u>

Movements during the years ended 31 December of loans to related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Short-term loans to</b>				
<b>Subsidiaries and funds</b>				
At 1 January	-	-	1,281,303	624,577
Increase				
- Principal	-	-	2,465	695,833
- Interest	-	-	753	27,086
Decrease				
- Principal	-	-	(1,255,008)	(39,988)
- Interest	-	-	(3,496)	(26,205)
<b>At 31 December</b>	<u>-</u>	<u>-</u>	<u>26,017</u>	<u>1,281,303</u>

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Long-term loans to Subsidiaries and funds</b>				
At 1 January	-	-	15,953,210	11,965,854
Increase				
- Principal	-	-	7,975,948	9,776,012
- Interest	-	-	507,497	417,272
Decrease				
- Principal	-	-	(7,792,217)	(5,801,237)
- Interest	-	-	(499,245)	(404,691)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>16,145,193</b>	<b>15,953,210</b>
<b>Associate</b>				
At 1 January	134,319	-	134,319	-
Increase				
- Principal	5,152	130,834	5,152	130,834
- Interest	5,437	3,485	5,437	3,485
Decrease				
- Principal	(62,651)	-	(62,651)	-
- Interest	(7,042)	-	(7,042)	-
<b>At 31 December</b>	<b>75,215</b>	<b>134,319</b>	<b>75,215</b>	<b>134,319</b>
<b>Joint ventures</b>				
At 1 January	-	-	-	-
Increase from business combination	4,303,840	-	-	-
Increase				
- Principal	51,051	-	-	-
- Interest	88,674	-	-	-
Decrease				
- Interest	(311)	-	-	-
<b>At 31 December</b>	<b>4,443,254</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total long-term loans to related parties</b>				
At 1 January	134,319	-	16,087,529	11,965,854
Increase from business combination	4,303,840	-	-	-
Increase				
- Principal	56,203	130,834	7,981,100	9,906,846
- Interest	94,111	3,485	512,934	420,757
Decrease				
- Principal	(62,651)	-	(7,854,868)	(5,801,237)
- Interest	(7,353)	-	(506,287)	(404,691)
<b>At 31 December</b>	<b>4,518,469</b>	<b>134,319</b>	<b>16,220,408</b>	<b>16,087,529</b>

As at 31 December 2018 and 2017, loans to subsidiaries are unsecured and denominated in Thai Baht with interests at the average interest rate of debt securities issued by the Company. Loans to funds, associates, and joint ventures carry interest at the rate specified in the contract.

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Trade accounts payable - related parties</i></b>				
Subsidiaries and funds	-	-	24,025	37,705
Associates	43,715	22,320	16,855	17,880
Other related parties	246,711	27,296	127,312	5,982
<b>Total</b>	<b>290,426</b>	<b>49,616</b>	<b>168,192</b>	<b>61,567</b>
<b><i>Other payables - related parties</i></b>				
Associates	474	-	-	-
<b><i>Accounts payable for leasehold right</i></b>				
Other related parties	266,667	300,000	266,667	300,000
Less Current portion of account payable for leasehold right	-	(33,333)	-	(33,333)
<b>Net</b>	<b>266,667</b>	<b>266,667</b>	<b>266,667</b>	<b>266,667</b>
<b><i>Unearned rental and service income</i></b>				
Subsidiaries and funds	-	-	48,752	54,308
Associates	25,554,184	21,179,024	24,134	7,768
<b>Total</b>	<b>25,554,184</b>	<b>21,179,024</b>	<b>72,886</b>	<b>62,076</b>
Less Current portion of unearned rental service income	(1,192,297)	(964,253)	(8,207)	(6,559)
<b>Net</b>	<b>24,361,887</b>	<b>20,214,771</b>	<b>64,679</b>	<b>55,517</b>
<b><i>Deposits received from customers</i></b>				
Subsidiaries and funds	-	-	11,415	3,901
Other related parties	811,242	755,974	398,777	368,410
<b>Total</b>	<b>811,242</b>	<b>755,974</b>	<b>410,192</b>	<b>372,311</b>
<b><i>Guarantees for leasehold rights</i></b>				
Other related party	233,497	244,117	233,089	239,877

***Loans from related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Short-term loans from</i></b>				
Subsidiaries and funds	1.50, 2.49	1.53, 2.67	-	-
Related parties	3.25	-	90,089	-
<b>Total short-term loans</b>			<b>90,089</b>	<b>8,759,460</b>



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	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b>Long-term loans from Subsidiaries:</b>	2.49	2.67	-	-	12,548,929	25,058,486
<b>Total long-term loans</b>			-	-	<u>12,548,929</u>	<u>25,058,486</u>
<b>Total loans from related parties</b>			<u>90,089</u>	<u>-</u>	<u>22,243,447</u>	<u>33,817,946</u>

Movements during the years ended 31 December of loans from related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Short-term loans from Subsidiaries and funds</b>				
At 1 January	-	-	8,759,460	15,755,599
Increase				
- Principal	-	-	8,471,642	7,136,559
- Interest	-	-	217,329	144,273
Decrease				
- Principal	-	-	(7,541,209)	(14,104,350)
- Interest	-	-	(212,704)	(172,621)
<b>At 31 December</b>	<u>-</u>	<u>-</u>	<u>9,694,518</u>	<u>8,759,460</u>
<b>Related parties</b>				
At 1 January	14,229	-	-	-
Increase				
- Principal	75,807	-	-	-
- Interest	1,642	-	-	-
Decrease				
- Interest	(1,589)	-	-	-
<b>At 31 December</b>	<u>90,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total short-term loans from related parties</b>				
At 1 January	14,229	-	8,759,460	15,755,599
Increase				
- Principal	75,807	-	8,471,642	7,136,559
- Interest	1,642	-	217,329	144,273
Decrease				
- Principal	-	-	(7,541,209)	(14,104,350)
- Interest	(1,589)	-	(212,704)	(172,621)
<b>At 31 December</b>	<u>90,089</u>	<u>-</u>	<u>9,694,518</u>	<u>8,759,460</u>

**Central Pattana Public Company Limited and its Subsidiaries**  
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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Long-term loans from Subsidiaries and funds</i></b>				
At 1 January	-	-	25,058,486	3,460,149
Increase				
- Principal	-	-	1,889,480	24,777,010
- Interest	-	-	611,698	457,669
Decrease				
- Principal	-	-	(14,368,863)	(3,225,631)
- Interest	-	-	(641,872)	(410,711)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>12,548,929</b>	<b>25,058,486</b>

As at 31 December 2018 and 2017, loans from related parties are unsecured and denominated in Thai Baht. Loans from subsidiaries carry interests at the average interest rates of unsecured debt securities issued by the Company. Loans from funds carry interest at the rates specified in the contract.

**Commitments with related parties**

As at 31 December, the Group has entered into service and premise lease agreements with several related parties. The rental and service fees are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<b>Non-cancellable operating lease commitments</b>				
Within one year	869	1,023	1,104	1,053
After one year but within five years	4,043	4,691	4,984	4,761
After five years	12,417	13,678	14,314	15,735
<b>Total</b>	<b>17,329</b>	<b>19,392</b>	<b>20,402</b>	<b>21,549</b>

***Operating lease***

***Thai Business Fund 4***

On 18 December 2002, Thai Business Fund 4 (“TBF4”) entered into a land and structure lease agreement, for the location of Central World Plaza with other party. The lease agreement was for a period of 30 years ending in December 2032.

On 23 December 2002, TBF4 (“the lessor”) entered into a sublease utility system contract and a property management contract with Central World Co., Ltd. (“Central World”). The lease agreement was for a period of 30 years ending in December 2032. Under the conditions of the sublease contracts, Central World had to make a lump sum payment of leasehold right in advance of Baht 80 million and monthly rental as agreed by both parties, whereby the Company will be a guarantor. In addition, TBF4 entered into a property management contract with Central World and had to pay property management fee as stated in the contract.

**Central Pattana Public Company Limited and its Subsidiaries**  
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According to the 7th TBF4's unitholders' resolution on 29 September 2011 and the 9th TBF4's unitholders' resolution on 30 November 2011, unitholders had an unanimous resolution to change the sublessee from Central World to the Company by cancelling a sublease utility system contract and a property management contract with Central World.

Consequently, TBF4 terminated a sublease utility system contract and a property management contract with Central World on 1 December 2011 and TBF4 had obligation to pay compensation in connection with contract termination in amount of Baht 2,219 million for investment in utility system and development of parking building by Central World. The Company agreed to pay for the obligation on behalf of TBF4 in connection with the contract termination in order to sublease utility system contract and become a property manager for Central World project instead.

On 1 December 2011, the Company entered into a sublease utility system contract with TBF4. The contract would cover the period from 1 December 2011 to December 2032. The Company has to make the lump sum payment of leasehold right in advance of Baht 56.1 million and monthly rental of Baht 20 million as stated in the contract.

According to the 4th TBF4's unitholders' resolution on 7 September 2012, the unitholders had an unanimous resolution to terminate the sublease office building contract with Central World and approved to enter into new sublease office building contracts with Property Fund Type I and the Company and Central World and amended the property management contract with the Company.

As a result, on 14 September 2012, TBF4 terminated the sublease office building contract of The Offices at Central World with Central World. TBF4 had obligation to pay compensation in amount of Baht 3,530.3 million for investment in system and development of office building by Central World in connection with the contract termination. TBF4 had entered into a sublease contract with CPN Commercial Growth Leasehold Property Fund ("CPNCG") for land and part of office building with integrated components and related equipment and systems including the right for the use of the parking spaces at The Offices at Central World. The contract was for a period of 20 years ending on 22 December 2032. In addition, TBF4 had entered into sublease contracts with the Company and Central World for part of office building. The contracts would cover the periods from 14 September 2012 to 22 December 2032 and 14 September 2012 to 23 December 2012, respectively.

On 25 September 2013, TBF4 entered into a memorandum for the cancellation of a part of land lease under the principal agreement with other party and subsequently appointed the Company as the new lessee of the cancelled lease directly with other party. The Company acquired the right for the use of cancelled land lease under conditions in an agreement. Therefore, to compensate TBF4 for the loss of the leasehold right on cancelled land lease, the Company agreed to pay compensation to TBF4 in amount of Baht 502 million by payments of Baht 425 million on 15 December 2013 and will pay of Baht 77 million in January 2033.

Moreover, TBF4 has entered into an agreement with Central Plaza Hotel Public Company Limited, a related party, to sublease its leasehold right on land and part of its structures located at Central World for a period of 29 years ending in December 2032. The sublessee would use land and its structures for the development of the project of hotel, parking and convention hall.

**Central Pattana Public Company Limited and its Subsidiaries**  
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*CentralPlaza Lardprao*

In 2009, the Company entered into a sublease contract of assets comprising of land, shopping center, office building, parking buildings including their building improvements with integrated components and equipment of CentralPlaza Lardprao with Central International Development Company Limited (“the sublessor”) for a period of 20 years ending on 18 December 2028. The Company had to pay compensation for subleasehold right to the sublessee in the amount of Baht 2,162 million, which was recorded as leasehold rights in the statements of financial position. In addition, the Company is required to pay annual rental for the assets and rental for equipment throughout the sublease contract period totalling Baht 14,016 million.

Titles over the buildings or structures and other assets that the Company had renovation or restoration will be transferred to The State Railway of Thailand (“the lessor”) upon expiration of the agreement. In addition, the Company had to deliver equipment as specified in the lease agreement according to the appropriate condition and useful life at that time.

*CentralPlaza Bangna*

The Group entered into a land lease agreement with Hang Central Department Store Co., Ltd., a related party, for the location of CentralPlaza Bangna project for a period of 30 years ending in 2023.

*CentralPlaza WestGate*

In January 2013, the Company entered into a land lease agreement with Vantage Ground Co., Ltd., (“Vantage”) a related party, for the construction of shopping centre for lease for a period of 30 years ending on 18 February 2043. Under the conditions of the agreement, the Company had to pay compensation for land lease to lessor in the amount of Baht 654.9 million, which was recorded as leasehold rights in the statements of financial position. In addition, the Company has to pay the annual rental throughout the lease agreement period totalling Baht 4,443.7 million. The land lease agreement can be renewed for at least another 10-year period, at the rate and the benefit to be agreed upon by notifying in writing in advance not less than 2 years prior to the completion of the lease period.

At the Company's Board of Directors' meeting held on 7 August 2015, the Board approved the cancellation of part land lease agreement of CentralPlaza WestGate with Vantage, in order that Vantage could sell the land to other party for construction of this shopping center. The Company notified the cancellation of the agreement in October 2015. Vantage agreed to return the compensation of land lease and annual rental which the Company paid under the conditions of the land lease agreement.

*CentralPlaza Pinklao*

The Company entered into a land lease agreement with Hang Central Department Store Co., Ltd., a related party, for the location of CentralPlaza Pinklao project for a period of 30 years ending in 2024.

In 2015, the Company (“lessee”) entered into a memorandum for the extension of lease period with Hang Central Department Store Co., Ltd. whereby both parties agreed to extend the lease period for another periods of 2 years and 5 months starting from 1 January 2025 to 31 May 2027, whereby the lessee agreed to pay additional rental in amount of Baht 291 million upon its maturity as stated in the contract.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

### For the year ended 31 December 2018

#### *CentralFestival Phuket*

In June 2015, the Company entered into sublease land agreements and shopping building lease agreements with Central Department Store Co., Ltd. ("lessor") a related party, for the operation of shopping centres for lease for a period of 41 years and 6 days ending on 6 June 2056. Under the conditions of the agreements, the Company had to pay compensation of land lease for shopping centre in the amount of Baht 5,572.9 million and to pay for land leasehold right to lessee in the amount of Baht 666.7 million and pay the annual land rental throughout the agreement period totalling Baht 2,769.2 million. In addition, there was an entering into the purchase and sale of utility system and asset agreements totalling Baht 55.5 million.

At the Company's Board of Directors' meeting held on 10 August 2018, the Board approved the additional land and building sublease agreements and purchased assets related to CentralFestival Phuket project with Central Department Store Co., Ltd. ("lessee"), a related party, to operate the shopping center within Baht 1,282 million.

#### *Hilton Pattaya Hotel*

In November 2017, the Group entered into hotel building utility system and movable assets sublease agreements with CPN Retail Growth Leasehold REIT ("the sublessor"), a related party, for using in the operation of hotel business for lease for a period of 1 month ending on 31 December 2017. The Group can renew the agreements for 3 times at 3 years each ending in December 2026. Under the conditions of the agreement, the Company had to pay the annual rental throughout the lease agreement period. The annual rental comprise of fixed rental totalling Baht 2,194 million and variable rental which is calculated from profit before tax deduct furniture, fixture and equipment reserve of the hotel.

#### *Land sublease agreement*

The Company entered into to a land sublease agreement with Dara Harbour Co., Ltd., a subsidiary, which was for the period of 30 years starting from 1 January 2021 to 31 December 2050. The Company agreed to pay annual sublease compensation of which the first installment will be in January 2021. During 2017, the Company paid for the compensation from cancellation of leasehold rights to the lessee amounting to Baht 134.2 million which was recorded as leasehold rights in the separate statement of financial position as at 31 December 2017.

#### *Other significant agreements*

##### *Service agreement*

The Company entered into a service agreement with Hang Central Department Store Co., Ltd., a related party, for business consulting and setting policies on business operation of the Company. The agreement was for a period of 3 years ending in 31 December 2019. Under the conditions of the agreement, the Company had to pay monthly service fee at rate 0.55% of the revenues from property assets managed by the Company that comprise of rental and service income, food and beverage income and property management fee income. The sum of the maximum service fees paid throughout the agreement term will not exceed Baht 623.7 million.

##### *Hotel Management agreement*

The Group entered into a hotel management agreement with a related party whereby the Group agrees to pay monthly management fee at the rate of 2% of the hotel's operating income and additional compensation at the rate of 6% of the gross operating profit if the gross operating profit is achieved and sales and marketing contribution fee at the rate of 1.5% of operating income.

**Central Pattana Public Company Limited and its Subsidiaries**  
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*Service provider agreement*

The Company entered into the management agreement with subsidiaries. The Company has to perform the management of the Shopping center. The subsidiaries have to pay management fee at the rate of 3% of the net rental income after deduction of the discount under the agreements. The initial contract started from 1 January 2018 to 31 December 2018. Subsequently, in January 2019, the Company extended the management agreement with the subsidiaries for another one year ending on 31 December 2019.

*Property management fees*

The Company is the Property manager, has a right to receive remuneration under the agreement of being the Property manager from the related parties, which shall be payable monthly according to the property management appointment agreement between the Property manager and related parties.

*Collateral*

As at 31 December 2018, the Group had collateral of subsidiaries of Baht 307 million and Malaysian Ringgit 50 million credit line (equivalent to Baht 396 million) (2017: Baht 482 million).

As at 31 December 2018, an indirect subsidiary had loan guarantee with another indirect subsidiary of Baht 1,960 million credit line (2017: Baht 1,960 million).

**6 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	9,270	25,288	4,824	11,856
Call deposits	3,011,761	2,392,851	2,006,380	1,493,362
<b>Cash and cash equivalents</b>	<b><u>3,021,031</u></b>	<b><u>2,418,139</u></b>	<b><u>2,011,204</u></b>	<b><u>1,505,218</u></b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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**7 Other investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
Equity securities available-for-sale	4,060	4,040	4,060	4,040
Investments in marketable unit trusts classified as available-for-sale	41,460	2,939,076	41,460	2,939,076
<b>Current investments</b>	<b>45,520</b>	<b>2,943,116</b>	<b>45,520</b>	<b>2,943,116</b>
<b>Long-term investments</b>				
Other non-marketable equity securities	131,647	131,647	-	-
Equity securities in marketable classified as available-for-sale	1,842,608	-	1,842,608	-
Less allowance for impairment	(65,397)	(65,397)	-	-
<b>Long-term investment in related parties-net</b>	<b>1,908,858</b>	<b>66,250</b>	<b>1,842,608</b>	<b>-</b>
<b>Other long-term investments</b>				
Other non-marketable equity securities	31,318	1,000	1,000	1,000
Investments in marketable unit trusts classified as available-for-sale	139,468	124,371	-	-
Held to maturities securities	2,138	2,185	2,138	2,185
<b>Other long-term investments</b>	<b>172,924</b>	<b>127,556</b>	<b>3,138</b>	<b>3,185</b>
<b>Total</b>	<b>2,127,302</b>	<b>3,136,922</b>	<b>1,891,266</b>	<b>2,946,301</b>

Movements during the years ended 31 December of investments in marketable unit trusts classified as available-for-sale investments were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
<b>Available for sale securities</b>				
At 1 January	2,943,116	591,169	2,943,116	565,144
Purchases during the year	5,725,000	5,290,035	5,725,000	5,256,000
Sales during the year	(8,619,594)	(2,940,807)	(8,619,594)	(2,881,256)
Valuation adjustment	(3,002)	2,719	(3,002)	3,228
<b>At 31 December</b>	<b>45,520</b>	<b>2,943,116</b>	<b>45,520</b>	<b>2,943,116</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Long-term investments - related party</i></b>				
<b>Available-for-sale</b>				
As at 1 January	66,250	66,250	-	-
Purchases during the year	2,147,314	-	2,147,314	-
Sales during the year	(35,962)	-	(35,962)	-
Valuation adjustment	(268,744)	-	(268,744)	-
<b>At 31 December</b>	<b>1,908,858</b>	<b>66,250</b>	<b>1,842,608</b>	<b>-</b>
<b><i>Other long-term investments</i></b>				
As at 1 January	127,556	126,846	3,185	3,231
Purchases during the year	44,818	-	-	-
Valuation adjustment	550	710	(47)	(46)
<b>At 31 December</b>	<b>172,924</b>	<b>127,556</b>	<b>3,138</b>	<b>3,185</b>

***Equities securities classified as available for sale - related parties***

The Board of Directors' meeting on 9 May 2018, approved a resolution to acquire the ordinary shares of Dusit Thani Public Company Limited (Dusit Thani) of 194,926,920 shares which accounted for 22.93% totalling Baht 2,141.4 million in order to use for long-term investment. The Company has not involved in the management of Dusit Thani.

As at 31 December 2018, the Company holds shares and has voting rights of 22.58%. However, the Company does not have significant influence because the Company does not participate in making decision, policy-making including making decision of dividends or other distributions, operating business and dominating business (see notes to the financial statements No. 43).

***Collateral***

As at 31 December 2018, the Group had part of investments in marketable unit trusts classified as available-for-sale investments as collateral for rental debt payment with an associate, at carrying amount of Baht 139.47 million (2017: Baht 124.37 million).

**8 Trade accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5	315,812	260,527	245,764	173,388
Other parties		1,067,249	1,080,760	623,783	724,828
<b>Total</b>		<b>1,383,061</b>	<b>1,341,287</b>	<b>869,547</b>	<b>898,216</b>
Less allowance for doubtful accounts		(104,436)	(33,189)	(32,208)	(19,376)
<b>Net</b>		<b>1,278,625</b>	<b>1,308,098</b>	<b>837,339</b>	<b>878,840</b>
Bad and doubtful debt expenses for the year		34,497	6,489	27,113	16,005



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Aging analyses for trade accounts receivable and deposits from overdue customers were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	101,383	37,985	94,527	31,745
Overdue:				
Less than 3 months	135,818	73,371	88,982	94,958
3-6 months	31,050	44,099	21,005	26,133
6-12 months	25,943	26,856	22,528	7,219
Over 12 months	21,618	78,216	18,722	13,333
<b>Total</b>	<b>315,812</b>	<b>260,527</b>	<b>245,764</b>	<b>173,388</b>
Deposits from overdue customers	<b>774,695</b>	<b>867,779</b>	<b>360,208</b>	<b>344,806</b>
<b>Other parties</b>				
Within credit terms	180,073	150,302	74,257	137,302
Overdue:				
Less than 3 months	559,063	579,461	361,996	364,700
3-6 months	50,906	159,804	54,779	77,726
6-12 months	106,185	133,204	70,955	88,774
Over 12 months	171,022	57,989	61,796	56,326
	<b>1,067,249</b>	<b>1,080,760</b>	<b>623,783</b>	<b>724,828</b>
Less allowance for doubtful accounts	(104,436)	(33,189)	(32,208)	(19,376)
<b>Net</b>	<b>962,813</b>	<b>1,047,571</b>	<b>591,575</b>	<b>705,452</b>
Deposits from overdue customers	<b>6,167,441</b>	<b>6,568,373</b>	<b>2,764,784</b>	<b>2,542,586</b>

The normal credit term granted by the Group and the Company ranges from 1 day to 30 days.

Deposits received from overdue customers were in excess of the overdue receivables.

**9 Other receivables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Accrued income	5	1,549,300	1,272,965	870,061	719,112
Accrued dividend income	5	-	-	135,622	1,570,829
Receivables from					
Revenue Department		436,879	598,679	-	-
Other accounts receivable	5	552,569	378,501	43,259	43,232
Prepaid expenses	5	514,482	491,441	439,227	428,056
Others		115,542	97,164	29,100	83,969
<b>Total</b>		<b>3,168,772</b>	<b>2,838,750</b>	<b>1,517,269</b>	<b>2,845,198</b>

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**10 Real estate projects under development**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Projects under development				
- Land	5,386,812	2,294,321	-	-
- Land improvements	166,947	4,540	-	-
- Construction	160,235	-	-	-
- Utilities	1,763,618	1,284,916	-	-
- Other costs relating to project development	309,704	22,386	-	-
<b>Total</b>	<b>7,787,316</b>	<b>3,606,163</b>	<b>-</b>	<b>-</b>
Finance costs capitalised during the year	<b>90,318</b>	<b>20,095</b>	<b>-</b>	<b>-</b>
Rates of interest capitalised <i>(% per annum)</i>	<b>2.91</b>	<b>2.87</b>	<b>-</b>	<b>-</b>
Real estate projects under development recognised as an expense in 'cost of sales of real estate project'				
- Cost	<b>1,564,737</b>	<b>-</b>	<b>-</b>	<b>-</b>

**11 Investments in subsidiaries and funds**

	<b>Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	24,901,032	24,455,497
Acquisitions of investments	2,730,580	463,055
Redemption of investment units	(10,640)	(17,520)
<b>At 31 December</b>	<b>27,620,972</b>	<b>24,901,032</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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***For the year ended 31 December 2018***

***CPN Global Co., Ltd. (direct subsidiary)***

In January 2018, the extraordinary shareholders meeting of CPN Global Co., Ltd, a subsidiary, approved a resolution to increase the registered share capital from Baht 1 million to Baht 2,500 million by issuing the ordinary shares of 24,990,000 shares with par value of Baht 100 per share in order to use for its working capital.

***Central Realty Service Co., Ltd. (direct subsidiary)***

During 2018, the Company received the return from share capital from Central Realty Service Co., Ltd. totalling Baht 2.65 million, and disposed such return to investment in Central Pattana Realty Co., Ltd., a subsidiary. The Company recorded return from share capital as income from dissolution in separate statement of comprehensive income for year ended 31 December 2018.

***Chanakun Development (direct subsidiary)***

In August 2018, the Company acquired the ordinary shares of Chanakun Development Co., Ltd. of 699,994 shares, totalling Baht 59 million which accounted for 99.99% of total issued and paid-up capital. The Company already fully paid-up for shares.

***CPN Village Co., Ltd. (formerly name Sawan Vithee Limited) (direct subsidiary)***

In August 2018, the Company acquired the ordinary shares of ordinary shares of Sawan Vithee Co., Ltd. of 99,998 shares, totalling Baht 1 million which accounted for 99.99% of total issued and paid-up capital. The Company already fully paid-up for shares.

At the extraordinary meeting of Sawan Vithee Co., Ltd. on 5 September 2018, approved a resolution to change the Company's name from "Sawan Vithee Co., Ltd." to "CPN Village Co., Ltd.". The company has registered the change of name with the Ministry of Commerce on 12 September 2018.

***Common Ground (Thailand) Co., Ltd (direct subsidiary)***

In November 2018, The Company has established Common Ground (Thailand) Co., Ltd which has a registered share capital of Baht 1 million, totalling 10,000 shares with a par value of Baht 100 per share. The Company held 100% and already paid up to 25% of totalling shares, totalling Baht 0.25 million.

***Thai Business Fund 5 (direct subsidiary)***

According to unitholders agreement of Thai Business Fund 5 which prescribed that the property fund had to monthly return capital to unitholders at the rate 5.83% of investment units starting from March 2003 to February 2013, at the rate 5% of investment units starting from March 2013 to February 2017, at the rate 3.38% of investment units starting from March 2017 to January 2018 and at the rate 23.22% of investment units for the month of February 2018. The property fund had 15 years maturity starting from 6 March 2003 to 5 March 2018. During 2018, the Company received all capital repayment totalling Baht 10.64 million (2017: Baht 17.5 million). Thai Business Fund 5 completes liquidation on 15 May 2018.

***CPN Learning Center Co., Ltd.***

The extraordinary shareholders meeting of CPN Learning Center Co., Ltd. held on 29 October 2018, approved a resolution to dissolve the company and was registered for the dissolution to the Ministry of Commerce on 31 October 2018.

**Central Pattana Public Company Limited and its Subsidiaries**  
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***CPN Ventures Sdn. Bhd. (indirect subsidiary)***

In January 2018, at the extraordinary shareholders meeting of CPN Ventures Sdn. Bhd. the shareholders approved a resolution to increase the registered capital of Malaysian Ringgit 0.2 million (equivalent to Baht 1.63 million) from Malaysian Ringgit 7.4 million to Malaysian Ringgit 7.6 million.

***Central Plaza i-City Real Estate Sdn. Bhd. (indirect subsidiary)***

In 2018, the Board of Directors' meeting of Central Plaza i-City Real Estate Sdn. Bhd. approved to additionally issue and call for paid up newly issued shares from Malaysian Ringgit 266.9 million to Malaysian Ringgit 420.4 million (equivalent to Baht 3,452.2 million) by issuing and calling for paid up newly issued shares of 153.5 million ordinary shares with par value of Malaysian Ringgit 1 per share in order to use for its working capital which the ownership interest of the Group is 60%. The Group invested in the increased shares in amount of Malaysian Ringgit 92.1 million (equivalent to Baht 747.1 million) at the same proportion of shareholding of the Group.

***CPN Residence Management Co., Ltd. (indirect subsidiary)***

In March 2018, the Group has established CPN Residence Management Co., Ltd. to support future investment which has a registered share capital of Baht 1 million, totalling 10,000 shares with a par value of Baht 100 per share.

***Business Transfer between Central Pattana Chonburi Co., Ltd. and Central Pattana Realty Co., Ltd.***

At the Extraordinary General Meeting of Shareholder of Central Pattana Chonburi Co., Ltd., a subsidiary, on 18 October 2018, the shareholders approved a resolution to transfer entire business to Central Pattana Realty Co., Ltd., another subsidiary of the Company. Therefore, on 19 October 2018 Central Pattana Chonburi ("Business transferer company") entered into the entire business transfer agreement to Central Pattana Realty Co., Ltd. ("Business transferee company") by agreeing to transfer rights and obligations under the agreements which business transferer company entered into with the third parties for the business operation.

At the extraordinary shareholders meeting of Central Pattana Chonburi Co., Ltd., a subsidiary of the Company, on 19 October 2018, the shareholders approved to dissolve Central Pattana Chonburi Co., Ltd., which was registered for the dissolution to Minister of Commerce on 22 October 2018.

At the extraordinary shareholders meeting of Central Pattana Realty Co., Ltd. ("Business transferee company"), held on 31 October 2018, the shareholders approved a resolution to transfer entire business from Central Pattana Chonburi Co., Ltd. ("Business transferer company") and passed a resolution to increase the registered capital from Baht 1,003.66 million to Baht 2,268.41 million by issuing the ordinary shares of 126,475,502 shares with par value of Baht 10 per share as the compensation for the business transfer under the business transfer agreement dated 19 October 2018 to business transferer company in order to transfer to the shareholders of business transferer company in the liquidation process.

On 31 October 2018, business transferer company transferred net assets in amount of Baht 1,264.8 million to the business transferee company in full amount by receiving the shares of the business transferee company as the compensation in amount of Baht 1,264.8 million. Business transferer company will subsequently proceed the return of investment to the shareholders.

**Central Pattana Public Company Limited and its Subsidiaries**  
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***Saladang Property Management Co., Ltd. (direct subsidiary)***

In January 2018, the Company acquired the ordinary shares of Saladang Property Management Co., Ltd. from Dusit Thani Public Company Limited of 440 shares in amount of Baht 168.68 million. Subsequently, the proportion of shareholding increased from 75% to 86% in accordance with the condition of the agreement.

***Joint-Investment in the Mixed-Use Development Project with Dusit Thani Public Company Limited (“Dusit Thani”)***

At the Board of Directors meeting of the Company approved to jointly invest in a mixed-use development project consisting of hotel, residential building, shopping center and office building.

***Shareholders’ Agreement and Share Purchase Agreement***

The Company entered into the shareholders’ agreements of Suanlum Property Co., Ltd. (“Suanlum”), Phraram 4 Development Co., Ltd. (“Phraram 4”) and Saladang Property Management Co., Ltd. (“Saladang”) with Dusit Thani. The Company has to acquire investment in ordinary shares from Dusit Thani and to invest in the additional ordinary shares increasing in share capital as specified in the agreement. In addition, Dusit Thani has a share purchase call option of Saladang from the Company in proportion not exceeding 15% of registered capital at conditional price and period as specified in the agreement. In addition, the Company entered into the Share Purchase Agreement for the additional purchase of ordinary shares of Saladang and Suanlum from Dusit Thani, in proportion of 22% and 25% of registered capital of which the shareholding proportion of the Company will be 85% and 100% of registered capital, respectively, at price and period as specified in the agreement. In addition, the Company has to pay service fee for the development of office building project at amount and period as specified at the agreement.

On 28 June 2017, the Company invested in ordinary shares as follows:

	Number of ordinary shares increased in share capital (in thousand shares)	Number of ordinary shares invested (in thousand shares)	Amounts (in thousand Baht)	Ownership interest (%)
<i>Purchasing of investments in ordinary shares from Dusit Thani</i>				
Suanlum Property Co., Ltd.	-	0.63	63	63
<i>Investing in additional ordinary shares increasing in share capital</i>				
Suanlum Property Co., Ltd.	1,719	1,083	108,297	63
Phraram 4 Development Co., Ltd.	9	9	900	90
Saladang Property Management Co., Ltd.	3	3	300	75
<b>Total</b>			<b>109,560</b>	

**Central Pattana Public Company Limited and its Subsidiaries**  
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In addition, the Company and Dusit Thani will grant loans to Suanlum in proportion as mutually agreed in the agreement. In June 2017, the Company entered into a loan agreement within credit line not exceeding Baht 600 million with Suanlum with interest rate at MLR-2.95% per annum, which has to be partially repaid or fully repaid with interest when Suanlum has sufficient income in repayment of such loan.

*Shopping Center Building Lease Arrangement Agreement*

The Group entered into the Shopping Center Building Lease Arrangement Agreement with Dusit Thani in order that Dusit Thani will be an agent for procurement of lease arrangement of shopping centre building. Under the conditions of the agreement, the Group has to pay a deposit in amount of Baht 492.4 million within June 2017 and January 2018 and when the Group is able to enter into a lease agreement for shopping center building with Vimarn Suriya Co., Ltd., the Group has to pay fee at the amount specified in the agreement to Dusit Thani and has to pay rental fee at the amount specified in the lease agreement to Vimarn Suriya Co., Ltd.

In June 2017, the Group paid the deposit of Baht 492.4 million to Dusit Thani which was recorded under other non-current assets in the consolidated statements of financial position as at 31 December 2017.

*Rights and Obligations Agreement*

The Group entered into the Rights and Obligations Agreement with Dusit Thani in order that the Group can enter into a land lease agreement with other party. The Group has to pay compensation amount of Baht 107 million in June 2017 which was recorded as leasehold right in the consolidated statements of financial position as at 31 December 2017.

***For the year ended 31 December 2017***

***CPN REIT Management Co., Ltd. (direct subsidiary)***

In June 2017, the Group has established of CPN REIT Management Co., Ltd. for management of a real estate investment trust, which has a registered capital of Baht 10 million, totalling 1 million shares with par value of Baht 10 per share, of which the ownership interest of the Company is 100%. The Company already fully paid up for shares in June 2017.

***Dara Harbour Co., Ltd. (direct subsidiary)***

At the Board of Directors meeting of the Company approved the acquisition of the ordinary shares in Dara Harbour Co., Ltd. In July 2017, the Company entered into the share purchase agreement in Dara Harbour Co., Ltd. from Property Perfect Public Company Limited of 26 million shares, representing 65% of total shares of 40 million shares, totalling Baht 291.75 million.

**Central Pattana Public Company Limited and its Subsidiaries**  
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***CPN Pattaya Hotel Co., Ltd. (direct subsidiary)***

In September 2017, the Group has established CPN Pattaya Hotel Co., Ltd. (“CPN Pattaya Hotel”) for management of the hotel which has a registered share capital of Baht 1 million, totalling 0.1 million shares with par value of Baht 10 per share, of which the ownership interest of the Company is 100%. The Company already fully paid up for shares. Subsequently, in November 2017 the Board of directors meeting of CPN Pattaya Hotel approved to increase the registered capital from Baht 1 million to Baht 200 million by issuing the new ordinary shares totalling 19.9 million shares with par value of Baht 10 per share and calling for paid up newly issued shares by Baht 2.55 per share totalling Baht 50.7 million. The Company already fully paid up for shares.

***CPN Ventures Sdn. Bhd. (indirect subsidiary)***

In 2017, the Board of Directors meetings of CPN Ventures Sdn. Bhd. approved to increase the registered capital from Malaysian Ringgit 5 million to Malaysian Ringgit 10 million by issuing the new ordinary shares totalling 5 million shares with par value of Malaysian Ringgit 1 per share, ownership interest of the Group is 100%, approved issuing and calling for paid up newly issued shares of 2.4 million ordinary shares with par value of Malaysian Ringgit 1 per share totalling Malaysian Ringgit 2.4 million (equivalent to Baht 19.2 million).

***Central Plaza i-City Real Estate Sdn. Bhd. (“Central Plaza i-City”) (indirect subsidiary)***

In 2017, the Group had classified investments in Central Plaza i-City, which had value based on equity method amounting to Baht 587.1 million, from investments in joint ventures to investments in subsidiaries due to the ultimate decision making in operation and finance are from the Group. Consequently, such company thereon is under control of the Group. The financial statements of such company was included in the Group’s consolidated financial statements since 1 January 2017.

In 2017, the Board of Directors meetings of Central Plaza i-City Real Estate Sdn. Bhd, approved to additionally issue and call for paid up newly issued shares from Malaysian Ringgit 112.5 million to Malaysian Ringgit 266.9 million (equivalent to Baht 2,207.8 million) by issuing and calling for paid up newly issued shares of 154.4 million ordinary shares with par value of Malaysian Ringgit 1 per share in order to use for its working capital, ownership interest of the Group is 60%. The Group invested in such increased shares in amount of Malaysian Ringgit 92.64 million (equivalent to Baht 747.5 million) at the same proportion of shareholding of the Group.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2018

Investments in subsidiaries and funds as at 31 December 2018 and 2017 and dividend income from those investments for the years then ended were as follows:

	Separate financial statements												
	Ownership interest (%)		Paid-up capital (in million Baht)		Cost		Impairment		At cost - net (in thousand Baht)		Dividend income		
					2018	2017	2018	2017	2018	2017	2018	2017	
<b>Subsidiaries</b>													
Central Pattana Rama 2 Co., Ltd.	100.0	100.0	1,500.0	1,500.0	1,500,000		1,500,000	-	-	1,500,000		-	-
Central Pattana Chiangmai Co., Ltd.	100.0	100.0	1,000.0	1,000.0	1,000,000		1,000,000	-	-	1,000,000		500,000	500,000
Central Pattana Realty Co., Ltd.	44.2	100.0	2,268.4	1,003.7	1,003,658		1,001,000	-	-	1,003,658		-	-
Central Pattana Rattanaadibet Co., Ltd.	100.0	100.0	800.0	800.0	589,998		589,998	-	-	589,998		383,499	589,998
Central Food Avenue Co., Ltd.	100.0	100.0	5.0	5.0	5,000		5,000	-	-	5,000		-	-
Central World Co., Ltd.	100.0	100.0	2,511.9	2,511.9	2,412,733		2,412,733	-	-	2,412,733		-	-
Central Pattana Rama 3 Co., Ltd.	100.0	100.0	324.7	324.7	2,166,751		2,166,751	-	-	2,166,751		58,453	302,006
Central Pattana Chonburi Co., Ltd.	100.0	100.0	900.0	900.0	808,984		808,984	-	-	808,984		405,000	499,500
CPN Residence Co., Ltd.	100.0	100.0	400.6	400.6	400,599		400,599	-	-	400,599		-	-
Central Pattana Development Co., Ltd.	100.0	100.0	700.0	700.0	744,285		744,285	-	-	744,285		-	-
CPN Global Co., Ltd.	100.0	100.0	2,500.0	1.0	2,500,000		1,000	-	-	2,500,000		-	-
Central Pattana Nine Square Co., Ltd.	93.3	93.3	2,400.0	2,400.0	2,239,200		2,239,200	-	-	2,239,200		-	-
Central Pattana Khon Kaen Co., Ltd.	78.1	78.1	2,000.0	2,000.0	1,562,684		1,562,684	-	-	1,562,684		-	-
CPN Learning Center Co., Ltd.	100.0	100.0	1.0	1.0	1,000		1,000	-	-	1,000		-	-
CPN Pattaya Co., Ltd	100.0	100.0	2,500.0	2,500.0	2,500,060		2,500,060	-	-	2,500,060		875,000	800,000
CPN Rayong Co., Ltd.	100.0	100.0	1,000.0	1,000.0	999,999		999,999	-	-	999,999		-	-
Bangna Central Property Co., Ltd.	-	-	962.5	962.5	1		1	-	-	1		-	-
CPN Korat Co., Ltd.	100.0	100.0	1,000.0	1,000.0	1,000,000		1,000,000	-	-	1,000,000		-	-
CPN Estate Co., Ltd.	100.0	100.0	0.3	0.3	250		250	-	-	250		-	-
CPN Residence Khon Kaen Co., Ltd.	100.0	100.0	50.0	50.0	50,000		50,000	-	-	50,000		-	-
Suanlum Property Co., Ltd.	63.0	63.0	172.0	172.0	108,360		108,360	-	-	108,360		-	-
Pharam 4 Development Co., Ltd.	90.0	90.0	1.0	1.0	900		900	-	-	900		-	-
Saladang Property Management Co. Ltd.													
CPN Ltd.	86.0	75.0	0.4	0.4	168,978		300	-	-	168,978		-	-
CPN REIT Management Co., Ltd.	100.0	100.0	10.0	10.0	10,000		10,000	-	-	10,000		-	-
Dara Harbour Co., Ltd.	65.0	65.0	215.6	215.6	291,750		291,750	-	-	291,750		-	-
CPN Pattaya Hotel Co., Ltd.	100.0	100.0	51.7	51.7	51,745		51,745	-	-	51,745		-	-



**Central Pattana Public Company Limited and its Subsidiaries**  
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	Separate financial statements									
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)		(in million Baht)				(in thousand Baht)			
Chanakun Development Co., Ltd.	100.0	-	59.0	-	58,994	-	-	-	58,994	-
CPN Village Co., Ltd.	100.0	-	1.0	-	1,000	-	-	-	1,000	-
(Formerly Sawan Vithee Co., Ltd.)										
Common Ground Co., Ltd	100.0	-	0.25	-	250	-	-	-	250	-
<b>Funds</b>										
Thai Business Fund 4 <sup>(1)(2)</sup>	100.0	100.0	5,443.8	5,443.8	5,443,793	5,443,793	-	-	5,443,793	1,312,815
Thai Business Fund 5 <sup>(1)</sup>	-	100.0	-	10.6	-	10,640	-	-	-	84,362
<b>Total</b>					<u>27,620,972</u>	<u>24,901,032</u>	<u>-</u>	<u>-</u>	<u>27,620,972</u>	<u>3,619,129</u>
										<u>5,895,663</u>

<sup>(1)</sup>Investments in Thai Business Fund 4 and Thai Business Fund 5 are investment units (type C) which have rights to receive dividends subordinated to the other types of unitholders (type A and B).

<sup>(2)</sup>Thai Business Fund 4

In 2009, Thai Business Fund 4 amended the dividend payment policy for investment units type C which should not be greater than net cash remaining after (1) the dividend paid and payable to investment units type A and B, (2) the redemption of capital to investment units type A and B, (3) the deduction of cash reserved for other debt payments and (4) the payment for dividend payable.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**12 Non-controlling interests**

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2018				Total
	Grand Canal Land Public Company Limited	Central Pattana Khon Kaen Co., Ltd.	Central Plaza i-City Real Estate Sdn. Bhd.	Other individually immaterial subsidiaries	
		<i>(in thousand Baht)</i>			
Non-controlling interest percentage	32.5%	21.9%	40.0%		
Current assets	4,006,614	113,218	197,329		
Non-current assets	31,887,407	5,073,083	5,520,653		
Current liabilities	(2,888,244)	(292,783)	(1,432,696)		
Non-current liabilities	(14,899,762)	(478,945)	(1,013,161)		
<b>Net assets</b>	<b>18,106,015</b>	<b>4,414,573</b>	<b>3,272,125</b>		<b>8,449,717</b>
Carrying amount of non-controlling interest	5,879,023	965,467	1,308,850	296,377	
Revenue	479,852	1,844,631	-		
Profit (loss) for the year	8,692	645,409	(95,822)		
<b>Total comprehensive income</b>	<b>8,692</b>	<b>645,409</b>	<b>(95,822)</b>		
Profit allocated to non-controlling interest	2,822	141,151	(38,329)	62,056	<b>167,700</b>
Cash flows from operating activities	301,437	1,080,488	113		
Cash flows (used in) from investing activities	398,716	(1,076,048)	(2,631)		
Cash flows (used in) from financing activities (dividends to non-controlling interest: nil)	(521,785)	(1,993)	2,487		
<b>Net decrease in cash and cash equivalents</b>	<b>178,368</b>	<b>2,447</b>	<b>(31)</b>		

**Central Pattana Public Company Limited and its Subsidiaries**  
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	31 December 2017				Other individually immaterial subsidiaries	Total
	Central Pattana Nine Square Co., Ltd.	Central Pattana Khon Kaen Co., Ltd.	Central Plaza i-City Real Estate Sdn. Bhd.	<i>(in thousand Baht)</i>		
Non-controlling interest percentage	6.7%	21.9%	40.0%			
Current assets	3,344,226	1,601,558	127,260			
Non-current assets	3,469,632	3,010,088	2,870,650			
Current liabilities	(274,187)	(357,265)	(909,989)			
Non-current liabilities	(1,343,392)	(485,216)	(8,031)			
<b>Net assets</b>	<b>5,196,279</b>	<b>3,769,165</b>	<b>2,079,890</b>			
Carrying amount of non-controlling interest	348,151	824,316	831,956		74,341	<b>2,078,764</b>
Revenue	1,550,241	958,647	17,363			
Profit for the year	758,501	357,433	(50,114)			
<b>Total comprehensive income</b>	<b>758,501</b>	<b>357,433</b>	<b>(50,114)</b>			
Profit allocated to non-controlling interest	50,820	78,171	(20,046)		(7,081)	<b>101,864</b>
Cash flows from operating activities	886,227	401,376	349,195			
Cash flows used in investing activities	(901,280)	(540,909)	(1,651,931)			
Cash flows (used in) from financing activities (dividends to non-controlling interest: nil)	(2)	135,104	1,237,948			
<b>Net decrease in cash and cash equivalents</b>	<b>(15,055)</b>	<b>(4,429)</b>	<b>(64,788)</b>			

**Central Pattana Public Company Limited and its Subsidiaries**  
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**13 Investment in associates and joint ventures**

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
<b>Associates</b>					
At 1 January		5,920,082	5,568,957	7,867,433	7,578,674
Increase		19,248	288,759	19,248	288,759
Investment in subsidiaries from business acquisition	4	951,620	-	-	-
Share of net profit of investment equity method		1,089,896	839,029	-	-
Dividend income/Reduction of unit capitals in fund and trust		(935,139)	(776,663)	-	-
Redemption of investment units from conversion fund to trust		-	(5,002,977)	-	(6,480,076)
Receipt of investment units trust from conversion fund to trust		-	5,002,977	-	6,480,076
<b>At 31 December</b>		<b><u>7,045,707</u></b>	<b><u>5,920,082</u></b>	<b><u>7,886,681</u></b>	<b><u>7,867,433</u></b>
<b>Joint ventures</b>					
At 1 January		380,079	587,147	232,500	-
Increase		56,100	380,400	-	232,500
Investment in joint ventures from business acquisition	4	2,520,040	-	-	-
Share of net losses of joint ventures		(102,745)	(321)	-	-
Classification of investments to subsidiaries		-	(587,147)	-	-
<b>At 31 December</b>		<b><u>2,853,474</u></b>	<b><u>380,079</u></b>	<b><u>232,500</u></b>	<b><u>232,500</u></b>

*For year ended 31 December 2018*

***Vimarn Suriya Co., Ltd.***

In January 2018, the Company acquired investment in additional ordinary shares of Vimarn Suriya Co., Ltd. (“Vimarn Suriya”) of Baht 19.2 million at the same proportion of shareholding in accordance with the condition of Share Purchase Agreement.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

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#### *Shareholders' Agreement and Share Purchase Agreement*

At the Board of Directors meeting of the Company approved to jointly invest in a mixed-use development project consisting of hotel, residential building, shopping center and office building and the Company entered into the shareholders' agreement of Vimarn Suriya with Dusit Thani Public Company Limited ("Dusit Thani"). Vimarn Suriya operates the hotel business, real estate business for sales of condominium units and construction of shopping centers for rent. The Company has to acquire investment in ordinary shares of Vimarn Suriya from Dusit Thani and to invest in the ordinary shares increasing in share capital as specified in the agreement. On 28 June 2017, the Company invested in ordinary shares of 3.85 million shares in proportion of 35% of the registered capital. The Company had paid for share subscription in amount of Baht 288.76 million. In addition, Dusit Thani has a share purchase call option of Vimarn Suriya from the Company in proportion 10% of registered capital at conditional price and within period as specified in the agreement. In addition, the Company entered into the Share Purchase Agreement of Vimarn Suriya from Dusit Thani, to additionally purchase ordinary shares in proportion of 5% of registered capital of which the shareholding proportion of the Company will be 40% of registered capital at price and period as specified in the agreement.

In addition, the Company and Dusit Thani will grant loans to Vimarn Suriya in proportion mutually agreed in the agreement. In June 2017, the Company entered into a loan agreement with credit line not exceeding Baht 350 million with Vimarn Suriya with interest rate at MLR - 1.0% per annum, which has to be partially repaid or fully repaid with interest when Vimarn Suriya has sufficient income in repayment of such loan.

#### *Acquisition of Grand Canal Land Public Company Limited and its subsidiaries*

On 12 September 2018, CPN Pattaya Co., Ltd. ("CPN Pattaya"), a subsidiary of the Company, has purchased ordinary shares of Grand Canal Land Public Company Limited and its subsidiaries according to note 4 of the financial statements.

#### *CPN Retail Growth Leasehold REIT*

At the Board of Directors' Meeting of the REIT manager held on 23 February 2018, the Board of Director approved the capital reduction of the Trust by reducing the value of the unit trusts of 0.2879 per unit, amounting to Baht 636.97 million which had paid the repayment from capital reduction to the Group in March 2018. The capital reduction was in accordance with the Trust established agreement.

#### *GLAND Office Leasehold Real Estate Investment Trust*

In October 2018, meetings of the Board of Directors of the REIT Manager of the Trust passed resolutions to approve capital reductions at rates of Baht 0.16 per unit trust, respectively, or a total of Baht 80.0 million. The Group received a result of these capital reductions in 2018.

The management of the Group determined that the Group has significant influence over GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT"), even though the Group holds 15% of shares and voting rights in GLANDRT. This is because GLAND REIT Management Co., Ltd. (a subsidiary) has been appointed as the REIT Manager of GLANDRT, which enables the Group to participate in GLANDRT's policy-making processes, and decisions about dividends or other distributions of GLANDRT. As a result, GLANDRT is deemed to be an associated company of the Group, and the Group recorded investment in the associated company in the consolidated financial statements using the equity method.

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***Phenomenon Creation Co., Ltd. (Joint venture)***

In April 2018, the extraordinary shareholders meeting of Phenomenon Creation Co., Ltd., approved a resolution to call for paid-up shares capital from Baht 290 million to Baht 350 million by calling paid-up shares of 40 million shares with a par value of Baht 1.5 per share totalling Baht 60 million. The Group invested in those increase shares 51% of Baht 30.6 million with the proportion of shareholding of the Group.

In July 2018, the extraordinary shareholders meeting of Phenomenon Creation Co., Ltd., approved a resolution to call for paid-up shares capital from Baht 350 million to Baht 390 million by calling paid-up shares of 40 million shares with a par value of Baht 1 per share totalling Baht 40 million. The Group invested in those increase shares 51% of Baht 20.4 million with the proportion of shareholding of the Group.

In August 2018, the extraordinary shareholders meeting of Phenomenon Creation Co., Ltd., approved a resolution to call for paid-up shares capital from Baht 390 million to Baht 400 million by calling paid-up shares of 40 million shares with a par value of Baht 0.25 per share totalling Baht 10 million. The Group invested in those increase shares 51% of Baht 5.1 million with the proportion of shareholding of the Group.

***For year ended 31 December 2017***

***Synergistic Property Development Co., Ltd.***

At the Board of Directors meeting of the Company held on 31 May 2017, shareholders approved to jointly invest with a local company. The Company's portion of investment is 50%. In September 2017, there was establishment of Synergistic Property Development Co., Ltd. which has a registered capital of Baht 465 million, totalling 4.65 million shares with par value of Baht 100 per share. In September 2017, the Company had paid for share subscription in amount of Baht 232.5 million at the proportion of investment of the Company.

***Phenomenon Creation Co., Ltd.***

At the Board of Directors meeting of Bangna Central Property Co., Ltd. held on 31 May 2017, shareholders approved to jointly invest in a theme park project in Central Phuket shopping center with a local company. The Group's portion of investment is 51%. In July 2017, there was establishment of Phenomenon Creation Co., Ltd. to be the joint venture company in such project which has a registered capital of Baht 400 million, totalling 40 million shares with par value of Baht 10 per share. In July 2017, the Group paid for share subscription of 72.5% amounting to Baht 147.9 million at the proportion of investment of the Group.

***The conversion of CPN Retail Growth Leasehold Property Fund ("CPNRF")***

On 31 May 2017, the Board of Directors meeting of the Company agreed with the conversion of CPNRF into CPN Retail Growth Leasehold REIT (the trust "CPNREIT"). The Company is the unitholder of CPNRF as holding 590.5 million units representing 26.69% of the total investment units. On 28 August 2017, the unitholders' meeting of CPNRF approved conversion of CPNRF into the trust "CPNREIT" and dissolution of CPNRF.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

On 29 November 2017, the trust “CPNREIT” was established under the trust for transaction in Capital Market Act, B.E. 2550 by SCB Asset Management Company Limited acting as the trustee of the trust and CPN REIT Management Company Limited acting as the REIT Manager of the Trust and on the same date, CPNRF entered into the Rights and Duties Transferred Agreement with the trust which is the transfer of ownership of assets, rights and duties according to the agreements entered into with other parties of 4 projects which are CentralPlaza Rama II, CentralPlaza Rama III, CentralPlaza Pinklao and CentralPlaza Chiangmai Airport.

On 1 December 2017, CPNRF had transferred its assets, liabilities and obligations to the trust “CPNREIT” which received compensation as unit trusts of the trust “CPNREIT”.

Subsequently, on 4 December 2017, CPNRF had transferred such unit trusts to the unitholders of the trust “CPNREIT” which were the old unitholders of CPNRF at ratio of 1:1 and dissolved CPNRF on the same date. Consequently, the Company holds 590.5 million units trust of the trust “CPNREIT” which is equivalent to 26.69% of the total number of units trust. Acquisition of unit trusts are recorded CPNRF’s investment unit trusts at historical cost in amount of Baht 6,480.08 million in separate statements of financial position, and at equity method in amount of Baht 5,002.98 million in consolidated statements of financial position.

SCB Asset Management Co., Ltd. (Fund Management Company) had notified the Stock Exchange of Thailand (the “SET”) to determine the dissolution date of CPNRF and to get into liquidation process by liquidator to be on 4 December 2017 and the delisting date from the SET to be on 14 December 2017 which was the same date as the first trading day of unit trusts of the trust “CPNREIT” in the SET.

***Collateral***

As at 31 December 2018, the Company had part of investment in associate at cost of Baht 991.5 million which was used as collateral for the joint investment agreement with Dusit Thani Public Company Limited. (2017: Baht 991.5 million)

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2018

Investment in associates and joint ventures as at 31 December 2018 and 2017 and dividend income from the investment for the years then ended were as follows:

Consolidated financial statements											
	Ownership interest		Paid-up capital		Cost		Equity		Fair value of listed securities		Dividend income
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
	(%)						(in thousand Baht)				
<b>Associates</b>											
CPN Commercial Growth	25.0	25.0	4,394,382	4,394,382	1,098,598	582,380	569,822	1,621,232	1,525,238	105,103	102,169
Leasehold Property Fund											
CPN Retail Growth	26.7	26.7	29,653,383	29,653,383	6,480,076	5,208,737	5,062,447	15,058,303	13,109,581	808,146	-
Leasehold REIT											
CPN Retail Growth											
Leasehold Property Fund											
(Dissolved on 4 December 2017)	-	-	-	-	-	-	-	-	-	-	674,494
Vimarn Suriya Co., Ltd.	35.0	35.0	880,020	825,025	308,007	304,387	287,813	-	-	-	-
GLAND Office Leasehold											
Real Estate Investment Trust	15.0	-	4,558,489	-	951,620	950,203	-	884,591	-	-	-
<b>Total</b>					<b>8,838,301</b>	<b>7,867,433</b>	<b>5,920,082</b>			<b>913,249</b>	<b>776,663</b>
<b>Joint ventures</b>											
Phenomenon Creation Co., Ltd.	51.0	51.0	290,000	290,000	204,000	190,042	147,786	-	-	-	-
Synergistic Property Development Co., Ltd.	50.0	50.0	465,000	465,000	232,500	232,121	232,293	-	-	-	-
Bayswater Co., Ltd.	50.0		10,000	-	2,520,040	2,431,311	-	-	-	-	-
<b>Total</b>					<b>2,956,540</b>	<b>2,853,474</b>	<b>380,079</b>			<b>-</b>	<b>-</b>



**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Investment in associates and joint ventures as at 31 December 2018 and 2017 and dividend income from the investment for the years then ended were as follows:

	Ownership interest (%)	Paid-up capital	Separate financial statements				Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017
					(in thousand Baht)			
<b>Associates</b>								
CPN Commercial Growth								
Leasehold Property Fund	25.0	25.0	4,394,382	4,394,382	1,098,598	1,621,232	105,103	102,169
CPN Retail Growth								
Leasehold REIT	26.7	26.7	29,653,383	29,653,383	6,480,076	15,058,303	808,147	-
CPN Retail Growth								
Leasehold Property Fund								
<i>(Dissolved on</i>								
<i>4 December 2017)</i>								
Vimarn Suriya Co., Ltd.	35.0	35.0	880,020	825,025	308,007	-	-	674,494
<b>Total</b>			<b>7,886,681</b>	<b>825,025</b>	<b>7,886,681</b>	<b>7,867,433</b>	<b>913,250</b>	<b>776,663</b>
<b>Joint venture</b>								
Synergistic Property								
Development Co., Ltd.	50.0	50.0	465,000	465,000	232,500	-	-	-

# Central Pattana Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2018

### Associates

The following table summarises the financial information of the associates as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in these companies.

	CPN Retail Growth Leasehold Property Fund		CPN Commercial Growth Leasehold Property Fund		CPN Retail Growth Leasehold REIT		GLAND Office Leasehold Real Estate Investment Trust	
	2018	2017	2018	2017	2018	2017	2018	2017
			<i>(in thousand Baht)</i>					
Revenue	-	3,147,578	643,327	611,600	4,927,347	378,353	701,498	-
Total comprehensive income (100%)	-	2,500,232	470,646	452,772	3,577,699	222,817	397,918	-
<b>Group's share of total comprehensive income</b>	-	<b>667,312</b>	<b>117,661</b>	<b>113,193</b>	<b>954,888</b>	<b>59,470</b>	<b>59,688</b>	-
Current assets	-	-	126,277	128,307	2,098,170	2,744,440	285,109	-
Non-current assets	-	-	5,062,369	5,097,584	44,751,613	44,331,612	5,669,194	-
Current liabilities	-	-	(32,654)	(29,746)	(785,185)	(1,683,894)	(159,374)	-
Non-current liabilities	-	-	(446,368)	(468,168)	(16,069,387)	(15,930,934)	(1,121,438)	-
Net assets (100%)	-	-	4,709,624	4,727,977	29,995,211	29,461,224	4,673,491	-
Unrealised from fair value measurement	-	-	(12,319)	(80,909)	(3,139,359)	(3,153,480)	1,153,616	-
	-	-	4,697,305	4,647,068	26,855,852	26,307,744	5,827,107	-
Group's share of net assets	-	-	1,174,325	1,161,767	7,167,827	7,021,537	874,066	-
Elimination of unrealised profit from sale of assets to associate	-	-	(591,945)	(591,945)	(1,959,090)	(1,959,090)	76,137	-
<b>Carrying amount of interest in associates</b>	-	-	<b>582,380</b>	<b>569,822</b>	<b>5,208,737</b>	<b>5,062,447</b>	<b>950,203</b>	-

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Immaterial associates and joint ventures*

The following is summarized financial information for the Group's interest in immaterial associates and joint ventures based on the amounts reported in the Group's consolidated financial statements:

	Immaterial Associates		Immaterial Joint ventures	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Carrying amount of interests in immaterial associates and joint ventures	304,386	287,813	2,853,474	380,079
Group's share of:				
- Total comprehensive income	(42,341)	(946)	(102,745)	(321)

**14 Investment properties**

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
<b>Cost</b>					
At 1 January		109,109,637	97,039,516	49,819,989	44,175,882
Additions		5,562,200	12,376,429	1,283,446	5,790,943
Assets acquired from business combination	4	22,973,114	-	-	-
Transfer from property, plant and equipment		407,851	-	-	-
Transfer to real estate projects under development		(896,760)	-	-	-
Transfer to leasehold right	16	(34,260)	-	-	-
Disposals / amortisation		(93,093)	(306,308)	(42,091)	(146,836)
Difference from financial statements		(79)	-	-	-
<b>At 31 December</b>		<b>137,028,610</b>	<b>109,109,637</b>	<b>51,061,344</b>	<b>49,819,989</b>
<b>Depreciation</b>					
At 1 January		24,137,422	20,339,135	7,912,333	6,054,310
Depreciation charge for the year		4,512,662	3,979,130	2,130,325	1,950,382
Disposals / amortisation		(33,931)	(180,843)	(11,292)	(92,359)
<b>At 31 December</b>		<b>28,616,153</b>	<b>24,137,422</b>	<b>10,031,366</b>	<b>7,912,333</b>
<b>Net book value</b>					
At 1 January 2017		-	76,700,381	-	38,121,572
At 31 December 2017 and At 1 January 2018		84,972,215	84,972,215	41,907,656	41,907,656
At 31 December 2018		108,412,457	-	41,029,978	-

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	<b>Consolidated financial statements</b>			
	2018		2017	
	Book value	Fair value (in million Baht)	Book value	Fair value
Investment properties	108,412		84,972	
Leasehold rights (partial)	3,035		4,367	
<b>Total</b>	<b>111,447</b>	<b>219,161</b>	<b>89,339</b>	<b>180,409</b>

	<b>Separate financial statements</b>			
	2018		2017	
	Book value	Fair value (in million Baht)	Book value	Fair value
Investment properties	41,030		41,908	
Leasehold rights (partial)	2,642		2,243	
<b>Total</b>	<b>43,672</b>	<b>75,949</b>	<b>44,151</b>	<b>77,127</b>

**Measurement of fair value**

*Fair value hierarchy*

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

*Valuation technique*

<b>Type of financial asset</b>	<b>Valuation technique</b>
Land	Market Comparison Approach
Shopping center	Income approach Discounted cash flows; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) and lease terms of tenant.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

Investment properties comprise a number of commercial properties that are leased to third parties which consist of:

- |                                    |                                 |
|------------------------------------|---------------------------------|
| - CentralPlaza Chiangmai Airport   | - CentralPlaza Ramindra         |
| - CentralPlaza Bangna              | - CentralPlaza Pinklao          |
| - Central Marina                   | - CentralPlaza Rama 3           |
| - CentralPlaza Rattanathibet       | - CentralPlaza Changwattana     |
| - CentralFestival Pattaya Beach    | - CentralPlaza Udonthani        |
| - CentralPlaza Chonburi            | - CentralPlaza Khonkaen         |
| - CentralPlaza Chiangrai           | - CentralPlaza Pisanulok        |
| - CentralPlaza Grand Rama 9        | - Grand Rama 9 Office Building  |
| - Central City Residential         | - Chaengwattana Office Building |
| - Bangna Office Building           | - CentralPlaza Suratthani       |
| - CentralPlaza Lampang             | - CentralPlaza Ubonratchathani  |
| - CentralFestival Chiangmai        | - CentralFestival Hat-yai       |
| - CentralFestival Samui            | - CentralPlaza Salaya           |
| - CentralPlaza Rayong              | - CentralFestival Phuket        |
| - CentralPlaza WestGate            | - CentralFestival EastVille     |
| - CentralPlaza Nakhon Si Thammarat | - CentralPlaza Mahachai         |
| - CentralPlaza Nakhon Ratchasima   | - Projects under development    |

The Group's projects under development consist of shopping centres and office buildings.

*Direct operating expenses*

Direct operating expenses, include in 'cost of rent and services', was as follows.

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Income-generating property	5,746,585	5,575,641	4,153,553	2,999,193
Vacant property	-	1,909	-	1,909
<b>Total</b>	<b>5,746,585</b>	<b>5,577,550</b>	<b>4,153,553</b>	<b>3,001,102</b>

On 19 April 2017, GLAND and Sterling Equity Co., Ltd. (a subsidiary) entered into agreements to lease the investment properties to GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT"). The details are as follows:

- a) The Company entered into an agreement to lease the office rental areas, conventional room areas, storage areas, common areas related to the aforesaid areas, parking areas and utility system of The Ninth Towers Grand Rama 9 Project ("The Ninth Tower Office Project") to GLANDRT for a period of 30 years. GLANDRT paid Baht 4,592.5 million to the Company for this leasehold right.
- b) Sterling Equity Co., Ltd. entered into an agreement to lease the office rental areas, common areas related to the aforesaid areas, parking areas and utility systems of Unilever House Grand Rama 9 Project ("Unilever House Office Project") to GLANDRT for a period of 17 years and 7 months. GLANDRT paid Baht 1,398.2 million to Sterling Equity Co., Ltd. for this leasehold right.

# Central Pattana Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

## 15 Property, plant and equipment

Consolidated financial statements						
	Note	Land	Buildings and improvements	Furniture, fixtures, office and transportation equipment (in thousand Baht)	Asset under construction	Total
<b>Cost</b>						
At 1 January 2017		91,371	2,393,411	1,248,412	69,448	3,802,642
Additions		-	45,535	96,823	47,750	190,108
Transfer - net		-	87,687	(68,977)	(18,710)	-
Disposals / write off		-	(757)	(320,132)	(352)	(321,241)
<b>At 31 December 2017 and 1 January 2018</b>		<b>91,371</b>	<b>2,525,876</b>	<b>956,126</b>	<b>98,136</b>	<b>3,671,509</b>
Additions		-	21,872	85,991	86,720	194,583
Asset acquire from business combination	4	25	60,550	26,690	7,034	94,299
Transfer to real estate under development		-	-	-	(38,106)	(38,106)
Transfer - net		-	22,476	18,399	(40,875)	-
Disposals / write off		-	(12,545)	(47,853)	663	(59,735)
Effect of movements in exchange rates		-	1	3	-	4
<b>At 31 December 2018</b>		<b>91,396</b>	<b>2,618,230</b>	<b>1,039,356</b>	<b>113,572</b>	<b>3,862,554</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	<b>Consolidated financial statements</b>				
	Land	Buildings and improvements	Furniture, fixtures, office and transportation equipment (in thousand Baht)	Asset under construction	Total
<b>Depreciation</b>					
At 1 January 2017	-	1,094,680	911,158	-	2,005,838
Depreciation charge for the year	-	178,962	98,978	-	277,940
Transfer - net	-	68,017	(68,017)	-	-
Disposals / write off	-	(660)	(287,423)	-	(288,083)
<b>At 31 December 2017 and 1 January 2018</b>	-	<b>1,340,999</b>	<b>654,696</b>	-	<b>1,995,695</b>
Depreciation charge for the year	-	185,393	84,056	-	269,449
Disposals / write off	-	(9,377)	(39,292)	-	(48,669)
<b>At 31 December 2018</b>	-	<b>1,517,015</b>	<b>699,460</b>	-	<b>2,216,475</b>
<b>Net book value</b>					
At 1 January 2017	91,371	1,298,731	336,298	69,448	1,795,848
Owned assets	-	-	956	-	956
Assets under finance leases	<b>91,371</b>	<b>1,298,731</b>	<b>337,254</b>	<b>69,448</b>	<b>1,796,804</b>
<b>At 31 December 2017 and 1 January 2018</b>	91,371	1,184,877	296,726	98,136	1,671,110
Owned assets	-	-	4,704	-	4,704
Assets under finance leases	<b>91,371</b>	<b>1,184,877</b>	<b>301,430</b>	<b>98,136</b>	<b>1,675,814</b>

# **Central Pattana Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the year ended 31 December 2018**

	<b>Consolidated financial statements</b>			
	Land	Buildings and improvements	Furniture, fixtures, office and transportation equipment (in thousand Baht)	Asset under construction Total
<b>At 31 December 2018</b>				
Owned assets	91,396	1,101,215	336,509	113,572
Assets under finance leases	-	-	3,387	-
	<b>91,396</b>	<b>1,101,215</b>	<b>339,896</b>	<b>113,572</b>
				<b>1,642,692</b>
				<b>3,387</b>
				<b>1,646,079</b>

Most of property, plant and equipment and office equipment are in respect to the Hilton Pattaya and Centara Hotel Udonthani.

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2018 amounted to Baht 542 million (2017: Baht 575 million).

	<b>Separate financial statements</b>			
	Buildings and improvements	Furniture, fixtures, office and transportation equipment (in thousand Baht)	Asset under construction	Total
<b>Cost</b>				
At 1 January 2017	170,178	774,209	38,562	982,949
Additions	11,695	71,171	10,553	93,419
Transfer - net	78,113	(73,786)	(4,327)	-
Disposals / write off	-	(70,241)	(352)	(70,593)
<b>At 31 December 2017 and 1 January 2018</b>	<b>259,986</b>	<b>701,353</b>	<b>44,436</b>	<b>1,005,775</b>
Additions	5,290	57,784	47,405	110,479
Transfer - net	-	13,787	(13,787)	-
Disposals / write off	-	(37,933)	(659)	(38,592)
<b>At 31 December 2018</b>	<b>265,276</b>	<b>734,991</b>	<b>77,395</b>	<b>1,077,662</b>



**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	Buildings and improvements	Separate financial statements Furniture, fixtures, office and transportation equipment (in thousand Baht)	Asset under construction	Total
<b>Depreciation</b>				
At 1 January 2017	90,117	540,179	-	630,296
Depreciation charge for the year	12,126	65,341	-	77,467
Transfer - net	72,986	(72,986)	-	-
Disposals / write off	-	(65,316)	-	(65,316)
<b>At 31 December 2017 and 1 January 2018</b>	<b>175,229</b>	<b>467,218</b>	<b>-</b>	<b>642,447</b>
Depreciation charge for the year	12,729	67,227	-	79,956
Disposals / write off	-	(36,915)	-	(36,915)
<b>At 31 December 2018</b>	<b>187,958</b>	<b>497,530</b>	<b>-</b>	<b>685,488</b>
<b>Net book value</b>				
At 1 January 2017	80,061	233,074	38,562	351,697
Owned assets	-	956	-	956
Assets under finance leases	<b>80,061</b>	<b>234,030</b>	<b>38,562</b>	<b>352,653</b>
<b>At 31 December 2017 and 1 January 2018</b>				
Owned assets	84,757	229,431	44,436	358,624
Assets under finance leases	-	4,704	-	4,704
	<b>84,757</b>	<b>234,135</b>	<b>44,436</b>	<b>363,328</b>
<b>At 31 December 2018</b>				
Owned assets	77,318	237,461	77,395	392,174
Assets under finance leases	-	-	-	-
	<b>77,318</b>	<b>237,461</b>	<b>77,395</b>	<b>392,174</b>

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2018 amounted to Baht 402 million (2017: Baht 416 million).

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**16 Leasehold rights**

	<i>Note</i>	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
		<i>(in thousand Baht)</i>	
<b>Cost</b>			
At 1 January 2017		24,133,965	11,771,064
Additions		1,804,518	593,625
Deductions		(8,327)	(8,327)
<b>At 31 December 2017 and 1 January 2018</b>		<b>25,930,156</b>	<b>12,356,362</b>
Additions		3,828,504	460,644
Assets acquired from business acquisition	4	108,786	-
Transferred from property investment	14	34,260	-
Disposal/Amortisation		(29,103)	(18,801)
<b>At 31 December 2018</b>		<b>29,872,603</b>	<b>12,798,205</b>
<b>Accumulated amortisation</b>			
At 1 January 2017		13,486,634	5,496,569
Amortisation for the year		1,244,568	766,447
Deductions		(8,103)	(8,103)
<b>At 31 December 2017 and 1 January 2018</b>		<b>14,723,099</b>	<b>6,254,913</b>
Amortisation for the year		1,086,249	775,806
Deductions		(22,699)	(5,323)
<b>At 31 December 2018</b>		<b>15,786,649</b>	<b>7,025,396</b>
<b>Net book value</b>			
<b>At 1 January 2017</b>		<b>10,647,331</b>	<b>6,274,495</b>
<b>At 31 December 2017 and 1 January 2018</b>		<b>11,207,057</b>	<b>6,101,449</b>
<b>At 31 December 2018</b>		<b>14,085,954</b>	<b>5,772,809</b>

During the year 2018, additional leasehold rights were mainly as the Group entered into lease agreements with third parties for developing and constructing projects of shopping centres, department stores and office buildings by paying compensation for leasehold rights amounting to totalling Baht 3,708.22 million (2017: Baht 1,067.64 million) and also the acquisition of assets for use in shopping centres of Central World and CentralPlaza Lardprao totalling amount Baht 652.39 million. (2017: Baht 736.88 million)

In June 2018, the Group has entered into various land lease agreement with other parties which will be terminated in August 2055 and August 2060. These land will be used for project Central Plaza Rama 2 that the Group will pay for fee as stated in the land lease agreement.

The leasehold rights are commercial properties under long-term operating leases of which mostly were the shopping centers of Central World, CentralPlaza Lardprao and part of projects of CentralPlaza Grand Rama 9, CentralFestival Phuket, CentralPlaza WestGate, CentralFestival EastVille and other projects.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

*Direct operating expenses*

Direct operating expenses, include in 'cost of rent and services', was as follows.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>Year ended 31 December</i>	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Income-generating property	<b>3,035,256</b>	<b>2,423,832</b>	<b>2,641,778</b>	<b>1,853,691</b>

Land leasehold right as presented in the consolidated financial statements, were advance rental fees that a subsidiary paid to two related companies under a land lease agreement with a term of 43 years, which on 30 June 2050.

**17 Rights for usage of assets**

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<i>Cost</i>		
At 1 January 2017	594,079	413,713
Additions	7,240	7,240
<b>At 31 December 2017 and 1 January 2018</b>	<b>601,319</b>	<b>420,953</b>
<b>At 31 December 2018</b>	<b>601,319</b>	<b>420,953</b>
<i>Accumulated amortisation</i>		
At 1 January 2017	112,308	40,877
Amortisation charge for the year	37,069	33,208
<b>At 31 December 2017 and 1 January 2018</b>	<b>149,377</b>	<b>74,085</b>
Amortisation charge for the year	37,374	33,514
<b>At 31 December 2018</b>	<b>186,751</b>	<b>107,599</b>
<i>Net book value</i>		
At 1 January 2017	481,771	372,836
<b>At 31 December 2017 and 1 January 2018</b>	<b>451,942</b>	<b>346,868</b>
<b>At 31 December 2018</b>	<b>414,568</b>	<b>313,354</b>

During 2016, the Company entered into a memorandum agreement for link to skytrain station, passenger walkway or gateway license with Mass Rapid Transit Authority of Thailand ("MRTA"). Pursuant to this memorandum the Company has to give its ownership in the MRTA with net book value amounting to Baht 267 million to MRTA. The Company has recorded as the rights for usage of assets in the statements of financial position.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**18 Deferred tax**

Deferred tax assets and liabilities as at 31 December were as follows:

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Total	2,109,927	1,798,242	(210,048)	(375,299)
Set off of tax	(210,048)	(375,299)	2,245,531	375,299
<b>Net deferred tax assets (liabilities)</b>	<b>1,899,879</b>	<b>1,422,943</b>	<b>2,035,483</b>	<b>-</b>
<b>Separate financial statements</b>				
	<b>Assets</b>		<b>Liabilities</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Total	1,011,549	947,366	(163,625)	(276,504)
Set off of tax	(163,625)	(276,504)	163,625	276,504
<b>Net deferred tax assets</b>	<b>847,924</b>	<b>670,862</b>	<b>-</b>	<b>-</b>

(Charged) / credited to:

	At 1 January 2018	Profit or loss	Other comprehensive income (note 33)	Acquisition through business Combinations (note 4)	At 31 December 2018
			(in thousand Baht)		
<b>Deferred tax assets</b>					
Trade accounts receivable (allowance for doubtful accounts)	6,191	(9,796)	-	12,205	8,600
Real estate under development (allowance for impairment)	-	(3,126)	-	6,411	3,285
Investment properties (allowance for impairment)	20,140	-	-	-	20,140
Investment properties (shopping building under consignment sale agreement)	260,381	43,486	-	53,961	357,828
Property, plant and equipment	-	(636)	-	636	-
Leasehold rights (difference from recognition of rental expenses by straight-line method)	387,707	8,196	-	-	395,903
Provisions for employee benefits	71,025	8,030	6,621	3,204	88,880
Deposits received from customers	803,463	(838)	-	4,017	806,642
Loss carry forward	69,822	18,570	-	59,112	147,504
Unrealised loss from investment	-	-	50,298	-	50,298
Others	179,513	43,403	-	7,931	230,847
<b>Total</b>	<b>1,798,242</b>	<b>107,289</b>	<b>56,919</b>	<b>147,477</b>	<b>2,109,927</b>
<b>Deferred tax liabilities</b>					
Gain on lease under finance lease	(375,299)	165,251	-	-	(210,048)
Real estate under development	-	-	-	(417,992)	(417,992)
Investment properties	-	8,918	-	(1,626,409)	(1,617,491)
<b>Total</b>	<b>(375,299)</b>	<b>174,169</b>	<b>-</b>	<b>(2,044,401)</b>	<b>(2,245,531)</b>
<b>Net</b>	<b>1,422,943</b>	<b>281,458</b>	<b>56,919</b>	<b>(1,896,924)</b>	<b>(135,604)</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2018**

<b>Consolidated financial statements</b>				
	(Charged) / credited to:			
	At 1	Profit or loss	Other comprehensive income	At 31
	January	(note 33)		December
	2017	(in thousand Baht)		2017
<b>Deferred tax assets</b>				
Trade accounts receivable (allowance for doubtful accounts)	4,295	1,896	-	6,191
Investment properties (allowance for impairment)	20,140	-	-	20,140
Investment properties (shopping building under consignment sale agreement)	248,177	12,204	-	260,381
Leasehold rights (difference from recognition of rental expenses by straight-line-method)	360,767	26,940	-	387,707
Provisions for employee benefits	62,715	8,310	-	71,025
Deposits received from customers	806,359	(2,896)	-	803,463
Loss carry forward	46,988	22,834	-	69,822
Others	115,943	63,570	-	179,513
<b>Total</b>	<b>1,665,384</b>	<b>132,858</b>	<b>-</b>	<b>1,798,242</b>
<b>Deferred tax liabilities</b>				
Gain on lease under finance lease	(484,600)	109,301	-	(375,299)
<b>Total</b>	<b>(484,600)</b>	<b>109,301</b>	<b>-</b>	<b>(375,299)</b>
<b>Net</b>	<b>1,180,784</b>	<b>242,159</b>	<b>-</b>	<b>1,422,943</b>
<b>Separate financial statements</b>				
	(Charged) / credited to:			
	At 1	Profit or loss	Other comprehensive income	At 31
	January	(note 33)		December
	2018	(in thousand Baht)		2018
<b>Deferred tax assets</b>				
Trade accounts receivable (allowance for doubtful accounts)	3,875	2,566	-	6,441
Leasehold rights (difference from recognition of rental expenses by straight-line-method)	369,985	19,425	-	389,410
Provisions for employee benefits	61,600	7,894	3,470	72,964
Advance received from rental and service income	64,556	21,046	-	85,602
Deposits received from customers	413,322	8,789	-	422,111
Others	34,028	993	-	35,021
<b>Total</b>	<b>947,366</b>	<b>60,713</b>	<b>3,470</b>	<b>1,011,549</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

	<b>Separate financial statements</b> (Charged) / credited to:		
	At 1 January 2018	Profit or loss (note 33) (in thousand Baht)	Other comprehensive income At 31 December 2018
<b>Deferred tax liabilities</b>			
Gain on lease under finance lease	(276,504)	59,746	-
Unrealised loss from investment	-	-	53,133
<b>Total</b>	<b>(276,504)</b>	<b>59,746</b>	<b>53,133</b>
<b>Net</b>	<b>670,862</b>	<b>120,459</b>	<b>56,603</b>

	<b>Separate financial statements</b> (Charged) / credited to:		
	At 1 January 2017	Profit or loss (note 33) (in thousand Baht)	Other comprehensive income At 31 December 2017
<b>Deferred tax assets</b>			
Trade accounts receivable (allowance for doubtful accounts)	670	3,205	-
Leasehold rights (difference from recognition of rental expenses by straight-line-method)	351,299	18,686	-
Provisions for employee benefits	53,311	8,289	-
Advance received from rental and service income	49,322	15,234	-
Deposits received from customers	403,044	10,278	-
Others	18,792	15,236	-
<b>Total</b>	<b>876,438</b>	<b>70,928</b>	<b>-</b>
<b>Deferred tax liabilities</b>			
Gain on lease under finance lease	(336,053)	59,549	-
<b>Total</b>	<b>(336,053)</b>	<b>59,549</b>	<b>-</b>
<b>Net</b>	<b>540,385</b>	<b>130,477</b>	<b>-</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**19 Other non-current assets**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Deposits	5	1,248,805	739,358	174,877	106,030
Advance payment for purchases of investment properties and leasehold rights		291,010	358,501	18,382	123,591
Withholding tax deducted at source		612,493	2,610	-	-
Guarantees for leasehold rights		248,168	600	-	-
<b>Total</b>		<b>2,400,476</b>	<b>1,101,069</b>	<b>193,259</b>	<b>229,621</b>

**20 Interest-bearing liabilities**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Current</b>					
<b>Unsecured short-term loans from related parties</b>	5	<b>90,089</b>	<b>-</b>	<b>9,694,518</b>	<b>8,759,460</b>
<b>Short-term loans from other parties</b>		<b>-</b>	<b>14,229</b>	<b>-</b>	<b>-</b>
<b>Short-term loans from financial institutions</b>					
- secured		520,000	-	-	-
- unsecured		7,428,005	-	3,700,000	-
		<b>7,948,005</b>	<b>-</b>	<b>3,700,000</b>	<b>-</b>
<b>Current portion of long-term loans</b>					
Current portion of long-term loans from financial institutions					
- secured		522,869	-	-	-
- unsecured		1,405,097	333,600	1,405,097	333,600
		<b>1,927,966</b>	<b>333,600</b>	<b>1,405,097</b>	<b>333,600</b>
Current portion of long-term loans from institutional investors					
- secured		-	40,477	-	-
- unsecured		1,000,000	1,900,000	1,000,000	1,900,000
		<b>1,000,000</b>	<b>1,940,477</b>	<b>1,000,000</b>	<b>1,900,000</b>
<b>Total current portion of long-term loans</b>		<b>2,927,966</b>	<b>2,274,077</b>	<b>2,405,097</b>	<b>2,233,600</b>
<b>Total current</b>		<b>10,966,060</b>	<b>2,288,306</b>	<b>15,799,615</b>	<b>10,993,060</b>



**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Non-current</b>					
<b>Unsecured long-term loans from related parties</b>	5	-	-	12,548,929	25,058,486
Other long term loans					
Long-term loans from financial institutions					
- secured		3,322,044	-	-	-
- unsecured		5,150,103	555,200	5,150,103	555,200
		8,472,147	555,200	5,150,103	555,200
Long-term loans from institutional investors					
- unsecured		11,050,000	6,700,000	7,200,000	6,700,000
<b>Total other long term loans</b>		<b>19,522,147</b>	<b>7,255,200</b>	<b>12,350,103</b>	<b>7,255,200</b>
<b>Total non-current</b>		<b>19,522,147</b>	<b>7,255,200</b>	<b>24,899,032</b>	<b>32,313,686</b>
<b>Total</b>		<b>30,488,207</b>	<b>9,543,506</b>	<b>40,698,647</b>	<b>43,306,746</b>

The periods to maturity of interest-bearing liabilities, as at 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	10,966,060	2,288,306	15,799,615	10,993,060
After one year but within five years	15,987,441	7,255,200	22,666,232	32,313,686
After five years	3,534,706	-	2,232,800	-
<b>Total</b>	<b>30,488,207</b>	<b>9,543,506</b>	<b>40,698,647</b>	<b>43,306,746</b>

As at 31 December 2018, secured loans of the Group were collateralised by the following assets:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Real estate projects under development	344	-	-	-
Investment property	14,663	2,170	-	-
Leasehold rights	108	-	-	-
<b>Total</b>	<b>15,115</b>	<b>2,170</b>	<b>-</b>	<b>-</b>

As at 31 December 2018 the Group had unutilised credit facilities totalling Baht 12,593 million (2017: Baht 10,274 million).

**Central Pattana Public Company Limited and its Subsidiaries**  
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***Restricted bank deposits***

Restricted bank deposits are fixed deposits which the Group had used to guarantee credit facilities.

***Long-term loans from financial institutions***

***Central Pattana Public Company Limited***

In September 2015, the Company entered into a loan agreement not exceeding of Baht 1,000 million credit facility agreement with a financial institution. Such agreement stipulated the Company to repay the principal in 36 monthly instalments. As at 31 December 2018, the Company had utilised Baht 500 million and already fully withdrawn total amount of loan.

In July 2018, the Group entered into a loan agreement not exceeding of Malaysian Ringgit 50 million credit facility agreement with a financial institution. Such agreement stipulated the Company to repay the principal at maturity date with interest started from one month after the date of withdrawal. As at 31 December 2018, the Group had utilised Malaysian Ringgit 34.8 million.

In September 2018, the Company entered into a loan agreement not exceeding of Baht 1,500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 21 semi-annually instalments as at 31 December 2018. The Company had already fully withdrawn total amount of loan but has not started the repayment yet.

In November 2018, the Company entered into a loan agreement not exceeding of Baht 1,500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 14 semi-annually instalments. As at 31 December 2018 the Company had already fully withdrawn total amount of loan.

In November 2018, the Company entered into a loan agreement not exceeding of Baht 1,000 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 21 quarterly instalments. As at 31 December 2018, the Company had already fully withdrawn total amount of loan.

In December 2018, the Company entered into a loan agreement not exceeding of Baht 1,500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 14 semi-annually instalments. As at 31 December 2018, the Company had already fully withdrawn total amount of loan.

In December 2018, the Company entered into a loan agreement not exceeding of Baht 500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 36 monthly instalments. The Company had already fully withdrawn total amount of loan.

***Grand Canal Land Public Company Limited***

In September 2010, the Group entered into a loan agreement not exceeding of Baht 500 million credit facility agreement with a financial institution. Such agreement stipulated the Company to repay the principal at the last working day of June 2017. As at 31 December 2018, the Company had already fully withdrawn total amount of loan.

In March 2017, the Group entered into a loan agreement not exceeding of Baht 1,900 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 39 quarterly instalments. As at 31 December 2018, the Company had already withdrawn Baht 800 million.

**Central Pattana Public Company Limited and its Subsidiaries**  
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In September 2017, the Group entered into a loan agreement not exceeding of Baht 500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in the interest rate of 85 percent of the price to redeem a mortgage of real estates, which is not less than the value of Baht 127,500 per square meter and, in every six months, have the instalment not less than Baht 700 million. As at 31 December 2018, the Company had already withdrawn Baht 700 million.

***Long-term loans from institutional investors***

The Company issued Thai Baht denominated, name registered, unsubordinated and unsecured debentures without debenture holders' representative as follows:

***Central Pattana Public Company Limited***

In October 2011, the Group issued through private placement Baht 300 million. The debentures have term to maturity of 10 years, maturing on 12 October 2021, and pay interest every six-month period.

In November 2014, the Company issued through private placement Baht 1,000 million. The debentures have term to maturity of 5 years, maturing in 7 November 2019, and pay interest every six-month period.

In June 2015, the Company issued through private placement Baht 1,000 million. The debentures have term to maturity of 6 years, 7 month and 10 days, maturing on 12 January 2022, and pay interest on maturing.

In August 2015, the Group issued through private placement Baht 800 million. The debentures have term to maturity of 7 years, maturing on 6 August 2022, and pay interest twice a year.

In December 2015, the Company issued through private placement Baht 800 million. The debentures have term to maturity of 5 years, maturing on 16 December 2020, and pay interest twice a year.

In December 2015, the Company issued through private placement Baht 800 million. The debentures have term to maturity of 5 years, maturing on 16 December 2021, and pay interest twice a year.

In December 2015, the Company issued through private placement Baht 600 million. The debentures have term to maturity of 7 years, maturing on 16 December 2022, and pay interest twice a year.

In August 2018, the Company issued through private placement Baht 1,900 million. The debentures have term to maturity of 3 years, maturing on August 2021, and pay interest every six month period.

In August 2018, the Company issued through private placement Baht 1,000 million. The debentures have term to maturity of 7 years, maturing on August 2021, and pay interest every six month.

***Grand Canal Land Public Company Limited***

In November 2015, the Group issued through private placement Baht 100 million. The debentures have term to maturity of 5 years, maturing on 26 November 2020, and pay interest every quarter.

In September 2017, the Group issued through private placement Baht 1,100 million. The debentures have term to maturity of 3 years, maturing on 7 September 2020, and pay interest every six-month period.

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In November 2017, the Group issued through private placement Baht 200 million. The debentures have term to maturity of 3 years, maturing on 9 November 2020, and pay interest each quarter.

In November 2017, the Group issued through private placement Baht 1,300 million. The debentures have term to maturity of 3.5 years, maturing on 9 May 2020, and pay interest every quarter.

In April 2018, the Group issued through private placement Baht 1,150 million. The debentures have term to maturity of 4 years, maturing on 9 May 2022, and pay interest each quarter.

The consolidated regarding the rights and obligations of the debenture issuer stipulate certain covenants which, among other things, require the Company to maintain a debt-to-equity ratio at the rate prescribed in the agreement.

Under the loan agreements and conditions regarding the rights and obligations of the debenture issuers stipulate certain covenants which, among other things, require the Group to maintain a debt-to-equity ratio at the rate prescribed in the agreement.

**Central Pattana Public Company Limited and its Subsidiaries**  
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*Effective interest rates and reprising / maturing analysis*

	Effective interest rate	Loans from-at floating interest rate	<b>Consolidated financial statements</b>			
			Loans from-at fixed interest rate and the periods in which those liabilities mature			
			Within 1 year	After 1 year but within 5 years	Total carrying value	Fair value
	(%)		<i>(in thousand Baht)</i>			
<b>2018</b>						
Loans from financial institutions and institutional investors	0.73 - 5.28	9,147,931	8,692,867	11,128,720	30,398,118	30,747,322
<b>2017</b>						
Loans from financial institutions and institutional investors	3.17	40,477	2,233,600	7,255,200	9,529,277	9,790,563
				-		
	Effective interest rate	Loans from-at floating interest rate	<b>Separate financial statements</b>			
			Loans from-at fixed interest rate and the periods in which those liabilities mature			
			Within 1 year	After 1 year but within 5 years	Total carrying value	Fair value
	(%)		<i>(in thousand Baht)</i>			
<b>2018</b>						
Loans from financial institutions and institutional investors	0.73 - 5.00	4,500,000	5,247,880	7,278,720	18,455,200	18,486,879
<b>2017</b>						
Loans from financial institutions and institutional investors	3.17	-	2,233,600	7,255,200	9,488,800	9,750,017
				-		

**Central Pattana Public Company Limited and its Subsidiaries**  
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**21 Trade accounts payables**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	5	290,426	49,616	168,192	61,567
Other parties		1,833,255	1,056,260	651,082	533,265
<b>Total</b>		<b>2,123,681</b>	<b>1,105,876</b>	<b>819,274</b>	<b>594,832</b>

**22 Other payables**

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Other accounts payable	5	617,376	973,925	371,766	383,338
Retention payable		2,567,251	2,049,228	1,104,990	1,054,919
Accrued operating expenses		1,995,872	1,464,688	854,260	748,815
Unearned service income		222,006	194,426	73,382	115,643
Accrued interest expense		227,022	155,012	185,531	155,011
Advance received from real estate customers		279,912	358,168	-	-
Others		270,609	122,025	53,220	83,220
<b>Total</b>		<b>6,180,048</b>	<b>5,317,472</b>	<b>2,643,149</b>	<b>2,540,946</b>

**23 Provisions for employee benefits**

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Statement of financial position				
Provisions for:				
Post-employment benefits				
- Defined benefit plan	461,329	358,622	364,281	308,000
Less current	(30,366)	(13,128)	(24,952)	(11,745)
Non-current provisions	<u>430,963</u>	<u>345,494</u>	<u>339,329</u>	<u>296,255</u>
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits				
Defined benefit plan	<u>56,736</u>	<u>47,081</u>	<u>41,667</u>	<u>41,446</u>
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	33,105	-	17,350	-

**Central Pattana Public Company Limited and its Subsidiaries**  
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***Defined benefit plan***

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 1998 to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations.

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
At 1 January		358,622	312,079	308,000	266,554
Increased from Business acquisition		16,744	-	-	-
<b>Include in profit or loss:</b>	<b>30</b>				
Current service cost		45,079	36,962	32,036	32,360
Interest on obligation		11,657	10,119	9,632	9,086
<b>Included in other comprehensive income</b>					
Actuarial loss		33,105	-	17,350	-
Benefit paid		(3,878)	(538)	(2,737)	-
<b>At 31 December</b>		<b>461,329</b>	<b>358,622</b>	<b>364,281</b>	<b>308,000</b>

Actuarial gains and losses recognised in other comprehensive income arising from:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demographic assumptions	(5,692)	-	(4,978)	-
Financial assumptions	(10,099)	-	(7,893)	-
Experience adjustment	48,896	-	30,221	-
<b>Total</b>	<b>33,105</b>	<b>-</b>	<b>17,350</b>	<b>-</b>

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***Project of Central Pattana Group***

***Actuarial assumptions***

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
		(%)		
Discount rate	3.2	3.3	3.2	3.3
Future salary growth	6.0 - 8.0	6.0 - 8.0	6.0 - 8.0	6.0 - 8.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018 and 2017, the weighted-average duration of the defined benefit obligation was 20 years.

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Increase	Decrease	Increase	Decrease
		(in thousand Baht)		
<b>At 31 December 2018</b>				
Discount rate (1% movement)	(47,045)	55,965	(37,450)	44,402
Future salary growth (1% movement)	53,552	(46,134)	42,498	(36,729)
<b>At 31 December 2017</b>				
Discount rate (1% movement)	(41,823)	50,179	(33,910)	40,437
Future salary growth (1% movement)	47,904	(40,946)	38,624	(33,208)

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.

***Project of Grand Canal Land Group***

***Actuarial assumptions***

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2018
	(%)
Discount rate	2.3 - 2.8
Future salary growth	6.0
Employee turnover	1.0 - 35.0



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Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 10 years.

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation in the consolidated financial statements by the amounts shown below.

	2018 Increase (in thousand Baht)	2017 Decrease
<b>31 December 2018</b>		
Discount rate (0.5% movement)	(656)	698
Future salary growth (1% movement)	1,408	(1,334)
Employee turnover (10% movement)	(1,340)	1,515

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.

On 13 December 2018, the Labour Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labour Protection Act. As a result of this change, the provision for retirement benefits as well as past service cost recognized in the consolidated and the separate financial statements increased by an amount of Baht 115.69 million Baht 93.03 million, respectively.

**24 Share capital**

	Par Value (in Baht)	2018 Number	2018 Baht (thousand share / thousand Baht)	2017 Number	2017 Baht
<b><i>Authorised</i></b>					
At 1 January					
- ordinary shares	0.5	4,488,000	2,244,000	4,488,000	2,244,000
<b>At 31 December</b>					
- ordinary shares	0.5	<u>4,488,000</u>	<u>2,244,000</u>	<u>4,488,000</u>	<u>2,244,000</u>
<b><i>Issued and paid-up</i></b>					
At 1 January					
- ordinary shares	0.5	4,488,000	2,244,000	4,488,000	2,244,000
<b>At 31 December</b>					
- ordinary shares	0.5	<u>4,488,000</u>	<u>2,244,000</u>	<u>4,488,000</u>	<u>2,244,000</u>

***Share premium***

Section 51 of the Public Companies Act B.E. 1992 requires companies to set aside share subscription money received in excess of the par value of the shares issued as a reserve account ("share premium"). Share premium is not available for dividend distribution.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**25 Reserves**

Reserves comprise

*Appropriations of profit and/or retained earnings*

**Legal reserve**

Section 116 of the Public Companies Act B.E. 1992 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

*Other components of equity*

**Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

**Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

**Surplus from business combination involving entities under common control**

Surplus from business combination involving entities under common control represents the excess of the book value of business under common control over cost as of the acquisition date and have been recorded as a surplus. It is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**26 Segment information**

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services. The chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

*Segment 1*      Development of shopping centre buildings, office building and condominiums for rent including provision of utility services, operator of play land and water theme park in the shopping centre buildings

*Segment 2*      Sales of food and beverage in the shopping centres

*Segment 3*      Hotel business

*Segment 4*      Real estate business for sales of land and houses and condominium units

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Segment 1		Segment 2		Segment 3		Segment 4		Total	
	2018	2017	2018	2017	2018	2017	2018	2017		
External revenue	28,068,406	26,057,214	1,849,088	1,630,597	<i>(in thousand Baht)</i>		2,761,736	-	33,887,063	28,785,006
Inter-segment revenue	120,912	74,632	274	893	3,334	2,591	-	-	124,520	78,116
<b>Total segment revenue</b>	<b>28,189,318</b>	<b>26,131,846</b>	<b>1,849,362</b>	<b>1,631,490</b>	<b>1,211,167</b>	<b>1,099,786</b>	<b>2,761,736</b>	<b>-</b>	<b>34,011,583</b>	<b>28,863,122</b>
Segment profit (loss) before income tax	13,259,837	12,698,543	315,436	275,886	608,827	555,192	1,189,908	(6,708)	15,374,008	13,522,913
Interest income	108,767	22,197	-	-	4,412	884	1,834	1	115,013	23,082
Finance costs	420,404	363,326	-	-	472	529	5,457	4	426,333	363,859
Depreciation and amortisation	5,680,892	5,058,185	30,831	49,379	180,835	200,254	13,177	6,705	5,905,735	5,314,523
Share of profit of investments in associates and joint ventures	987,151	838,709	-	-	-	-	-	-	987,151	838,709
Capital expenditure	7,590,802	14,450,055	198,605	55,385	129,701	47,898	45,569	20,544	25,272,021	14,573,882
Reportable segment assets as at 31 December	122,612,675	96,214,468	238,982	215,647	1,273,596	1,401,620	7,806,553	3,629,513	131,931,806	101,461,248
Reportable segment liabilities as at 31 December	36,002,680	31,116,704	14,200	18,917	178,866	334,321	765,513	608,610	36,961,259	32,078,552

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Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2018	2017
	<i>(in thousand Baht)</i>	
<b>Revenues</b>		
Total revenue from reportable segments	34,011,583	28,863,122
Other revenue	2,685,672	5,832,278
	<u>36,697,255</u>	<u>34,695,400</u>
Elimination of inter-segment revenue	(124,520)	(78,116)
<b>Consolidated revenue</b>	<b><u>36,572,735</u></b>	<b><u>34,617,284</u></b>
<b>Profit</b>		
Total profit for reportable segments	<u>15,374,008</u>	<u>13,522,913</u>
Elimination of inter-segment profits	618,677	(88,242)
Unallocated amounts:		
- Other revenue	2,570,659	5,809,196
- Other expenses	(6,110,239)	(4,618,540)
- Share of profit of associates and joint venture	987,151	838,709
<b>Consolidated profit before income tax</b>	<b><u>13,440,256</u></b>	<b><u>15,464,036</u></b>
<b>Assets</b>		
Total assets for reportable segments	131,931,806	101,461,248
Other unallocated amounts		
- Investment	12,026,484	9,437,083
- Deferred tax assets	1,899,879	1,422,943
- Other assets	<u>15,849,657</u>	<u>8,252,316</u>
<b>Consolidated total assets</b>	<b><u>161,707,826</u></b>	<b><u>120,573,590</u></b>
<b>Liabilities</b>		
Total liabilities for reportable segments	36,961,259	32,078,552
Other unallocated amounts		
- Loans	30,488,208	9,543,506
- Deferred tax liabilities	2,035,483	-
- Other liabilities	<u>18,047,139</u>	<u>15,071,746</u>
<b>Consolidated total liabilities</b>	<b><u>87,532,089</u></b>	<b><u>56,693,804</u></b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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	Reportable segment totals	Adjustment  (in thousand Baht)	Consolidated totals
<b>Other material items</b>			
<b>2018</b>			
Interest revenue	115,013	-	115,013
Finance costs	426,333	-	426,333
Depreciation and amortisation	5,905,735	-	5,905,735
Capital expenditure	7,964,677	-	7,964,677
<b>2017</b>			
Interest revenue	23,082	-	23,082
Revenue from insurance compensation	3,500,000	-	3,500,000
Finance costs	363,859	-	363,859
Depreciation and amortisation	5,314,523	-	5,314,523
Capital expenditure	14,573,882	-	14,573,882

***Geographical information***

The Group is mostly managed and operates principally in Thailand. There are no significant revenues derived from, and no significant assets located in foreign countries.

***Major customers***

Revenue from Central Department Store Group of the Group's 1 and 2 segments represents approximately Baht 1,429 million (2017: Baht 2,090 million) of the Group's total revenues.

**27 Investment income**

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
<b>Dividend income</b>					
Subsidiaries and funds	11	-	-	3,619,129	5,895,663
Associates	13	-	-	913,249	776,662
Other parties		130	130	130	130
		<u>130</u>	<u>130</u>	<u>4,532,508</u>	<u>6,672,455</u>
<b>Interest income</b>					
Subsidiaries and funds	5	-	-	512,992	459,277
Associates and other related parties	5	94,111	3,485	5,437	3,485
Other parties		20,902	19,597	15,050	12,552
		<u>115,013</u>	<u>23,082</u>	<u>533,479</u>	<u>475,314</u>
<b>Total</b>		<b>115,143</b>	<b>23,212</b>	<b>5,065,987</b>	<b>7,147,769</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**28 Other income**

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Expenses charged					
by tenants		959,072	928,690	446,456	440,673
Management income	5	767,035	491,780	927,984	791,184
Contribution income		221,245	219,369	210,587	204,010
Others		623,177	669,227	537,090	607,312
<b>Total</b>		<b>2,570,529</b>	<b>2,309,066</b>	<b>2,122,117</b>	<b>2,043,179</b>

**29 Administrative expenses**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Employee benefit expenses	2,648,084	2,421,100	2,283,443	2,070,660
Marketing expenses	1,263,515	1,107,873	947,028	730,517
Depreciation	511,778	491,399	229,648	195,408
Administrative expenses	360,517	346,013	255,691	207,663
Utility expense	495,383	184,987	130,298	91,019
Repair and maintenance	133,768	119,056	71,260	74,191
Others	701,248	439,511	300,793	296,418
<b>Total</b>	<b>6,114,293</b>	<b>5,109,939</b>	<b>4,218,161</b>	<b>3,665,876</b>

**30 Employee benefit expenses**

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Salaries, wages and bonus		3,096,575	2,813,091	2,445,151	2,216,329
Defined benefit plans	23	56,736	47,081	41,667	41,446
Defined contribution plans		56,681	52,484	54,396	43,265
Other welfare		433,541	299,330	188,432	160,154
<b>Total</b>		<b>3,643,533</b>	<b>3,211,986</b>	<b>2,729,646</b>	<b>2,461,194</b>

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Group at rates ranging from 3% to 10% of employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**31 Expenses by nature**

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Depreciation and amortisation	14,15,16,17	5,905,735	5,314,523	3,019,601	2,716,141
Utility expenses		5,204,444	3,655,956	3,393,182	2,287,962
Employee benefit expenses	30	3,643,533	3,211,986	2,729,646	2,461,194
Rental expenses		2,235,473	1,805,051	964,536	1,337,431
Cost of sale of real estate		1,565,355	-	-	-
Marketing expenses	29	1,263,515	1,107,873	947,028	730,517
Repair and maintenance		829,190	765,630	442,697	387,422
Consulting and other fees		482,363	451,103	321,183	273,893
Finance costs	32	426,333	363,859	1,184,608	1,049,098
Others		2,563,690	3,315,976	1,279,358	1,541,276
<b>Total</b>		<b>24,119,631</b>	<b>19,991,957</b>	<b>14,281,839</b>	<b>12,784,934</b>

**32 Finance costs**

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Interest expense					
- Related parties	5	-	14	852,770	601,337
- Financial institutions and institutional investors	5	546,354	484,065	364,438	479,612
Fee for financial institutions and institutional investors		120,024	17,760	23,648	16,964
<b>Total finance costs</b>		<b>666,378</b>	<b>501,839</b>	<b>1,240,856</b>	<b>1,097,913</b>
<i>Less amounts included in the cost of assets:</i>					
- Real estate projects under development	10	(90,318)	(20,095)	-	-
- Investment properties, property plant and equipment and leasehold rights		(149,727)	(117,885)	(56,248)	(48,815)
		<b>(240,045)</b>	<b>(137,980)</b>	<b>(56,248)</b>	<b>(48,815)</b>
<b>Net</b>		<b>426,333</b>	<b>363,859</b>	<b>1,184,608</b>	<b>1,049,098</b>



**Central Pattana Public Company Limited and its Subsidiaries**  
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**33 Income tax**

*Income tax recognized in profit or loss*

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
<b>Current tax expense</b>					
Current year		2,338,360	2,036,685	965,973	839,325
<b>Deferred tax expense</b>					
Movements in temporary differences	18	(281,458)	(242,159)	(120,459)	(130,477)
<b>Total</b>		<b>2,056,902</b>	<b>1,794,526</b>	<b>845,514</b>	<b>708,848</b>

**Income tax recognised in other comprehensive income**

	Consolidated financial statements			Separate financial statements		
	2018	2018	2017	2018	2017	2017
	Before tax	Tax expense	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<i>(in thousand Baht)</i>						
Actuarial losses	33,105	(6,621)	26,484	-	-	-
Unrealised loss from investment	271,149	(50,298)	220,851	-	-	-
<b>Total</b>	<b>304,254</b>	<b>(56,919)</b>	<b>247,335</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Reconciliation of effective tax rate*

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Tax rate (%)	(in thousand Baht)	Tax rate (%)	(in thousand Baht)
Profit before income tax expense		13,448,195		15,464,036
Income tax using the tax rate	20	2,689,639	20	3,092,807
Income not subject to tax		(577,138)		(1,202,652)
Additional deductible expenses for tax purposes		(144,400)		(136,192)
Expenses not deductible for tax purposes		29,028		11,460
Elimination in consolidated financial statement from income not subject to tax		59,773		29,103
<b>Total</b>	<b>15</b>	<b>2,056,902</b>	<b>12</b>	<b>1,794,526</b>

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	<b>Separate financial statements</b>			
	2018		2017	
	<i>Tax rate</i>	<i>(in thousand Baht)</i>	<i>Tax rate</i>	<i>(in thousand Baht)</i>
	<i>(%)</i>		<i>(%)</i>	
Profit before total income tax expense		8,408,691		10,646,322
Income tax using the tax rate	20	1,681,738	20	2,129,264
Income not subject to tax		(770,790)		(1,353,103)
Additional deductible expenses for tax purposes		(69,177)		(69,554)
Expenses not deductible for tax purposes		3,743		2,241
<b>Total</b>	<b>12</b>	<b>845,514</b>	<b>7</b>	<b>708,848</b>

**34 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years, calculated as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht/thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>11,215,652</b>	<b>13,567,645</b>	<b>7,563,177</b>	<b>9,937,475</b>
<b>Number of ordinary shares outstanding</b>	<b>4,488,000</b>	<b>4,488,000</b>	<b>4,488,000</b>	<b>4,488,000</b>
<b>Basic earnings per share (in Baht)</b>	<b>2.50</b>	<b>3.02</b>	<b>1.69</b>	<b>2.21</b>

**35 Dividends**

At the Company's annual general meeting of the shareholders of the Company held on 27 April 2018, the shareholders approved the distribution of dividend from 2017 operating result in the amount of Baht 1.40 per share, totalling Baht 6,283.1 million, and was paid to the shareholders in May 2018.

At the Company's annual general meeting of the shareholders of the Company held on 24 April 2017, the shareholders approved the distribution of dividend from 2016 operating result in the amount of Baht 0.83 per share, totalling Baht 3,725.0 million, and was paid to the shareholders in May 2017.

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**36 Financial instruments**

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties.

***Capital management***

The Board of Directors' policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Group defines as result from operating activities divided by total shareholders' equity, excluding minority interests, and also the level of dividends to ordinary shareholders.

Risk management: Main sources of capital of the Group are from equity, long-term debts including local money and capital markets through which the Group issues debentures and transfers assets to property funds. The Group abides by conservative capital structure policies which consist of maintaining net interest-bearing debt to equity ratio at approximately 1, procuring capital with appropriate and market-consistent cost of capital and maintaining the level of floating interest rate debts below that of the fixed interest rate to prevent interest rate fluctuation risk.

***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates is mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings. The Group mitigates this risk by ensuring that the majority of its borrowings is at fixed interest rates to manage exposure to fluctuations in interest rates on specific borrowings.

The effective interest rates of loans receivable and interest-bearing financial liabilities as at 31 December and the periods in which the loans receivable and debt securities mature or re-price were disclosed in notes to the financial statements as follows:

Note 5	Related parties
Note 20	Interest-bearing liabilities

***Foreign currency risk***

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group will consider to utilise forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

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		Consolidated financial statements	
	Note	2018	2017
		(in thousand Baht)	
<b>Hong Kong Dollars</b>			
Cash and cash equivalents	6	1,565	2,862
Other current receivable	9	6	6
Other current payable	22	(380)	(364)
<b>Gross balance sheet exposure</b>		<b>1,191</b>	<b>2,504</b>
<b>Ringgit Malaysia</b>			
Cash and cash equivalents	6	9,931	38,787
Other current receivables	9	202,009	130,113
Other non-current assets	19	4,942	856
Trade accounts payable	21	-	(365)
Contractor payable		(7,980)	(1,874)
Other current payables	22	(1,154,425)	(882,030)
<b>Gross balance sheet exposure</b>		<b>(945,523)</b>	<b>(714,513)</b>
<b>Net exposure</b>		<b>(944,332)</b>	<b>(712,009)</b>

***Credit risks***

The current policies established by the Group to manage credit risk are:

- To collect an advance received as deposit for rental which is generally equivalent to 1 - 6 times of monthly rental income from customers.
- To terminate rental contracts for tenants whose rental fees are outstanding over 90 days.

***Liquidity risks***

The liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The objective of liquidity risk management of the Group is to have appropriate and sufficient capital for cash outflow for investment at present and in the future and to be able to invest such capital to gain appropriate returns under investment policies of the Group.

***Carrying amount and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. 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.

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	Carrying amount	Consolidated financial statements			
Fair value			Total		
Level 1		Level 2 (in thousand Baht)		Level 3	
<b>31 December 2018</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available for sale	1,846,668	1,846,668	-	-	1,846,668
Investments in marketable unit trusts classified as available-for-sale investments	180,928	-	180,928	-	180,928
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Short-term loans from financial institutions	(7,948,005)	-	-	(7,945,994)	(7,945,994)
Current portion of loans from financial institutions and institutional investors	(2,927,966)	-	-	(2,959,681)	(2,959,681)
Loans from financial institutions and institutional investors	(19,522,147)	-	-	(19,841,647)	(19,841,647)
<b>31 December 2017</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available for sale	4,040	4,040	-	-	4,040
Investments in marketable unit trusts classified as available-for-sale investments	3,063,447	-	3,063,447	-	3,063,447
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Current portion of loans from financial institutions and institutional investors	(2,274,077)	-	-	(2,290,598)	(2,290,598)
Loans from financial institutions and institutional investors	(7,255,200)	-	-	(7,499,966)	(7,499,966)

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	Carrying amount	Separate financial statements			
Fair value			Total		
Level 1		Level 2		Level 3	
		(in thousand Baht)			
<b>31 December 2018</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available for sale	1,846,668	1,846,668	-	-	1,846,668
Investments in marketable unit trusts classified as available-for-sale investments	41,460	-	41,460	-	41,460
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Investment in funds	5,443,793	-	17,171,947	-	17,171,947
Short-term loans from financial institutions	(3,700,000)	-	-	(3,692,684)	(3,692,684)
Current portion of loans from financial institutions and institutional investors	(2,405,097)	-	-	(2,414,119)	(2,414,119)
Loans from financial institutions and institutional investors	(12,350,103)	-	-	(12,380,076)	(12,380,076)
<b>31 December 2017</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available for sale	4,040	4,040	-	-	4,040
Investments in marketable unit trusts classified as available-for-sale investments	2,939,076	-	2,939,076	-	2,939,076
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Investment in funds	5,454,433	-	14,758,034	-	14,758,034
Current portion of loans from financial institutions and institutional investors	(2,233,600)	-	-	(2,250,052)	(2,250,052)
Loans from financial institutions and institutional investors	(7,255,200)	-	-	(7,499,966)	(7,499,966)

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The Group and the Company did not disclose the fair value of financial instruments such as trade accounts receivable, other receivables, loans to related parties, trade accounts payable, other payables, contractor payables, loans from related parties, accounts payable for leasehold rights, deposits received from customers because their book value are close to fair value as these financial instruments have short-term maturity.

**Measurement of fair values**

***Valuation techniques and significant unobservable inputs***

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in note 2(d).

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities available for sale	<i>Published price quotation in an active market at reporting date</i>	Not applicable	Not applicable
Investments in marketable unit trusts classified as available-for-sale investments	<i>Net Assets Value as at reporting date</i>	Not applicable	Not applicable

**Financial instruments not measured at fair value**

Type	Valuation technique
Loans from financial institutions	Discounted cash flows
Loans from institutions investors	Determined based on quoted prices in the debenture market from the Thai Bond Market Association by using the closing price at the end of the reporting period.

**37 Leasing properties**

***CPN Retail Growth Leasehold Property Fund (“CPNRF”)***

The Board of Directors’ meeting held on 9 August 2013, approved to lease the part property for a period of 30 years and sell the part property of CentralPlaza Chiangmai Airport from the Central Pattana Chiangmai Co., Ltd. to CPNRF as follows:

- Leasing part of land where the shopping centre, the multipurpose hall, the indoor parking space in the building, including the surrounding roads and the entrances and exits (excluding other land under development).

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- Leasing part of one shopping centre and one multipurpose hall, including indoor parking spaces (in proportion to the utilized areas of the shopping centre and the multipurpose hall to be leased). Whereby, it excluded spaces to be leased to Robinson Department Store, under long-term lease, and the rental area located in parking spaces.
- Leasing the system relevant to the shopping centre, the multipurpose hall, and the indoor parking spaces of the building.
- Selling the furniture, fixture and equipment.

On 23 April 2014, the Group rented a part of the above mentioned CentralPlaza Chiangmai Airport Project to CPNRF, totalling approximately Baht 10,496 million (this amount excluded additional issuance and offering expenses of Baht 128 million, which was the responsibility of the Company). The Group had received the total lease amount in April 2014 and the Company has invested in investment units increasing capital of CPNRF at percentage of 23.53 of total investment units increasing capital of CPNRF or 135,593,664 units at the value of Baht 15 per unit totalling Baht 2,033.90 million. As a result, the Company has investment units in CPNRF totalling 590,521,686 units and the proportion of holding investment had changed from 27.80% before increasing the capital to 26.69% after increasing the capital.

On 29 November 2017, CPNRF transferred its assets, liabilities and obligations to CPNREIT which was the transfer of right and obligations under agreements entered into with other parties of Central Plaza Chiangmai Airport.

*CPN Retail Growth Leasehold REIT (the trust "CPNREIT").*

The Board of Directors' meeting held on 31 May 2017, approved to lease part of property of CentalFestival Pattaya Beach (partial) and Hilton Pattaya Hotel to the trust "CPNREIT" from the CPN Pattaya Co., Ltd., which is a subsidiary of the Company, 99.99 percent shareholding, as follows:

**CentralFestival Pattaya Beach project**

- Leasing part building and structures of CentralFestival Pattaya Beach, including part of the shopping centre and the indoor parking area
- Leasing the system relevant to the building and structures of CentralFestival Pattaya Beach.
- Selling the furniture, fixture and equipment.

**Hilton Pattaya Hotel**

- Leasing part building and structures of Hilton Pattaya Hotel, consisting of all hotel building and part of the indoor parking area.
- Leasing the system relevant to the building and structures of Hilton Pattaya Hotel.
- Selling the furniture, fixture and equipment.

On 1 December 2017, the Group has rented part of the CentralFestival Pattaya Beach Project to the trust "CPNREIT" by receiving rental fee of assets amounting Baht 11,908 million.



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**38 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<b>Capital commitments</b>				
Contracted but not provide for				
Buildings and facility systems	<b>2,079</b>	<b>3,940</b>	<b>358</b>	<b>1,030</b>
<b>Non-cancellable operating lease commitments</b>				
Within one year	847	834	157	146
After one year but within five years	3,780	3,535	689	648
After five years	40,580	32,187	6,228	6,426
<b>Total</b>	<b>45,207</b>	<b>36,556</b>	<b>7,074</b>	<b>7,220</b>
<b>Other commitments</b>				
Bank guarantees	780	911	424	470
Service agreement	47	-	-	-
Real estate projects under development				
agreements	1,100	1,193	-	-
Aval	1,790	-	-	-
<b>Total</b>	<b>3,717</b>	<b>2,104</b>	<b>424</b>	<b>470</b>

(a) A subsidiary entered into a hotel management agreement with a third party whereby the subsidiary agrees to pay annual management fee at the rate of 2% of the hotel's annual operating income and additional compensation as a percentage of gross operating profit as follows:

- 7% from the start of operations to the second year of operation
- 7.5% from the third to the fourth year of operation
- 8% from the fifth year of operation onwards

(b) The Group entered into a land lease agreement with a third party for the construction of a shopping centre for lease. The lease agreement was for a period of 30 years ending in December 2041. Under the conditions of the agreement, the Group paid advance rental and has to pay monthly rental. The rental will be increased every three years at the rate of 10% of the latest monthly rental.

(c) The Group entered into a land lease agreement with the third party for the construction of a shopping centre for lease. The lease agreement was for a period of 30 years ending in May 2027. Under the conditions of the agreement, the Group paid advance rental and has to pay monthly rental. The rental will be increased every five years at the rate of 10% of the latest month rental.

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- (d) On 29 June 2007, the Group entered into two land lease agreements with a local company for the construction of a shopping centre for lease. Under the conditions of the lease agreements, the Group had to pay advance rental. The first agreement was land lease agreement with no monthly rental for the period of 3 years, from 1 July 2007 to 30 June 2010. The other agreement is a land lease agreement for the period of 30 years from 1 July 2010 to 30 June 2040. Under the conditions of the second lease agreement, the Group had to pay the land rental charge of Baht 700,000 per month which will be increased at the rate of 15% of the latest month rental, every three years from 1 July 2013. This agreement can be renewed for another 10-year period (till 30 June 2050).
- (e) The Group entered into three lease agreements with other parties for the construction of shopping centre for lease and shophouses. Two land lease agreements were for a period of 30 years ending in August 2025 and in June 2030, respectively. Another agreement is for a lease of shophouses for a period of 26 years ending in July 2021. Under the conditions of the agreements, the Group has to pay advance rental and guarantee deposit for leasehold rights. In addition, the Group has to pay a monthly rental which will be revised every five years. The Group received a refundable guarantee deposit amounting to Baht 20 million in 1997 and will receive the remaining balance of the refundable guarantee deposits amounting to Baht 298.6 million from the 21<sup>st</sup> year of the lease until the 30<sup>th</sup> year of the lease. The land lease agreements can be renewed for a further period of not less than 15 years by giving written notification one year in advance prior to expiration of the lease period as mutually agreed rate and compensation. The lessor will obtain the ownership rights of shopping centre buildings and structures thereon at the expiration of the lease agreement. Upon the expiration of the shophouse lease, the lessor will give the Group a priority in renewing the lease agreement. Subsequently, in 2018, the Group has extended the land lease agreements period and has entered into new land lease agreements with the third parties who were the existing lessors, with two plots. The first plot has a period of 37 years and 1 month ending in August 2055, and the second plot has a period of 42 years and 1 month ending in June 2060. Under the conditions of the agreement, the Group has to pay fees and monthly rental fees which will be increased every 5 years. The land lease agreements can be renewed for a further period of not less than 15 years by giving written notification three years in advance prior to expiration of the lease period as mutually agreed rate and compensation. At the expiration of the lease agreement the Group will transfer the ownership rights of shopping centre buildings and structures thereon to the lessors
- (f) The Group entered into three land lease agreements with the third parties for the construction of shopping centre for lease. The lease agreements were for a period of 30 years ending in February 2038. Under the conditions of the agreements, the Group had to pay advance rental and annual rental. The rental will be increased every 3 years at the rate of 12%. The lease agreements can be renewed for another 10-year period by entering into the agreements 2 years prior to the expiration of the lease with the mutually agreed rate and compensation.
- (g) In 2003, the Group entered into a land with structure lease agreement with other party. The lease agreement was for a period of 30 years ending in December 2032. Under the conditions of the agreement, the Group has to pay a monthly rental. The agreement can be renewed for another 30-year period as mutually agreed rate and compensation. The lessor obtained the ownership rights of additional structures started from the date of lease agreement.

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In 2007, the Group entered into two memorandums of understanding comprising of the cancellation of certain land lease under the principal agreement with other party (“the lessor”) and appointment of its related company as the new lessee under conditions stipulated in a new agreement between the lessor and the related company for a period of 25 years commencing 1 January 2007 to 22 December 2032. The Group had obtained the compensation from the related company in acquisition of leasehold rights and compensation from cancellation of leasehold rights amounting to Baht 214.3 million and Baht 19.2 million, respectively. However, the Group still has commitment to pay rental fee to other party.

On 19 August 2011, the Group entered into the addition land with structure lease agreement from the principal agreement with other party. The lease agreement was for a period of 21 years and 7 months ending in December 2032. Under the conditions of the agreement the Group has to pay advance annual rental. The agreement can be renewed for another 30-year period by entering into the agreement in advance 3 years prior to the expiration of the lease agreement as mutually agreed rate and compensation. The lessor will give the Company a priority in renewing the lease agreement.

On 25 September 2013, the Group entered into the third memorandum of understanding to amend the lease agreement with other party by amending the renewal period from the 30 years to 38 years, after the completion of the lease period. The lease conditions will be the same, except that the rental charges would be divided into two phases, 8 years and 30 years, respectively, under the following conditions:

- The first 8-year phase, (from 31<sup>st</sup> year - 38<sup>th</sup> year), after the expiration date of the lease period, the lessee has to give a written notification for the renewing of the agreement. The lessor and the Group have to enter into a renewal agreement or a new lease agreement within 22 December 2029, by paying annual rental under the conditions as stated in the lease agreement.
- The 30-year phase, (39<sup>th</sup> - 68<sup>th</sup> year inclusive), after the expiration date of the first 8-year term, under the conditions of the lease agreement, the Group has to give a written notification for the renewing of the agreement to the lessor within 22 December 2035, in order to fix a new rate of the rental charge, also to enter into the renewal agreement, or the new lease agreement within 22 December 2037.

- (h) In 2005, the Group entered into a land lease agreement with a local company for the construction of shopping centre and parking building. The lease agreement was for a period of 28 years 10 months ending in September 2034. Under the conditions of the agreement, the Group has to pay a monthly rental from September 2006. The rental will be increased every five years at the rate of 5% of the latest month rental. The lease agreements can be renewed by giving written notification in advance not less than six months prior to expiration of the lease agreement as mutually agreed rate and compensation.

Subsequently, in 2009, the Group entered into a memorandum of understanding to amend for part of land lease agreement under the same period and condition as it may be surrendered to the government for the mass rapid transit.

On 9 August 2007, the Group entered into a land with structure lease agreement with other party. The lease agreement was for the period of 30 years ending in 31 August 2037. Under the conditions of the agreement, the Group has to pay an annual rental. The rental will be increased every five years at the rate of 35% of the latest monthly rental. The lease agreement can be renewed by giving written notification in advance not less than one year prior to expiration of the agreement.

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During 2015, the Group entered into a land lease agreement with other party. The lease agreement was for a period of 3 years, ending on 31 March 2018. Under the conditions of the agreement, the Group has to pay a monthly rental. The lease agreement can be renewed as mutually agreed conditions by giving written notification in advance not less than 60 days prior to the expiration of the agreement.

- (i) The Group entered into two lease agreements with other parties for the construction of shopping centres for lease. The first land lease agreement was for a period of 2 years commencing 21 June 2012 to 20 June 2014. Under the conditions of the agreement, the Group has to pay annual rental of Baht 1.5 million. The second agreement is a land lease agreement for the period of 30 years from 21 June 2014 to 20 June 2044. Under the conditions of the agreement, the Group has to pay monthly rental which will be increased every three years at the rate of 15%. This agreement can be renewed as mutually agreed conditions by giving written notification in advance not less than three months from the notification date from the lessor.
- (j) The Group entered into a land lease agreement with other parties for the construction of shopping centres for lease. The land lease agreement was for a period of 30 years ending in September 2043. Under the conditions of the agreement, the Group had to pay advance rental and annual rental. The rental will be increased every five years at the rate of 15% of the latest annual rental. The lease can be renewed for another 10-year period by entering into the agreement in advance 2 years prior to expiration of the lease agreement as the mutually agreed rate and compensation.
- (k) On 25 September 2013, the Company entered into the first memorandum of understanding to amend the lease agreement with other party dated 19 August 2011 as described in (g) by amending the renewal period from the 30 years to 38 years after the expiration of the lease period. The lease conditions will be the same, except that the rental charges would be divided into two phases, 8 years and 30 years, respectively, under the following conditions:
  - The first 8-year phase after the expiration of the lease period, the lessee has to give a written notification and has enter into a renewal agreement or a new lease agreement within 22 December 2029, by paying annual rental under the conditions as stated in the lease agreement.
  - The 30-year phase after the expiration of the first 8-year term, under the conditions of the lease agreement, the Company has to give a written notification to the lessor within 22 December 2035 in order to fix a new rate of the rental charge, also to enter into the renewal agreement, or the new lease agreement within 22 December 2037.
- (l) The Company entered into a land lease agreement with other party for construction of a shopping centre for lease. The lease agreement was for a period of 30 years ending in September 2045. Under the conditions of the agreement, the Company had to pay advance rental and annual rental. The rental will be increased every three years at the rate of 15 % of the latest annual rental.
- (m) The Company entered into several land lease agreements with other party for construction of a shopping centre for lease. The lease agreements were for a period of 30 years. However, these agreements can be extended for another 10 years and ending in June 2056. Under the condition of the agreement, the Company has to pay annual rental. The rental will be increased every three years at the rate of 10 % of the latest annual rental.

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- (n) The Company entered into sublease land agreements, utility system service agreements and shopping centre lease agreement with a local company, for a period of 20 years ending on 30 April 2035. Under the conditions of the agreements, the Company had to pay for leasehold right in the amount of Baht 292.1 million and annual rental throughout the agreement period totalling Baht 1,239.7 million and the monthly service fee throughout the agreement period totalling Baht 62.5 million.
- (o) The Company entered into a land lease agreement with other party for construction of a shopping centre. The lease agreement was for a period of 30 years and ending in June 2046. Under the conditions of the agreement, the Company has to pay annual rental which will be increased every ten years. In 2016, the Company entered into the lease agreement extension for another 10 years. The agreement will end in June 2056.
- (p) The Group entered into a land lease agreement with other party for a period of 30 years commencing after the construction period (from July 2017 to July 2024) and ending in June 2054. The agreement can be extended for another 29 years 6 months ending in December 2083. The rental throughout the agreement period is totalling Baht 8,234.3 million.
- (q) The Group entered into a land lease agreement with other party for a period of 30 years commencing in January 2021 and ending in December 2050. The agreement can be extended for another 30 years. Under the conditions of the agreements, the Company had to pay for leasehold right to the lessor in the amount of Baht 175 million and annual rental throughout the agreement period totalling Baht 575 million. Subsequently, the Group entered into a memorandum addendum of land lease agreement which defined the Company to pay additional land rental totalling Baht 160 million.

### **39 Litigation**

- (a) In November 2015, the ownership of land under the Bangkok Dome project, amounting to Baht 7,350 million, was transferred to Bayswater Co., Ltd. (a joint venture) as the winner of an auction of assets of the debtor held by the official receiver under a bankruptcy case. However, the debtor under the bankruptcy case was petitioning the court seeking an order to cease the auction totally 3 cases. The Supreme Court dismissed the petitions for 2 cases. At present, there is a remaining case that the debtor and its 2 unsecured creditors (the creditors) filed petitions asking the Central Bankruptcy Court (the Court) to order the cancelation of the auction of assets and to cease compulsory execution while the petition seeking the cancelation of the auction of assets was being considered. The grounds for the petitions are that the official receiver approved the joint venture's successful bid at a price significantly lower than the market price. The Court issued an order to temporarily dispose of the case to await the Supreme Court's decision in a related case. Subsequently, the Supreme Court issued a judgement in the related case, and thus the case is being reconsidered by the Court. Subsequently, on 8 November 2018, the Court dismissed the petitions for such case.

In addition, in 2017 the joint venture was sued in civil cases by individuals petitioning the Civil Court to issue an order to have the joint venture register easement granting a right of way or an order declaring the disputed way a public way. In April 2018, the Civil Court dismissed the petitions. However, the individuals appealed the Civil Court judgement to the Court of Appeal. Currently, the case is being considered by the Court of Appeal.

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- (b) The Company was being sued by a company seeking compensation of approximately Baht 193.2 million the Appeal Court ruled in 2017 that the Company was not liable for such losses, but order the Company to pay back to the plaintiff rental and service retention with interest, totalling approximately Baht 2.6 million. However, the Company and the plaintiff lodged appeals against this ruling with the Supreme Court. As of the date of authorisation of the issuance of the financial statements, the case is still being considered by the Supreme Court. Although the final outcome of this lawsuit cannot be determined at this stage, the management is of the opinion that its resolution will not have any material effect on the financial statements as a whole.
- (c) A subsidiary was being sued by a company seeking compensation of approximately Baht 13.3 million for losses resulting from a rental agreement. On 24 August 2018, the Court of First Instance ordered the subsidiary to pay the plaintiff Baht 3.9 million together with interest at a rate of 7.5% per annum. The subsidiary and the plaintiff did not lodge appeal against the order of the Court of First Instance. As a result, the case was finalised.
- (d) A subsidiary was being sued by a company seeking compensation of approximately Baht 201.8 million for losses resulting from a breach of construction contract. Currently, the case is being considering by the Court of First Instance. Although the final outcome of this lawsuit cannot be determined at this stage, the Group management is of the opinion that its resolution will not have any material effect on the financial statements as a whole.

**40 Others**

On 16 December 2011, the Group has made a prosecution against insurance company as a result of the fire incident at Central World shopping centre. The Group has claimed for the indemnity from Industrial All Risks policy at the amount of Baht 2,848.4 million for the Group itself and/or other parties and also claimed from the Business Interruption of Baht 989.8 million for the Group.

On 1 March 2013 the Court of first instance has ruled the judgment in favor of the Group.

In August 2013, the insurance company has filed the appeal objecting against such judgement of Court of first instance to the Appeal Court. Subsequently, the Group had filed the appeal to the Appeal Court in December 2013.

On 9 October 2014, the Appeal Court reversed the judgement of the First Court. As a result, the insurance company did not have to make payment of compensation to the Group.

Subsequently, on 9 March 2015, the Group had filed the appeal objecting against such judgment of the Appeal Court to the Supreme Court.

Subsequently, on 24 August 2017, the Supreme Court issued the order not to permit for filing the Supreme Court appeal and refused to accept the Group's petition for its consideration. The case is hereby final by the judgment of the Court of Appeal.

In addition, the Group entered into the terrorism insurance with the sum insured of Baht 3,500 million. The Group has already received the compensation pursuant to the terrorism insurance of Baht 3,500 million, which the Group has recorded as revenue from compensation in statement of comprehensive income for the year ended 31 December 2017.

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**41 Contingent liabilities**

***Guarantee***

As at 31 December 2018, the Company guaranteed a loan agreement and bank guarantee of subsidiaries totalling Baht 780 million (2017: Baht 482 million).

**42 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS which relevant to the Group's operations are expected to have impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

<b>TFRS</b>	<b>Topic</b>	<b>Effective</b>
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020

\* TFRS - Financial instruments standards

**(a) TFRS 15 Revenue from Contracts with Customers**

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

**(b) TFRS - Financial instruments standards**

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.

**43 Events after the reporting period**

- 43.1 At the Board of Directors' Meeting of the Company held on 21 February 2019, it was resolved to approve the appropriation of dividend of Baht 1.1 per share, amounting to Baht 4,936.8 million.
- 43.2 In February 2019, the Company sold investment in Dusit Thani Public Company Limited totalling 42.5 million shares or 5% of issued and paid up share capital, totalling Baht 510 million at a price of Baht 12 per share. As a result, the proportion of shareholding decrease from 22.58% to 17.58% in accordance with the condition of the agreement.

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43.3 In February 2019, the Company paid to purchase the ordinary shares of Suanlum Property Co., Ltd., from Dusit Thani Public Company Limited of 0.26 million shares amounting to Baht 185.69 million. As a result, the proportion of shareholding increased from 63% to 78% in accordance with the condition of the agreement.

43.4 The Company issued Thai Baht denominated, name registered, unsubordinated and unsecured debentures without debenture holders' representative as follows:

In January 2019, the Company issued through private placement Baht 600 million. The debentures have term to maturity of 1 month and 5 days, maturing on 21 February 2019.

In January 2019, the Company issued through private placement Baht 1,600 million. The debentures have term to maturity of 3 months and 7 days, maturing on 23 April 2019.

In February 2019, the Company issued through private placement Baht 1,500 million. The debentures have term to maturity of 2 months and 26 days, maturing on 2 May 2019.



## AUDITOR'S REMUNERATION

### AUDITOR'S REMUNERATION

In 2018 audit fee out of the Company and its subsidiaries has been paid for audit firm that the auditor work for amounted to 8,470,000 Baht

### OTHER SERVICE FEE

The Company has paid consulting service fee totaling 6,376,000 Baht to KPMG Phoomchai Business Advisory Ltd.







**PROPERTY  
DEVELOPMENT  
& INVESTMENT**  
A Member of Central Group

**CENTRAL PATTANA PUBLIC COMPANY LIMITED**

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