





สถิตอยู่ในใจตราบนิรันดร์

ด้วยจงรักภักดียั้งชั่งใจ	ทุกดวงใจไทยอุทิศจิตถวาย
ขอน้ำตาไทยทั้งฟองนองทล้นราย	แทนแฟนปราชญ์ทุกชีวิตพลีบูชา
ขอกุศลผลบุญไทยทั่วถ้วน	มาประมวลส่งเสด็จทิพย์ไวกา
สู่พิภพสุขสวัสดิ์สวธรรยา	แทนชีวาแทนดวงใจไทยถ้วนเทอญ

❖ ❖ **ปวงข้าพระพุทธเจ้า ขอน้อมเกล้าน้อมกระหม่อม** ❖ ❖
รำลึกในพระมหากรุณาธิคุณหาที่สุดมิได้

ข้าพระพุทธเจ้า

บริษัท ซีพี ออลล์ จำกัด (มหาชน)

CONTENTS

4	Summary of Financial Information	68	Dividend Policy	134	Internal Control and Risk Management
10	Messages from the Chairman and Chairman of Executive Committee	69	Securities Details and Shareholding Structure	137	Related Transactions
16	Directors and Management Biography	78	Management Structure	151	Board of Directors' Statement of Responsibility for Financial Reports
31	Business Overview	90	Report of the Corporate Governance Committee	152	Report of the Audit Committee
34	Company History in Brief	92	Report of the Remuneration and Nomination Committee	155	Management Discussion and Analysis (MD&A)
40	Nature of Business	93	Corporate Governance	165	Annual Financial Statements and Auditor Report of Certified Public Accountant
51	Risk Factors	129	Corporate Social Responsibility		
56	General Information and Other Information	133	Anti-Corruption		



CORPORATE PHILOSOPHY

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



VISION

We serve convenience to all communities.



MISSION

To create customer engagement with
innovative products and services and
to enhance good relations with
community and society.

SUMMARY OF FINANCIAL INFORMATION

For Fiscal Years Ending December 31,

CP ALL Public Company Limited and its Subsidiaries	2014 (Restated)	2015	2016
Consolidated Financial Information	(Million Baht)		
Net Sales and Services Income	357,766	391,817	434,712
Total Revenues	371,301	405,893	451,939
Net Profit	10,200	13,682	16,677
Net Cash Provided by Operating Activities	26,371	31,419	37,939
Total Assets	326,410	329,083	352,268
Total Liabilities	291,352	287,407	292,665
Total Equity	35,058	41,676	59,603
Share Information	(Baht)		
Book Value per Share	3.90	4.64	6.64
Earnings per Share	1.14	1.52	1.85
Dividend per Share	0.80	0.90	1.00
Financial Ratios	(Percentage)		
Gross Margin (Sales and Services)	21.3	21.8	21.9
EBIT Margin	5.7	6.3	6.3
Net Profit Margin	2.7	3.4	3.7
Net Debt to EBITDA (times)	6.04	5.10	4.20
Return on Total Assets	3.2	4.2	4.9
Return on Total Shareholders' Equity	30.0	35.7	32.9

/1 The Company purchased shares of Siam Makro Public Company Limited during the year 2013 and consolidated Siam Makro's operating results in the second half of the year.



REVENUE AND EARNINGS BEFORE TAX BASED ON BUSINESS SEGMENTS

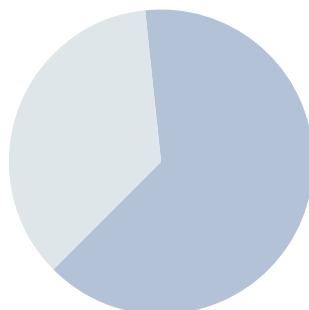
Revenue Contribution

36%

Cash and Carry

64%

CVS and Others



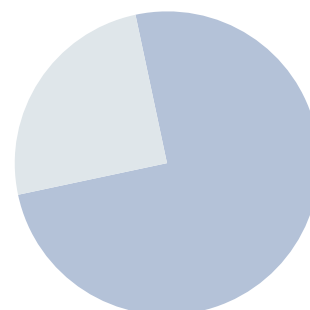
Earnings Before Tax Contribution

25%

Cash and Carry

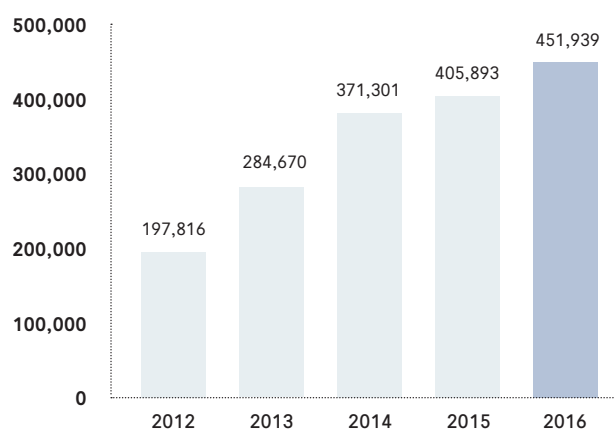
75%

CVS and Others

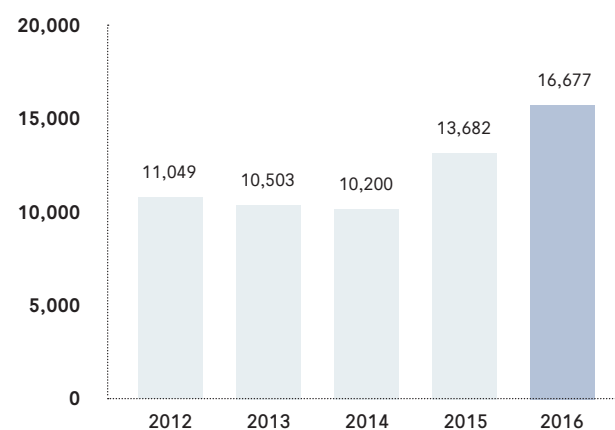


* Before Elimination

TOTAL REVENUE (Million Baht)



Net Profit (Million Baht)





CP ALL driving the organization with “innovation”

“Innovation” is the key to leaping growth in business

The Company strives to develop a learning culture and transfer best practices among employees

Collaborating with small businesses to create products and services that fulfill customer needs

To enhance competitiveness and offer value to Thai society



CP ALL developing *capable, good and upstanding people*

The Company is committed to developing capabilities and supporting people to have morality and ethics following corporate governance principles

Blending similarities, harmonizing differences, creating unity, like a symphony

Enabling capable and good people to grow with Thai society and drive the organization forward

Delivering products and services to customers with heartfelt smiles from the whole team





CP ALL *sustainably alongside Thai society*

The Company is devoted to being a quality organization with effective management
Attentive that personnel have virtue and morality as well as work capability
Creating balance, work excellence together with social responsibility
To ensure that the Company is a quality organization sustainably growing with Thai society



CP ALL the convenience food store in the hearts of Thais

The Company is dedicated to being the convenience food store forever in the hearts of Thais
Offering a full range of diversified quality products, every meal, every time, 24 hours
Delivering innovative services for modern life
For greater convenience and ease like “a close friend near you”



MESSAGES FROM THE CHAIRMAN AND CHAIRMAN OF EXECUTIVE COMMITTEE

Overall, the Thai economy and the retail industry in 2016 improved from the previous year. The Company maintained continued growth from commitment and dedication to deliver products and services that provide convenience to customers in every area across the country, coupled with business operations with good corporate governance in order to create sustainable returns for all stakeholders in the long term.

Recognizing opportunities and the potential of the Thai retail market, the Company continued to expand “7-Eleven” convenience stores throughout the past year. With the vision “We serve convenience to all communities”, the Company opened new stores following the growth of communities, various infrastructures, tourist destinations and other high potential areas. The Company also improved existing stores, expanded sales area to increase product variety, and introduced new services with the strategy of being “the convenience food store of Thais” in order to cater to the changing and different consumer behavior of 7-Eleven customers, which total more than 11.7 million customers per day. Furthermore,

the Company continued to invest in supporting infrastructure such as distribution centers, IT systems, centralized kitchen and e-commerce to ensure that all parties of the convenience store business have the capability to serve customers in line with consumer behavior and to support the future development and growth of the Thai retail market. At the end of 2016, the Company had a network of 9,542 stores nationwide, increasing 710 stores from the previous year.



Mr. Dhanin Chearavanont
Chairman

Mr. Korsak Chairasmisak
Chairman of Executive Committee

The cash and carry business, Siam Makro Public Company Limited, under the Company's management, advanced stably with a jump in store expansion continuing from the previous year. In 2016, Makro opened 17 new stores, totaling 115 stores countrywide. Meanwhile, its expansion plan abroad also progressed and became clearer. In 2016, Makro established a subsidiary in Cambodia as well as acquired 80% interest in certain companies engaged in food services business, namely Indoguna (Singapore) Pte Ltd (a company incorporated in Singapore), Indoguna Dubai LLC (a company incorporated in the United Arab Emirates), Lordly Company Limited (a company incorporated in Hong Kong) and Just Meat Company Limited (a company incorporated in Hong Kong).

In terms of financial position, in 2016, the Company was successful in issuing debentures to repay short-term borrowings and debentures that were due, bringing down the average interest rate of debentures from the previous year. In addition, the Company was successful in issuing perpetual debenture, improving the Company's stability and security in managing debt to equity in the future.

The abovementioned achievements are attributable to the Company's business operations that recognize the importance of responsibility and sustainable contribution back to society. These include promoting education and youth development in a concrete manner for more than 12 years through Panyapiwat Technological College and Panyapiwat Institute of Management using the bilateral education system and actual training throughout the program, as well as continuously providing scholarships. Moreover, the Company has supported and promoted morality and ethics through various worthy projects for more than 20 years such as the GO Game Project, Bringing Temples to 7-Eleven Project, Mobile Dharma Project, and Love Reading Project. In the area of environmental conservation, the Company signed the "Love Bangkok, Love the Environment" declaration, which was prepared by the Environment Department of Bangkok Metropolitan Area, with 57 government agencies and leading private organizations.

In terms of creating valuable innovation, both inside and outside the organization, the Company has joined with 11 government and private organizations,

research teams, and innovation incubator centers of various universities across the country to open opportunities for business partners and Thai SMEs to present their innovative and quality products through competing for the “7 Innovation Awards” at the “Thailand Synergy for Thai SMEs” event. The awards create value added for the Thai economy, society and country.

The Company strives to continuously improve its corporate governance to be of international standard to ensure the confidence of shareholders and all stakeholders. The Corporate Governance Committee and the Remuneration and Nomination Committee have been appointed. Moreover, independent experts have been hired to assess the Company’s governance process in comparison to related laws and regulations and international best practices. A project on corporate governance improvement to be on par with international standards has also been implemented.

In addition, the Company has entered the certification process of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC). On 9 December 2016, the Company submitted a self-evaluation tool related to anti-corruption measures to the Thai Institute

of Directors Association (IOD) which acts as the CAC Secretary in order to become a certified member of the CAC. Furthermore, the Company has joined the United Nations Global Compact (UNGC) where the world’s leading companies join together to drive sustainable business development by aligning with the United Nations’ guideline. In addition, the Company is also a founding member of Global Compact Network Thailand.

Bangkok by UN Global Compact participant companies and other organizations in May 2016. As a newly emerging network, GCNT provides opportunities for like-minded Thai companies-large, small or medium-sized-academic institutions and civil society organizations to work together to strengthen responsible business initiatives.

The Company’s successful business operations in 2016 are reflected in the numerous prestigious awards that the Company and its executives have received from external institutions. In the retail category, CP All Plc’s 7-Eleven convenience stores were the top selected brand for Thais according to the Brand Footprint Report by Kantar Worldpanel. The Company won “Thailand’s Most Admired Brand 2016” for

the fourth consecutive year from BrandAge magazine. Moreover, fourteen 7-Eleven stores received the Logo of “MEA Energy Saving Building” in Level 1 in the school and convenience store category from the Metropolitan Electricity Authority and have implemented concrete actions to reduce electricity usage. Meanwhile, CPRAM Co., Ltd. was bestowed the “Excellence in Consistent TPM Commitment 2015” Award from the Japan Institute of Plant Maintenance (JIPM).

The Company would like to thank all customers, suppliers, business partners, shareholders, and patrons for their enduring trust and support for the Company’s

business. In addition, the Company would like to express sincere appreciation to all our executives and employees for their determination and dedication in performing their duties professionally, enabling the Company to achieve the goals that we have set together. Last but not least, the Company is committed to operating its business with the best interests of all stakeholders and customers at heart, as well as developing the economy, society, community and country, so that CP All is a quality organization growing sustainably alongside Thai society.



(Mr. Dhanin Chearavanont)
Chairman



(Mr. Korsak Chairasmisak)
Chairman of Executive Committee

BOARD OF DIRECTORS



Prof. Dr. Komain Bhatrabhirom
Chairman of the Audit Committee
and Independent Director



Mr. Pridi Boonyoung
Audit Committee and
Independent Director



Mr. Padoong Techasarintr
Corporate Governance Committee,
Remuneration and Nomination
Committee, Audit Committee,
and Independent Director



Adjunct Professor
Prasobsook Boondech
Chairman of the Corporate
Governance Committee and
Independent Director



Police General
Phatcharavat Wongsuwan
Corporate Governance Committee,
Remuneration and Nomination
Committee, and Independent Director



Mr. Dhanin Chearavanont
Chairman and
Chairman of Remuneration
and Nomination Committee



Mr. Korsak Chairasmisak
Vice Chairman



Mr. Adirek Sripratak
Director



Mr. Umroong Sanphasitvong
Director,
Corporate Governance
Committee, and Remuneration
and Nomination Committee



Mr. Soopakij Chearavanont
Director



Mr. Narong Chearavanont
Director



Mr. Prasert Jarupanich
Director



Mr. Pittaya Jearavisitkul
Director



Mr. Piyawat Titasattavorakul
Director



Mr. Tanin Buranamanit
Director









Mr. Supot Shitgasornpongse
Company Secretary













Mr. Kidsada Euapiyachart
Head of Internal Audit

EXECUTIVE COMMITTEE

			
Mr. Korsak Chairasmisak Chairman of Executive Committee	Mr. Pittaya Jearavisitkul Vice Chairman of Executive Committee	Mr. Piyawat Titasattavorakul Vice Chairman of Executive Committee	Mr. Umroong Sanphasitvong Member of Executive Committee
			
Mr. Tanin Buranamanit Member of Executive Committee	Mr. Wisade Wisidwinyoo Member of Executive Committee		

15

EXECUTIVE OFFICERS

				
Mr. Tanin Buranamanit Managing Director and Chief Executive Officer	Mr. Suraphan Pussadej Senior Assistant Chief Executive Officer - Human Resource	Mr. Taweesak Kaewratthanapattama Senior Vice President - Accounting and Finance	Mr. Chuan Nimkittikul Senior Vice President - Distribution Center	Mr. Suwit Kingkaew Senior Vice President - Sustainable Development
				
Mr. Kosa Pongsupath Senior Vice President - Information Technology	Mr. Chairoj Tiwattmuncharoen Senior Vice President - Operation	Mr. Skol Tejasataporn Senior Vice President - Purchasing	Mr. Vichien Chuengviroj Senior Vice President - Corporate Asset and Facilities Management	Mr. Yuthasak Poomsurakul Senior Vice President - Merchandising & Marketing

DIRECTORS AND MANAGEMENT BIOGRAPHY

Prof. Dr. Komain Bhatrabhirom

84 years old

Position :

Chairman of Audit Committee and Independent Director

Appointment Date :

December 28, 2005

Education

- Degree from National Defence College of Thailand Class 28
- Docteur de l'Université de Paris
- Doctor of Law (Honorary) Chulalongkorn University
- Barrister-at-Law, Thai Bar Association
- Bachelor of Law, Thammasat University

Training by the Thai Institute of Directors

Association (IOD)

- 2007 Director Accreditation Program (DAP)
- 2007 Audit Committee Program (ACP)
- 2007 Accounting for Non-Accounting Audit Committee
- 2009 Monitoring the Quality of Financial Reporting (MFR)
- 2009 Monitoring the System of Internal Control and Risk Management (MIR)
- 2009 Monitoring the Internal Audit Function (MIA)

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Chairman of the Law Committee, Ministry of Labour
- Chairman of the Law Sub Committee, Ministry of Culture
- Professor, Faculty of Law, Chulalongkorn University
- Chairman of the Audit committee, Panyapiwat Institute of Management
- Committee of Law Reform Ministry of Culture

5-Year Past Experiences and/or Remarkable Position

- 1998 - 2001 Judge, The Constitutional Court
- 1993 - 1997 Member of the Committee on Appeal, The Securities and Exchange Act 1992
- 1992 - 1997 Member of Legislative Committee, Office of the Council of State

- 1992 - 1996 Chairman of the Committee on Interior Administration, Senate

- 1987 - 1993 Attorney General

(%) shareholding (as at December 30, 2016)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

7 times out of 7 meetings

Mr. Pridi Boonyoung

78 years old

Position :

Audit Committee and Independent Director

Appointment Date :

March 11, 1999

Education

- Master Degree in Laws, Yale University, USA
- Bachelor Degree in Laws, Thammasat University
- Degree, National Defence College of Thailand Class 3

Training by the Thai Institute of Directors

Association (IOD)

- 2005 Director Accreditation Program (DAP)
- 2010 Audit Committee Program (ACP)

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Audit Committee, Panyapiwat Institute of Management

5-Year Past Experiences and/or Remarkable Position

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

(%) shareholding (as at December 30, 2016)

Held personally 0.00759

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

6 times out of 7 meetings

Mr. Padoong Techasarintr

76 years old

Position :

Corporate Governance Committee, Remuneration and Nomination Committee, Audit Committee, and Independent Director

Appointment Date :

March 11, 1999

Education

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

Training by the Thai Institute of Directors

Association (IOD)

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

Board Member/ Management in Listed Company

Present

- Independent Director and Chairman of the Audit Committee, Textile Prestige Public Co., Ltd.
- Independent Director and Chairman of the Audit Committee, Thanulux Public Co., Ltd.
- Independent Director and Chairman of the Audit Committee, Lanna Resources Public Co., Ltd.
- Independent Director and Audit Committee, Kulthorn Kirby Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

- Audit Committee, Panyapiwat Institute of Management

5-Year Past Experiences and/or Remarkable Position

1995 - 1998 Executive Director, Siam City Bank Public Co., Ltd.

1994 - 1995 Director - Vice President, Siam City Bank Public Co., Ltd.

Senior Executive Vice President, The Industrial Finance Corporation of Thailand

(%) shareholding (as at December 30, 2016)

Held personally 0.00011

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

6 times out of 7 meetings

Adjunct Professor Prasobsook Boondech

71 years old

Position :

Chairman of the Corporate Governance Committee and Independent Director

Appointment Date :

April 21, 2016

Education

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

Training by the Thai Institute of Directors

Association (IOD)

2016 Ethical Leadership Program (ELP)

Board Member/ Management in Listed Company

Present

- Legal Adviser, Thanachart Bank Public Company Limited
- Vice Chairman, News Network Corporation Public Company Limited

Position in Other Company/Organization/Institution

Present

- Independent Director, C.P. Lotus Corporation

5-Year Past Experiences and/or Remarkable Position

2012 Member of the Council of State

2008 President of the Senate

2004 President of the Court of Appeal

(%) shareholding (as at December 30, 2016)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

5 times out of 7 meetings*

**Remark*

Adjunct Professor Prasobsook Boondech has been appointed as director on April 21, 2016 and has the right to attend the Board of Directors'

Meeting on the Meeting No. 3/2016

Police General Phatcharavat Wongsuwan

67 years old

Position :

Corporate Governance Committee, Remuneration and Nomination Committee, and Independent Director

Appointment Date :

February 19, 2013

Education

- Diploma, National Defence College, The State , Private Sector and Political Sectors Course Class 2
- Master of Arts (Social Development), Kasetsart University
- Royal Police Cadet Academy Class 25

Training by the Thai Institute of Directors

Association (IOD)

-None-

Board Member/ Management in Listed Company

Present

- Director, Energy Absolute Public Company Limited

Position in Other Company/Organization/Institution

Present

- Consultant, National Broadcasting and Telecommunication Commission (NBTC)

5-Year Past Experiences and/or Remarkable Position

2008 Commissioner-General, Royal Thai Police

2005 Deputy Commissioner-General

2002 Assistant Commissioner-General

(%) shareholding (as at December 30, 2016)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

6 times out of 7 meetings

Mr. Dhanin Chearavanont

77 years old

Position :

Chairman and Chairman of the Remuneration and Nomination Committee

Appointment Date :

March 11, 1999

Education

- Degree from National Defence College of Thailand
- Shantou Secondary School, The People's Republic of China
- Commercial School, Hong Kong

Training by the Thai Institute of Directors

Association (IOD)

2005 Director Accreditation Program (DAP)

Board Member/ Management in Listed Company

Present

- Chairman, Charoen Pokphand Food Public Co., Ltd.
- Chairman, True Corporation Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

- Chairman and CEO, Charoen Pokphand Group Co., Ltd. and its subsidiaries
- Honorary Chairman, True Move Co., Ltd.
- Chairman, C.P. Pokphand Co., Ltd.
- Chairman, Chia Tai (China) Investment Co., Ltd.
- Director, Bangkok Inter Teletech Public Co., Ltd.
- Director, C.P. Land Public Co., Ltd.
- Director, C.P. Intertrade Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 30, 2016)

Held personally 0.01705

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

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

Attendance at the Board of Directors'

Meeting during 2016 :

5 times out of 7 meetings

Mr. Korsak Chairasmisak

64 years old

Position :

Vice Chairman and Chairman of Executive Committee

Appointment Date :

March 11, 1999

Education

- Honorary Doctor of Philosophy in Accounting, Rajamangala University of Technology Srivijaya
- Honorary Doctor of Business Administration, Dhurakij Pundit University
- Honorary Doctor of Business Administration in Management, Suan Dusit Rajabhat University
- Honorary Doctor of Arts, North Chiang Mai University
- Honorary Doctor of Business Administration in Management, Sripatum University
- Bachelor Degree in Economics, Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2000 Director Certification Program (DCP)

2006 The Role of Chairman

Board Member/ Management in Listed Company

Present

- Vice Chairman and Executive Director, Siam Makro Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

- Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Expert Committee, Member of the Institution Council, Panyapiwat Institute of Management
- President, Go Association of Thailand
- President, World Chinese Wei Qi Federation
- Director, The International Go Federation (IGF)
- Chairman, Panyapiwat Association
- President, Thailand-Korea Friendship Association
- Committee, Uttayarnndham Foundation
- Director, Suksapiwat Co., Ltd.
- Director, Thai Smart Card Co., Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, Lotus Distribution Investment Ltd.

5-Year Past Experiences and/or Remarkable Position

1983 - 1987 Executive Vice President (Trading), Charoen Pokphand Group Co., Ltd. (Based in Hong Kong)

1979 - 1983 Managing Director, Bangkok Produce Merchandising Co., Ltd.
Managing Director, Bangkok Fisheries Co., Ltd.
Managing Director, C.P. Agro-Industry Co., Ltd.
Managing Director, C.P. Intertrade Co., Ltd.

(%) shareholding* (as at December 30, 2016)

Held personally 0.09747

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2016 :

7 times out of 7 meetings

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Adirek Sripratak

71 years old

Position :

Director

Appointment Date :

August 11, 2005

Education

- Honorary Doctorate of Philosophy in Food Science, Kasetsart University
- Honorary Doctorate in Business Administration, Rajamangala University of Technology Suvarnabhumi
- Honorary Doctorate of Philosophy in Food Technology, Mae Fah Luang University
- Honorary Doctorate of Philosophy in Agriculture, Ubon Ratchathani University
- Honorary Doctorate in Science, Maejo University
- Honorary Doctorate in Economics, Chiang Mai University
- Honorary Doctorate in Science and Food Science Rajamangala University of Technology Isan

Training by the Thai Institute of Directors Association (IOD)

2001 Director Certification Program (DCP)

2005 Director Accreditation Program (DAP)

Board Member/ Management in Listed Company

Present

- Vice Chairman, President and CEO, Charoen Pokphand Foods Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

- Chairman, CPF (Thailand) Public Co., Ltd.
- Vice Chairman, C.P. Pokphand Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, CPF Training Center Co., Ltd.
- Director, CPF IT Center Co. Ltd.

- Director, Bright Excel Investments Ltd.
- Director, CPF (India) Private Ltd.
- Director, Charoen Pokphand (Taiwan) Investment Ltd.
- Director, Charoen Pokphand Foods Kenya Co., Ltd.
- Director, Chia Tai (China) Investment Co., Ltd.
- Director, Coination Investments Ltd.
- Director, CPF Investment Ltd.
- Director, CPF Tanzania Ltd.
- Director, C.P. Vietnam Corporation
- Director, CPVN Ltd.
- Director, CP Food Investment Ltd.
- Director, C.P. Laos Co., Ltd.
- Director, Forward Pass Ltd.
- Director, New Splendid Holdings Ltd.
- Director, CP Chosen Ltd. and subsidiaries
- Director, CP-Meiji Co., Ltd.
- Honor president, Thai Broiler Processing Exporters Association
- Vice Chairman, Charoen Pokphand Group Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 30, 2016)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors' Meeting during 2016 :

6 times out of 7 meetings

Mr. Umroong Sanphasitvong

64 years old

Position :

Director, Member of Executive Committee, Corporate Governance Committee and Remuneration and Nomination Committee

Appointment Date :

March 11, 1999

Education

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

Training by the Thai Institute of Directors Association (IOD)

2001	Director Certification Program (DCP)
2003	Company Secretary
2006	Board Performance Evaluation
2006	DCP refresher
2007	Role of the Compensation Committee
2016	Driving Company Success with IT Governance (ITG)
2016	Ethical Leadership Program (ELP)

Board Member/ Management in Listed Company

Present

- Director, True Corporation Public Co., Ltd.
- Director, Siam Makro Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

- Deputy Group CFO, Charoen Pokphand Group Co., Ltd.
- Director, CPPC Public Co., Ltd.
- Director, C.P. Lotus Corporation
- Director, ICONSIAM Co., Ltd.
- Director, The Iconsiam Residences Corporation Ltd.
- Director, The Iconsiam Superlux Residence Corporation Ltd.
- Director, The Iconsiam Chaopraya River Holdings Co., Ltd.
- Director, True Leasing Co., Ltd.
- Director, Wire & Wireless Co., Ltd.
- Director, True Lifestyle Retail Co., Ltd.
- Director, True Properties Co., Ltd.
- Director, True Digital Content and Media Co., Ltd.
- Director, True Digital Plus Co., Ltd.
- Director, Bake House Co., Ltd.
- Director, Ascend Group Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Thai Smart Card Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, Lotus Distribution Investment Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 30, 2016)

Held personally	-None-
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

7 times out of 7 meetings

Mr. Soopakij Chearavanont

53 years old

Position :

Director

Appointment Date :

August 15, 2003

Education

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

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member/ Management in Listed Company

Present

- Director, True Corporation Public Company Limited

Position in Other Company/Organization/Institution

Present

- Chief Executive Officer, UTV Cable Network Plc.
- Executive Vice Chairman, Charoen Pokphand Group
- Executive Chairman, True Visions Group Company Limited
- Chairman, True Visions Public Company Limited
- Chairman, True Visions Cable Public Co., Ltd.
- Executive Chairman, Telecom Holding Co., Ltd.
- Chairman, CT Bright Holdings Ltd.
- Chairman, Chia Tai Land Holding Company Ltd.
- Chairman, Chia Tai Property Management Company Ltd.
- Chairman, Chia Tai Real Estate Group Company Ltd.
- Chairman, Chia Tai Lotus (Shanghai) Company Ltd.
- Chairman, Fortune Leasing Company Ltd.
- Chairman, Mass Gain Investment Ltd.
- Chairman, Beijing Lotus Supermarket Chain Store Co., Ltd.
- Chairman, SM True Company Limited
- Co-Chairman, Shanghai Kinghill Limited - Super Brand Mall

- Vice Chairman & CEO, Marketing and Distribution Business (China), Charoen Pokphand Group Co., Ltd.
- Vice Chairman & Chief Executive Officer, Real Estate & Land Development Business (China), Charoen Pokphand Group Co., Ltd.
- Executive Chairman & Chief Executive Office, C.P. Lotus Corporation
- Executive Vice Chairman & CEO, Shanghai Lotus Supermarket Chain Store Co., Ltd.
- Vice Chairman, Marketing and Distribution Business (Thailand), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Real Estate and Land Development Business (Thailand), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Telecommunication Business, Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Automotive Industrial Business (China), Charoen Pokphand Group Co., Ltd.
- Vice Chairman, Chia Tai Trading (Beijing) Company Ltd.
- Vice Chairman, Chia Tai Vision Ltd.
- Vice Chairman, Chia Tai International Finance Company Ltd.
- Vice Chairman, Shanghai Fortune World Development Co., Ltd.
- Director, Chia Tai Development Investment Company Ltd.
- Director, Chia Tai Group Company Ltd.
- Director, CP Pokphand Co., Ltd.
- Director, True Move Company Limited
- Director, Fortune Shanghai Ltd.
- Director, Lotus-CPF (PRC) Investment Company Ltd.
- Non-Executive Director, Ping An Insurance (Group) Company of China Ltd.

5-Year Past Experiences and/or Remarkable Position

2013 – 2016 Director, Siam Makro Public Company Limited

(%) shareholding (as at December 30, 2016)

Held personally 0.00248

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

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

Attendance at the Board of Directors'

Meeting during 2016 :

5 times out of 7 meetings

Mr. Narong Chearavanont

52 years old

Position :

Director

Appointment Date :

March 11, 1999

Education

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

Training by the Thai Institute of Directors

Association (IOD)

2007 Director Accreditation Program (DAP)

Board Member/ Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.
- Director, True Corporation Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

Director

- Shanghai Lotus Supermarket Chain Store Company Limited
- Business Development Bank
- Tai'an Lotus Supermarket Chain Store Company Limited
- Beijing Lotus Supermarket Chain Store Company Limited
- Xi'an Lotus Supermarket Chain Store Company Limited
- Shantou Lotus Supermarket Chain Store Company Limited
- Qingdao Lotus Supermarket Chain Store Company Limited
- CPPC Company Limited
- Beston Action Utility Wear (Lianyungang) Company Limited

- Jiangsu CP Lotus Supermarket Chain Store Company Limited
 - Beijing CP Lotus Supermarket Chain Store Company Limited
 - Zhejiang CP Trading Company Limited
 - Cineplex Company Limited
 - Satellite Services Company Limited
 - Wuxi Ailian Supermarket Chain Store Company Limited
 - Wuxi Yilian Supermarket Company Limited
 - Taizhou Yilian Supermarket Company Limited
 - Hefei Ailian Supermarket Company Limited
 - Changsha Chulian Supermarket Company Limited
 - Wuhan Yichu Ailian Supermarket Company Limited
 - Guangzhou Lotus Supermarket Chain Store Company Limited
 - Shanghai Yilian Supermarket Company Limited
 - Shanghai Ailian Supermarket Company Limited
 - Shanghai Songlian Supermarket Company Limited
 - Wenzhou Yichu Ailian Supermarket Company Limited
 - Shanghai Cailian Supermarket Company Limited
 - Nantong Tonglian Supermarket Company Limited
 - Kunshan Tailian Supermarket Company Limited
 - C.P. Zonglian (Shanghai) Management Company Limited
 - Guangzhou Lotus Supermarket Chain Store Company Limited
 - Shanghai Changfa Shopping Center Company Limited
 - Nantong Tonglian Supermarket Company Limited
 - Zhengzhou Lotus Supermarket Chain Store Company Limited
 - Guangdong Huanantong Trading Development Company Limited
 - Foshan C.P. Lotus Management Consulting Company Limited
 - Zhejiang C.P. Lotus Supermarket Company Limited
 - Wuhan Lotus Supermarket Chain Store Company Limited
 - OHT Co., Ltd.
 - Siam Makro Holding (Thailand) Limited
 - Lotus Distribution Investment Limited
 - Yangtze Supermarket Investment Company Limited
- Executive Vice Chairman
- CP Lotus Corporation
 - Chia Tai (China) Investment Company Limited

Director

- True Visions Group Company Limited
- Chia Tai Qingdao Holdings (Hong Kong) Company Limited
- Chia Tai Xiangyang Holdings (Hong Kong) Company Limited
- Chia Tai Qingdao Holdings Company Limited
- Chia Tai Xiangyang Holdings Company Limited
- The ICONSIAM Superlux Residences Corporation Limited
- The ICONSIAM Residences Corporation Company Limited
- The ICONSIAM Company Limited
- The ICONSIAM Chaopraya River Holdings Company Limited

Vice Chairman

- Charoen Pokphand Group Co., Ltd.
- Panther Entertainment Company Limited
- Marketing and Distribution Business (Thailand)
- Marketing and Distribution Business (China)
- Real Estate & Land Development Business (China)
- Shanghai Kinghill Company Limited
- SM True Company Limited

Senior Executive Assistant to Chairman Charoen Pokphand Group “Global Talent Recruitment”

Chief Executive Officer, Shanghai Litai Logistics Company Limited

Governance Committee, Leadership Development Institute

5-Year Past Experiences and/or Remarkable Position

1995 – 1997	President, Ek-Chor Distribution (Thailand) Company Limited
1997 – 2002	President, Ek-Chor Trading (Shanghai) Company Limited
2007 – 2010	Director, CP Pokphand Company Limited
2008 – 2010	Director, True Visions Public Company Limited

(%) shareholding (as at December 30, 2016)

Held personally	0.00339
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

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

Attendance at the Board of Directors'

Meeting during 2016 :

5 times out of 7 meetings

Mr. Prasert Jarupanich

68 years old

Position :

Director

Appointment Date :

March 11, 1999

Education

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

Training by the Thai Institute of Directors Association (IOD)

2004 Director Certification Program (DCP)

2004 Finance for Non-finance Director

2008 Role of the Compensation Committee

Board Member/ Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

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

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding (as at December 30, 2016)

Held personally -None-

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

5 times out of 7 meetings

Mr. Pittaya Jearavisitkul

61 years old

Position :

Director and Vice Chairman of Executive Committee

Appointment Date :

March 11, 1999

Education

- Master Degree in Business Administration, Thammasat University
- Bachelor Degree in Economics (1st class Honor), Thammasat University

Training by the Thai Institute of Directors Association (IOD)

2000 Director Certification Program (DCP)

Board Member/ Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co.,Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, 24 Shopping Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

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

(%) shareholding* (as at December 30, 2016)

Held personally 0.02030

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

7 times out of 7 meetings

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Piyawat Titasattavorakul

63 years old

Position :

Director and Vice Chairman of Executive Committee

Appointment Date :

March 11, 1999

Education

- Bachelor Degree in Marketing, Ramkhamhaeng University

Training by the Thai Institute of Directors

Association (IOD)

2001 Director Certification Program (DCP)

Board Member/ Management in Listed Company

Present

- Director, Siam Makro Public Co., Ltd.

Position in Other Company/Organization/Institution

Present

- Director, ICONSIAM Co., Ltd.
- Director, The Iconsiam Residences Corporation Ltd.
- Director, The Iconsiam Superlux Residence Corporation Ltd.
- Director, The Iconsiam Chaopraya River Holdings Co., Ltd.
- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.

- Director, MAM Heart Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, Panyapiwat Technological College
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.
- Director, 24 Shopping Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

1996 – 1998 Vice President – Operation: C.P. Seven Eleven Public Co., Ltd.

(%) shareholding* (as at December 30, 2016)

Held personally 0.00150

Held by spouse or minor children 0.00002

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

7 times out of 7 meetings

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Tanin Buranamanit

53 years old

Position :

Director, Member of Executive Committee, Managing

Director and Chief Executive Officer

Appointment Date :

April 28, 2010

Education

- Bachelor Degree in Marketing, Thammasat University

Training by the Thai Institute of Directors

Association (IOD)

2010 Director Certification Program (DCP)

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Director, All Corporation Ltd.

5-Year Past Experiences and/or Remarkable Position

2012 Executive Vice President – Marketing, Operation and Human Resource, CP ALL Public Co., Ltd.

(%) shareholding* (as at December 30, 2016)

Held personally 0.00417

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

Attendance at the Board of Directors'

Meeting during 2016 :

6 times out of 7 meetings

* Remark

- Included Employee Joint Investment Program (EIIP)

- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, 24 Shopping Co., Ltd.
- Director, Albueria International Ltd.
- Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

2008 – 2011 Member, Accounting Standards Technical Assistance Subcommittee and Member, Accounting Systems Formulation Committee, Federation of Accounting Professions

(%) shareholding* (as at December 30, 2016)

Held personally 0.00265

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EIIP)

Mr. Supot Shitgasornpongse

63 years old

Position :

Company Secretary and Vice President – Accounting and Finance

Appointment Date :

August 13, 2008

Education

- Master of Science in Accounting, Thammasat University
- Bachelor of Accounting (1st Class Honor), Chulalongkorn University

Training by the Thai Institute of Directors

Association (IOD)

2003 Company Secretary Program
2004 Director Certification Program (DCP)
2014 Anti-Corruption: The Practical Guide

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Subcommittee on Tax Revenue, Thai Chamber of Commerce
- Banknote Management Committee, Banknote Management Group, Bank of Thailand

Mr. Kidsada Euapiyachart

64 years old

Position :

Secretary of Audit Committee and Vice President – Internal Audit

Education

- Master Degree in Business Administration, Southeastern University, USA
- Graduate Diploma in Auditing, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- Bachelor Degree in Accounting, The University of the Thai Chamber Commerce

Training by the Thai Institute of Directors Association (IOD)

- 2009 Company Secretary Program
- 2010 Audit Committee Program
- 2014 Anti-Corruption: The Practical Guide
- 2015 Anti-Corruption in Thailand: Sustaining the Momentum

Board Member / Management in Listed Company

-None-

Position in Other Company/Organization/Institution

-None-

5-Year Past Experiences and/or Remarkable Position

- 1988 – 2000 Deputy Manager, Internal Audit, Charoen Pokphand Group Co., Ltd.

(%) shareholding* (as at December 30, 2016)

Held personally 0.00074

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Wisade Wisidwinyoo

59 years old

Position :

Member of Executive Committee

Education

- Honorary Doctorate of Science, Rajamangala University of Technology Phra Nakhon
- Master Degree in Engineering, The University of Texas at Arlington
- Bachelor Degree in Engineering, King Mongkut's University of Technology Thonburi

Training by the Thai Institute of Directors Association (IOD)

- 2016 Ethical Leadership Program (ELP)

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Managing Director, CPRAM Co., Ltd.
- Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

- 2013 – 2014 Senior Vice President, CPRAM Co., Ltd.

(%) shareholding* (as at December 30, 2016)

Held personally 0.00124

Held by spouse or minor children 0.00089

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Suraphan Pussadej

68 years old

Position :

Senior Assistant Chief Executive Officer – Human Resource

Education

- Certificate Management Development Program, Kellogg School of Management, Northwestern University, USA
- Master of Art, Political Science, University of Detroit, USA
- Bachelor of Law (Honor), Thammasat University
- Barrister of Law, Thai Bar Association

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Chairman, Kanittapanitt Co., Ltd.
- Advisor, Civil Servant Commission for Bureaucratic Development
- Advisor, Walailuck University
- Director, Panyatara Co., Ltd.
- Director, Panyapiwat Institute of Management
- Director, All Training Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

2004 – 2005	Deputy Chief Executive Officer, S Khonkaen Public Co., Ltd.
1996 – 2004	Corporate Human Resource Director, Paper & Packaging Business, Siam Cement Group (SCG)

(%) shareholding* (as at December 30, 2016)

Held personally	0.00273
Held by spouse or minor children	0.00111

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EIIP)

- Director, 24 Shopping Co., Ltd.
- Director, Albuera International Ltd.
- Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding* (as at December 30, 2016)

Held personally	0.00220
Held by spouse or minor children	0.00288

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EIIP)

Mr. Taweesak Kaewrathtanapattama

60 years old

Position :

Senior Vice President – Accounting and Finance

Education

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

Training by the Thai Institute of Directors Association (IOD)

2007 Director Certification Program (DCP)

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Director, CPRAM Co., Ltd.
- Director, Counter Service Co., Ltd.
- Director, CP Retailink Co., Ltd.
- Director, Gosoft (Thailand) Co., Ltd.
- Director, MAM Heart Co., Ltd.
- Director, Dynamic Management Co., Ltd.
- Director, Suksapiwat Co., Ltd.
- Director, Panyatara Co., Ltd.
- Director, All Training Co., Ltd.
- Director, All Corporation Ltd.
- Director, OHT Co., Ltd.
- Director, Siam Makro Holding (Thailand) Ltd.

Mr. Chuan Nimkittikul

65 years old

Position :

Senior Vice President – Distribution Center Function

Education

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

Training by the Thai Institute of Directors Association (IOD)

2006 Finance for Non-finance Director

2006 Director Certification Program (DCP)

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Director, Dynamic Management Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding* (as at December 30, 2016)

Held personally	0.00806
Held by spouse or minor children	-None-

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EIIP)

Mr. Suwit Kingkaew

67 years old

Position :

Senior Vice President – Sustainable Development

Education

- Master Degree in Business Administration, Kasetsart University
- Bachelor Degree in Economics, Kasetsart University
- Senior Executives on justice administration programme National Justice Academy, Office of Judiciary

Training by the Thai Institute of Directors Association (IOD)

2005 Director Certification Program (DCP)

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Director, Panyapiwat Institute of Management

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding* (as at December 30, 2016)

Held personally 0.00307

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Kosa Pongsupath

65 years old

Position :

Senior Vice President – Information Technology

Education

- Bachelor Degree in Statistics, Kasetsart University

Training by the Thai Institute of Directors Association (IOD)

2016 Corporate Governance for Executives (CGE)

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Director, Gosoft (Thailand) Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding* (as at December 30, 2016)

Held personally 0.00341

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Chairj Tiwattmuncharoen

62 years old

Position :

Senior Vice President – Operation

Education

- Master of Business Administration (MBA), Sribatum University
- Bachelor of Engineering, Prince of Songkla University

Training by the Thai Institute of Directors Association (IOD)

-None-

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

-None-

5-Year Past Experiences and/or Remarkable Position

2007 - 2013 Vice President, CP ALL Public Co., Ltd.

(%) shareholding* (as at December 30, 2016)

Held personally 0.00232

Held by spouse or minor children 0.00303

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Skol Tejasataporn

63 years old

Position :

Senior Vice President – Purchasing

Education

- Bachelor of Arts in Economics, Thammasat University

Training by the Thai Institute of Directors

Association (IOD)

-None-

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

-None-

5-Year Past Experiences and/or Remarkable Position

2007 – 2013 Vice President, CP ALL Public Co., Ltd.

(%) shareholding* (as at December 30, 2016)

Held personally 0.00130

Held by spouse or minor children 0.00072

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Vichien Chuengviroj

61 years old

Position :

Senior Vice President – Corporate Asset and Facilities

Management

Education

- Master of Business Administration (MBA) – Marketing,
National Institute of Development Administration (NIDA)

Training by the Thai Institute of Directors

Association (IOD)

-None-

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

-None-

5-Year Past Experiences and/or Remarkable Position

-None-

(%) shareholding* (as at December 30, 2016)

Held personally 0.00059

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EJIP)

Mr. Yuthasak Poomsurakul

51 years old

Position :

Senior Vice President – Merchandising & Marketing

Education

- Master Degree in Marketing, Thammasat University
- Bachelor Degree in Business Administration,
Assumption University
- Bachelor Degree in Economics, Ramkhamhaeng
University

Training by the Thai Institute of Directors

Association (IOD)

-None-

Board Member/ Management in Listed Company

-None-

Position in Other Company/Organization/Institution

Present

- Director, CP Foodlab Co., Ltd.

5-Year Past Experiences and/or Remarkable Position

2011 – 2016 Vice President, CP ALL Public Co., Ltd.

(%) shareholding* (as at December 30, 2016)

Held personally 0.00102

Held by spouse or minor children -None-

Family Relationship among Directors and Executives

-None-

* Remark

- Included Employee Joint Investment Program (EJIP)

BUSINESS OVERVIEW

CP ALL Plc. (“the Company”) was established in 1988 by the Charoen Pokphan Group to operate the convenience store business in Thailand under “7-Eleven” trademark. The Company was granted a license to use the trademark from 7-Eleven, Inc., USA. In 1989, the first 7-Eleven outlet in Thailand was opened on Patpong Road. Furthermore, the Company operates other related businesses such as bill payment collection service (“Counter Service Co., Ltd.”), manufacturing and sale of convenience food and bakery products (“CPRAM Co., Ltd.”), sale and maintenance of retail equipment (“CP Retailink Co., Ltd.”) payment for products and services through smart cards (“Thai Smart Card Co., Ltd.”), information technology services (“Gosoft (Thailand) Co., Ltd.”), logistics services (“Dynamic Management Co., Ltd.”), marketing services (“MAM Heart Co., Ltd.”), educational institution (“Suksapiwat Co., Ltd.”), and training and business seminar services (“Panyatara Co., Ltd.” and “All Training Co., Ltd.”), including catalog sales and e-commerce business (Twenty Four Shopping Co.,Ltd.) ,and etc. In 2013, CPALL acquired Siam Makro Public Company Limited (“Makro”) operating membership based Cash and Carry trade centers in Thailand.

Policy and Company Direction

The Company has strategies to build sustainable growth and profits, to create value-added products and services for customers and society through quality and effective work processes, and to support a learning culture and development of employees through the corporate philosophy, vision and mission as follows:

Corporate Philosophy

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

Vision

We serve convenience to all communities.

Mission

To create customer engagement with innovative products and services and to enhance good relations with community and society.

With regards to 7-Eleven store expansion, the Company planned to further open approximately 700 new stores annually, with the milestone of 10,000 stores in 2017. With the strategy of being the convenience food store for Thai people, we emphasize on serving ready-to-eat food products with freshness, cleanliness and safety, as well as developing of new products with business partners to offer varieties of new products which are exclusively available in 7-Eleven stores. At the end of the year 2016, the Company had a total of 9,542 stores nationwide. Of the total, 4,245 stores are in Bangkok and its vicinities (44 percent) and 5,297 stores are in provincial areas (56 percent). Regarding type of store, there are 4,205 corporate stores (44 percent), 4,645 franchise stores (49 percent), and 692 sub-area license stores (7 percent). At present, an average of 11.7 million customers visits 7-Eleven stores each day.

In 2016, the Company expanded another 710 new stores, both as stand-alone stores and stores located in PTT gas stations to reach more target customers both in Bangkok and its vicinities and provincial areas. At the end of 2016, the Company had 8,210 stand-alone stores (86 percent) and 1,332 stores in PTT gas stations (14 percent).

Significant Changes and Developments

In 2016, CPALL continued to issue three times of Thai Baht bonds, which the proceeds from the bonds is used as the Company's working capital and to refinance bonds with maturity date in 2016. Information of the bond issuances in 2016 as follows:

- No. 1/2016 Amount of Baht 7,000 million and
- No. 2/2016 Amount of Baht 12,000 million. The proceeds from the bonds is used to refinance the Company's 3-year bonds no. 1/2013 with maturity date on October 31, 2016. As a result, at end-2016 the Company had eight times of bonds in 38 tranches, with a total amount of Baht 180,158.80 million.
- No. 3/2016 In addition, in 2016 the Company issued a new subordinated perpetual bond for the first time on November 30, 2016 amount Baht 10,000 million and they were successfully subscribed by both retail and institution investors.

In October 2016, the Company has established a company for research and development in food (CP Foodlab Co., Ltd.) at Thailand Science Park with the registered capital of Baht 5 million. This new company is totally invested by All Corporation Co., Ltd., CPALL wholly owned subsidiary. Meanwhile, In November 2016, there was also an establishment of demonstration school of "Panyapiwat Institute of Management". The curriculum allows high school students from M1 to M6, aiming to support learning activity of the Faculty of Education of PIM. The initial registered capital which stated in the charter for education business license is of Baht 50 million. This school is totally invested by Suksapiwat Co., Ltd., CP ALL wholly owned subsidiary.

In 2016, Counter Service Co., Ltd., CPALL's wholly owned subsidiary, increased capital amount Baht 30 million, which wholly invested by CPALL, making a total registered capital of Baht 100 million. The purpose of capital increase is to legitimate the notification of the Bank of Thailand in order to apply for an agent license for international money transfer in which only for inbound transfer as Thai Baht service.

Throughout 2016, the Company has undertaken to promote and improve the Company's corporate governance standards to the international level in order to build confidence to shareholders and stakeholders of all parties. The Company has appointed the Corporate Governance Committee, the Remuneration and Nomination Committee, consultant, and the Corporate Governance Subcommittee.

The Company has appointed an independent expert in the corporate governance area to assess and make recommendations to improve the Company's corporate governance to the international standard.

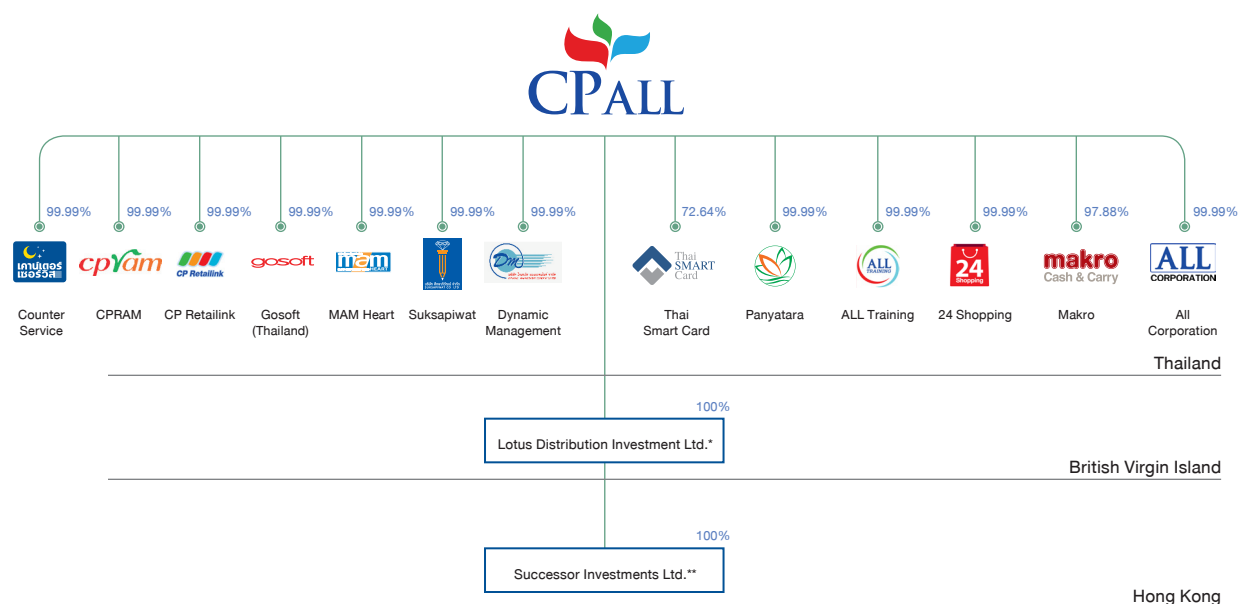
The Company has appointed a consultant on anti-fraud and anti-corruption to assess risk management systems, fraud management and anti-corruption policy guidelines relating to corruption as well as provide communication, training and awareness, and self-assessment evaluation of the Private Sector Collective Action Coalition Against Corruption Council ("CAC") to be certified as CAC member company. In addition, the Company has enrolled as a member of the International Charter of the United Nations (United Nations Global Compact-UNGC).

Group Structure of CP ALL Public Company Limited

As at December 31, 2016

The Company became a public company limited registration number 0107542000011 on March 12, 1999. As at December 30, 2016, the Charoen Pokphand Group held 37.99 percent of the Company's paid-up capital.

As at December 31, 2016, the group structure of the Company was as follows:



* As of October 31, 2008, the restructuring of supercenter business in the PRC was completed.

** LDI has invested 100% in Successor Investments Limited ("SI") on September 9, 2010

COMPANY HISTORY IN BRIEF

- 1988**
 - Granted the 7-Eleven license from 7-Eleven, Inc., USA
 - Established the Company to operate a convenience store business in Thailand under the “7-Eleven” trademark
- 1990**
 - Changed the Company’s name from “C.P. Convenience Store Co., Ltd.” to “C.P. Seven Eleven Co., Ltd.” and opened the first 7-Eleven outlet at Soi Patpong, Bangkok
- 1994**
 - Established Counter Service Co., Ltd. to operate the business of bill payment collection service
- 1996**
 - Established C.P. Retailing and Marketing Co., Ltd. to operate the business of manufacturing and sale of convenience food and bakery products
- 1997**
 - Officially opened Bang Bua Thong distribution center (DC4)
- 1998**
 - Established Lotus Distribution Investment Limited
 - Became a public company
 - Celebrated the 1,000th 7-Eleven store in Thailand
- 1999**
 - Established Retailink (Thailand) Co., Ltd. to operate the business of sale and maintenance of retail equipment
- 2000**
 - Joined with the China Retail Fund, LDC, a fund under the management of American International Group, to establish Yangtze Supermarket Investment Co., Ltd. to invest in the supercenter business in the PRC
 - Established Shanghai Lotus Supermarket Chain Store Co., Ltd.
- 2001**
 - Incorporated Thai Smart Card Co., Ltd. with 8 alliances
- 2002**
 - Celebrated the 2,000th 7-Eleven store in Thailand
 - Co-operated with PTT Public Co., Ltd. to exclusively open 7-Eleven stores in PTT gas stations

- 2003**
 - Established Gosoft (Thailand) Co., Ltd.
 - Established MAM Heart Co., Ltd.
 - Established Dynamic Management Co., Ltd.
 - Offered shares to the public and listed the Company on the Stock Exchange of Thailand
- 2004**
 - Established Suksapiwat Co., Ltd.
 - Awarded the Thailand Quality Class: TQC at the Thailand Quality Award 2004
- 2005**
 - Celebrated the 3,000th 7-Eleven store in Thailand
 - Officially opened Panyapiwat Techno Business School
- 2006**
 - Officially opened Suvarnabhumi distribution center (DC5)
 - Officially launched “Smart Purse” card and became the first convenience store in Thailand to offer payment of products and services with Smart Purse, a digital cash card
 - Established Panyatara Co., Ltd.
- 2007**
 - Established Panyapiwat Institute of Technology
 - Disposed the assets and investment of Supercenter business in the PRC
 - Changed the Company’s name from “C.P. Seven Eleven Public Company Limited” to “CP ALL Public Company Limited” and changed trading symbol from “CP7-11” to “CPALL”
- 2008**
 - Increased registered capital in Thai Smart Card Co., Ltd. to Baht 1,600 million on March 28, 2008
 - Completed the restructuring of supercenter business in the PRC on October 31, 2008
 - Received the highest vote in Thailand for “Asia’s 200 Most-Admired Companies” from The Wall Street Journal Asia’s survey

2009

- Celebrated the 5,000th 7-Eleven store in Thailand and the 20th anniversary of operating 7-Eleven in Thailand since the first outlet at Soi Patpong, moving towards convenience food store
- Became the first listed company in the Stock Exchange of Thailand in establishing an Employee Joint Investment Program (EJIP).
- Opened a regional distribution center in Surat Thani

2010

- Officially opened the second chilled distribution center in Suvarnabhumi (CDC2)
- Awarded as the 1st winner among Retailers in Thailand presented by Euromonitor International, KPMG and Retail Asia Magazine
- Received the Best CEO Award and the Best CFO Award in the Service Industry at the SAA Award for Listed Companies presented by the Securities Analysts Association
- Completion of assets disposition regarding a connected transaction on the investment in convertible preferred shares (CPS) issued by C.P. Lotus Corporation (C.P. Lotus) to C.P. Holding (BVI) Investment Company Limited (CPH). CPH paid cash for CPS in the amount of HKD 966.5 millions, equivalent to Baht 3,787.7 million on September 30, 2010
- Changed the name “Panyapiwat Institute of Technology” to “Panyapiwat Institute of Management” effective since November 23, 2010.

2011

- Officially opened the regional distribution center in Khon Kaen
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region (Asia’s Fab 50 Companies)

2012

- Officially opened the regional distribution center in Lamphun
- Changed the name “Panyapiwat Techno Business School” to “Panyapiwat Technological College” effective from January 4, 2012 onwards.

2013

- Celebrated the 7,000th 7-Eleven store in Thailand
- Acquired Siam Makro Public Company Limited, membership based Cash & Carry trade centers
- Achieved an inaugural bond issuance of Baht 50,000 million, the biggest issuing size of Thailand corporate bond
- Awarded Best-of-the-Best Retailers 2013, Asia Pacific, presented by Retail Asia Magazine in partnership with Euromonitor International and KPMG
- Received the CEO Econmass Award 2013 organized by The Economic Reporters Association

2014

- Reached 8,000 stores of 7-Eleven
- Successfully issued Debentures no. 1, 2 and 3/2014 totaling Baht 90,000 million
- Established Twenty Four Shopping Co., Ltd., operating on-line business
- Recognized by Forbes Magazine as the only Thai company to be ranked on the Forbes World's Most Innovative Companies
- Inaugurated the 16-storey building "CPALL Academy", Tara Park, Chaengwattana

2015

- Opened of 705 new 7-Eleven stores, adding up to a total of 8,832 7-Eleven stores
- Successfully issued Debentures no. 1 and 2/2015 totaling Baht 33,000 million.
- CPRAM Co., Ltd., CP ALL's subsidiary, received the "Deming Prize 2015" presented by the Union of Japanese Scientists and Engineers (JUSE). CPRAM was the first manufacturer in Thailand and the world to receive this prize
- Recognized by Forbes Asia Magazine as one of the 50 best biggest listed companies in the Asia Pacific Region in 2015 (Asia's Fab 50 Companies) for the five consecutive years.
- Recognized by Forbes Magazine as the most innovative company in Thailand for two consecutive years (Forbes World's Most Innovative Companies 2015), which ranked no. 3 in Asia Pacific region, and no.17 in the world.
- Received "Gold" certification from the Thai Green Building Institute
- Officially opened the regional distribution center for consumer products and temperature controlled products in Chon Buri and opened the distribution center for frozen products in Chiang Mai.

2016

- Opened of 710 new 7-Eleven stores, adding up to a total of 9,542 7-Eleven stores.
- Successfully issued Debentures no. 1 and 2/2016 totaling Baht 19,000 million to refinance Debentures with due maturity date
- Issued a new subordinated perpetual debenture for the first time on November 30, 2016 amount Baht 10,000 million and they were successfully subscribed by both retail and institution investors
- Established a company for research and development in food (CP Foodlab Co., Ltd.). This new company is totally invested by All Corporation Co., Ltd., CPALL wholly owned subsidiary
- Established a demonstration school of “Panyapiwat Institute of Management”. The curriculum allows high school students from M1 to M6, aiming to support learning activity of the Faculty of Education of PIM. This school is totally invested by Suksapiwat Co., Ltd., CP ALL wholly owned subsidiary
- Counter Service Co., Ltd., CP ALL’s wholly owned subsidiary, increased capital amount Baht 30 million, which wholly invested by CP ALL, making a total registered capital of Baht 100 million. The purpose of capital increase is to legitimate the notification of the Bank of Thailand in order to apply for an agent license for international money transfer in which only for Inbound Transfer as Thai Baht service
- Awarded as The Top-Pick Brand among retailers in Thailand on the Brand Footprint Report and Ranking conducted by Kantar Worldpanel
- Awarded as Thailand’s Most Admired Brand 2016 for four consecutive years from the research organized by BrandAge and selected as the leader among convenience store retailers
- Awarded as Marketeer No.1 Brand Thailand 2015-2016 in the convenience store category and frozen food product category under “Ezygo” brand. The award was presented by Marketeer Magazine to companies and brands that were the most popular among Thai consumer
- Received Energy-Saving Building-1st Level Badge in school and convenience store category from Metropolitan Electricity Authority in MEA Energy Saving Building Award 2015, with the objective to reduce energy usage. 14 branches of 7-Eleven stores passed the criteria and reduced the use of electricity under the condition of the MEA throughout 2016.

2016

- Received Excellence in Consistent TPM Commitment 2015 for CPRAM Co., Ltd., a company in the CP ALL Group which manufactures and distributes ready-to-eat food products. The award was presented by Japan Institute of Plant Maintenance (JIPM) to worldwide organizations that were successful in Total Productive Maintenance system (TPM). CPRAM was the first ready-to-eat Business manufacturer in Thailand who got this award
- Received Ishikawa - Kano Award (IKA) from Dr. Noriaki Kano for CPRAM Co., Ltd., a company in the CP ALL Group which manufactures and distributes ready-to-eat food products. CPRAM was selected by members of Asian Quality Network (ANQ) from 17 countries because the management has promoted, supported and encouraged Total Quality Management (TQM) among the whole organization.

NATURE OF BUSINESS

Revenue Structure

The Company's revenue is generated from net sales and services income, which can be divided into 3 business groups (data before elimination) as follows (For additional details, please refer to "Key Financial Information" section).

Groups of Business	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Convenience store (7-Eleven)	228,996	58	249,758	58	278,246	57
Cash and Carry (Makro) ^{/1}	142,537	36	155,914	36	172,792	36
Other businesses ^{/2}	24,593	6	28,288	6	32,701	7
Total revenues	396,126	100	433,960	100	483,739	100

^{/1} The Company acquired the business of Makro during 2013. Therefore, Makro's performance has been recorded from July – December 2013.

^{/2} Consists of CPRAM convenience food and bakery business, goods and bill payment collection service of CS, sale and maintenance business for retail equipment of CPR and other income from other subsidiaries

Convenience Store Business

Types of Products or Services

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

The Company has managed its convenience stores as a network of stores scattered in different areas such as residential areas, offices, educational institutes, tourist destinations, and gas stations, covering every area in every province across the country. In 2016, there were a total of 9,542 stores.

Types of 7-Eleven Stores

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

(Unit : stores)	2013	2014	2015	2016	No. of new store openings in 2016
Corporate Stores	3,248	3,570	3,908	4,205	297
Franchise Stores	3,593	3,916	4,257	4,645	388
Sub-Area License Stores	588	641	667	692	25
Total	7,429	8,127	8,832	9,542	710

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

2) Franchise Stores: The Company offers an opportunity for any person including employees to operate their own 7-Eleven stores under a franchise system. The Company will provide close support in operating the business, knowledge and understanding of management, principles of product assortment, as well as a financial system. Other supports are regular nationwide sales promotion and advertising plans. In addition, the Company steadily sends employees to advise new management techniques. A franchisee can either choose a new location or an existing store. In case a franchisee has his own location, the Company will help with the feasibility study without any charges. The term of the franchise agreement and the benefits depend on the type of franchise.

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

Product Mix of 7-Eleven

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

Products of the Company are categorized into 2 major groups. Foods and Beverage, accounting for approximately 70%, mainly include drinks, ready-to-eat foods and fruits, bakery products, desserts, and All Café. Non-food products excluding phone card, accounting for approximately 30%, mainly include personal care products and household products.

In addition, the stores offer various services to provide convenience and cater to the daily activities of customers such as bill payment. The Company has continuously expanded its alliance partners to cover a wider range of services. It offers payment service for more than 500 vendors with over 1,300 types of services. It also has online money refill machines, mobile top up vending machines and ATMs in front of the stores. Moreover, the Company has increased payment options for products and services through Alipay, UnionPay and credit card and provides a service for customers to drop off and receive products at stores.

Nature of Customers

The Company provides convenient services to customers through its network of stores which are scattered in every community. The Company's customer groups are diversified, including people of every gender and age with different occupations who live and engage in daily activities near 7-Eleven stores. On average, a total of 11.7 million customers nationwide per day purchased products and services from 7-Eleven stores in 2016, increasing from 10.9 million customers nationwide per day in 2015.

Customers who shop at each 7-Eleven stores have different demands for products and services, depending on the age group and store location. Thus, the Company tries to assort products appropriate for customer groups in each store location. Plans are also made to prepare sufficient products and services for different time periods that customers come in to shop. Each store has different time periods in which it sells well – daytime, nighttime, working days, weekends, or even holidays or important events in each area.

Strengths and Management Excellence

7-Eleven stores are categorized as small retail stores. For the past 29 years, the Company has continuously expanded its store network in order to cover and reach as many consumers as possible. Consequently, the Company has the highest market share in terms of chain convenience stores. In 2016, the Company opened 710 new stores. The proportion of stores in Bangkok and its vicinities is approximately 44%, while the proportion of stores in the provinces is approximately 56%. The Company's target is to reach 10,000 stores by 2017. Besides expansion in the number of new stores, the Company is committed to developing and improving existing stores to be modern, as well as maintaining the quality of growth together with the new stores.

The Company's market segmentation is based on geography, divided into Bangkok and its vicinities, and the provinces. The Company is expanding its target market to people using personal vehicles and travelers who use PTT gas stations. It has also prepared to serve new customer groups that are on a rising trend such as the elderly, tourists, foreigners working in Thailand, and people doing business at the borders who are increasing as a result of the AEC.

One of the Company's strengths is that more than 11.7 million customers nationwide per day visit 7-Eleven stores. The Company gives significant importance to customer insight to plan and adapt its strategies relating to assortment and development of products and services that have potential, are suitable, and can respond to the changes in a timely manner, in line with customer behavior of each group in each area.

Moreover, the Company has a vast network of business alliances, both inside the Charoen Pokphand Group that cover diverse businesses and countries as well the network of 7-Eleven stores from all over the world, that help support management capabilities and effectiveness through sharing of knowledge and best practices. The demands of customers are placed in the center in order to achieve good products and services that have quality, have reasonable prices, are differentiated, and increase selling opportunity.

In addition, the Company has large distribution centers covering all areas across the country. These distribution centers have modern and effective management systems ensuring that the stores receive products in a correct and timely manner, thus not losing any selling opportunities, and the Company is able to maintain product quality until it reaches the hands of consumers. The Company is the retailer with the largest distribution area in Thailand.

The Company's direct competitors are small modern trade stores, both traditional retailers and chain stores. Its indirect competitors are fast food restaurants, coffee shops, and stores that sell similar products, which offer alternatives for customers.

Marketing and Competition in the Convenience Store Business

2016 was another challenging year for the business sector as many factors had an impact on purchasing power and consumer confidence which continued to decline from 2015. These factors included household expenses and debt obligations and the drought problem which affected the income of the agricultural sector. Meanwhile, the tourism sector continued to grow. However, part of the tourism industry was affected by the regulation of “zero dollar scam” tour operators, which caused the number of Chinese tourists to fall. With regard to exports, exports started to recover. During the last quarter of the year, the country’s great loss had an effect on consumer spending. Consequently, the government issued measures to stimulate spending and domestic tourism through tax reduction policies so that more money will flow in the economy.

Even though the year 2016 was affected by many factors, due to the ability of retailers to adapt and find strategies that quickly meet the changing demands of consumers and that is also appropriate for the slowing economy, the Thai Retailers Association expects the overall Thai retail industry to grow 2 - 3 percent in 2016, similar to the growth of the economy.

In 2016, the number of retail stores in the form of chain convenience stores totaled 14,847 stores, increasing 832 stores (Source: Compilation by CP ALL Plc.). From this total, most were from the expansion of 7-Eleven stores, while other operators mostly made improvements to their existing stores. With regard to market share by the number of chain convenience stores, the Company has a market share of approximately 64%, followed by Tesco Lotus Express and Family Mart. Hence, Thai retail industry was worth approximately Baht 3.3 - 3.4 trillion. (Source: Thai Retailers Association)

43

Number of Convenience Stores, both in Communities and in Gas Stations

(Unit : stores)	2013	2014	2015	2016*
Stand alone convenience stores	10,404	11,153	11,727	12,410
• 7-Eleven stores	6,373	6,986	7,597	8,210
• Others	4,031	4,167	4,130	4,210
Convenience stores in gas stations	2,062	2,159	2,300	2,437
• 7-Eleven stores	1,056	1,141	1,235	1,332
• Others	1,006	1,018	1,065	1,105
Total convenience stores	12,466	13,312	14,027	14,847

Remark: Convenience outlets in chain store format

Source: Compilation by CP All Plc.

In 2017, the Thai economy is expected to improve following the recovery of the world economy. Continued growth of government investment especially in basic infrastructure, the dual-track train project, and the urban rail transit network serving the Greater Bangkok area will help build confidence in the business sector and stimulate related private investment. Business at border areas and tourism will be the major factors stimulating the domestic economy to grow and spending to recover in 2017.

One of the major obstacles of the retail business in 2017 is the ability to respond to external changes, competition, and the rapidly changing demands of consumers, especially in the era of competition and driving business with innovation. The government's announcement of the "Thailand 4.0" strategy has had an impact on commerce. Technology is used to drive the economy. As a result, the e-commerce marketplace and online marketplace now play a more important role, linking with stores with traditional storefronts, and have become a convenient and fast channel for buying and selling and payment in order to provide impressive experiences for customers.

Furthermore, at present, Thai society has continuously developed into an urban society. Household size, lifestyle, residence, and the traffic problem have been reflected in the way of living, the demands of consumers, and spending which have given greater priority to convenience and speed, respectively. As a result, small retail stores near home are an important alternative that corresponds to the changing behavior of consumers.

Business Strategy and Direction

Due to uncertain economic conditions, higher expenditures of consumers, as well as reduced income and purchasing power, there has been greater consideration and comparison of prices and quality with emphasis on value for money before making purchase decisions. In addition, consumer expectations are higher and competition has intensified. The Company realizes that it must swiftly formulate strategies that can promptly respond to consumer changes. Meanwhile, it must continuously develop and improve its management to be more effective in terms of cost management and fast and quality work processes. The Company implements a customer-centric approach and gives importance to all stakeholder groups in managing its business with the aim of growing sustainably in the future.

Challenges and Strategies to Respond to Consumer Changes

1. Strategy on store management in line with population structure and lifestyle in each area

The Company has a target of opening 700 new stores each year. The Company focuses on expanding its network of stores following the growth of communities, basic infrastructure, tourist destinations, and other areas with high potential, in order to provide convenience and serve the demands of customers to the utmost. The Company has also opened stand alone stores with parking spaces as well as expanded selling space in the stores to increase the variety of products and services offered, in response to the behavior of consumers who use personal vehicles and to expand services provided to customers. In addition, the Company has augmented business opportunity by expanding stores in the form of alliances

with business groups such as property developers, hospitals, and educational institutes, in order to open stores in condominiums, office buildings, universities and locations with high-income customers.

The Company also gives priority to investment for the improvement of existing stores to be constantly modern. It has changed the format of existing stores and developed products and services to match the behavior of different consumer groups in the radius of each store so that existing stores can fully serve the needs of customers.

2. Strategy on assortment and development of products and services to respond to the changing lifestyle of consumers

The Company continues to give importance to studying and understanding the behavior of consumers (customer insight), demographic changes of target customers, and lifestyle of different consumer groups. This information is used to plan strategies on assortment and development of products and services that have potential in accordance with the changes in society and behavior of customers in each group in each area. With the aim of being a full format 24 hour convenience food store, the Company has developed products and increased the proportion of products in the food and beverage category, especially ready-to-eat foods. In 2016, the Company increased the number of 7-Eleven stores selling chilled ready-to-eat meals to 6,000 stores to satisfy the behavior of customers that can eat up to 7 meals per day. The Company assorted menus for each meal – main dishes, snacks, desserts, and ready-to-eat fruits – to provide variety and options for customers. With regard to coffee and fresh bakery, the Company increased the number of “All Café” coffee corners and “Kudsan” shops to over 3,500 stores across the country. The Company also tested selling freshly cooked food at “Food Place” in Bangkok and the provinces.

Besides giving importance to products in the food and beverage category, the Company also focuses on assorting varied health and beauty products to correspond with the behavior of customers that care for their health and beauty as well as the elderly group that is on a rising trend in Thai society. The beauty products corner in the stores has also been expanded, along with the corner selling nonprescription drugs and “eXta” health products.

In terms of services, the Company continues to give importance to developing One-Stop Services to enhance convenience and speed for customers. With regard to Counter Service, the Company has expanded the variety of payment services offered to provide greater convenience to customers in line with their lifestyles. In 2016, over 500 business partners accepted payment through Counter Service for over 1,300 kinds of services. In addition, the Company expanded cooperation with educational institutes to make tuition payment available through Counter Service. Counter Service also accepts payment of excise tax, work permit fee, and social security fund contribution. Furthermore, the Company has tried delivery of small packages and products ordered online at leading websites via 7-Eleven stores nationwide. Customers can receive the packages 24 hours. “At All” delivery service is operated by Dynamic Management Co., Ltd.

3. Strategy on improving management effectiveness through process integration

In operating the convenience store business, every unit is a crucial part of the supply chain that must effectively work together to create competitive advantage as well as increase business opportunity with effective cost management. The Company recognizes the importance of developing and improving work processes through integration of work systems throughout the entire organization. This will increase flexibility and make the work processes more systematic, particularly work processes at the stores which is the direct point of contact with customers. Thus, it is essential to develop the work standard at stores in order to reduce time and duplicate work which will enable store employees to serve customers speedily. Moreover, the Company strives to integrate work processes relating to product distribution and other supporting units in order to improve performance, support store operations and continuous store expansion, and be prepared for new business opportunities.

4. Digital strategy to enhance convenience for customers in accessing the Company's products and services

Nowadays, technology plays a greater role in daily life and decision making. Therefore, businesses need to adapt to the digital society and be more than simply selling products through physical stores. Processes and systems have been developed to manage the omni-channel approach to assist customers to access the Company's products and services easily, anywhere and anytime, linking the offline store channel with the online channel. The Company has developed new channels to provide greater convenience for customers in accessing its products and services, including e-commerce under the management of 24 Shopping Co., Ltd. It also engages in digital marketing, sales promotion activities through mobile application to foster customer loyalty, as well as communicating news and receiving feedback from consumers through "7-Eleven Thailand" Facebook and "Line" application. In addition, increasing channels for payment of products and services is another matter that that Company gives importance to. In the past year, the Company developed the format for product payment in 7-Eleven stores by using barcode through Mobile Payment by Alipay Wallet and TrueMoney Wallet. Moreover, the Company increased electronic payment alternative by credit card to offer convenience to and stimulate spending of customers with high total amount per receipt, including Chinese tourists.

5. Strategy on creating business alliances for cooperation and further business advancement

To be a quality organization with sustainable growth, the Company must operate its business in harmony with business partners in the whole supply chain, from production until delivery to customers. Manufacturers, franchise operators, suppliers, transporters, as well as numerous small operators must all work as a team to strengthen the business and grow together. Therefore, the Company places importance on building networks and business alliances at many levels, both alliances within the Charoen Pokphand

Group that has diverse businesses as well as alliances with the worldwide 7-Eleven network, to exchange know-how and best practices. This will lead to increased capability to respond to customer demands as well as to assort and develop products and services that are differentiated and varied. The Company continues to develop the capability of suppliers such as manufacturers, franchise operators, transporters and small operators by sharing knowledge, providing advice and organizing trainings to augment their ability to drive their business forward alongside the Company's growth. Furthermore, the Company promotes creative thinking to create valuable innovations. The Company has joined with 11 government and private organizations, research teams and innovation incubator centers of various universities across the country to open opportunities for suppliers and Thai SMEs to present their innovative and quality products through competing for the "7 Innovation Awards" at the "Thailand Synergy for Thai SMEs" event. This helps convert knowledge within organizations to create value added for the Thai economy, society and country.

Besides the abovementioned major strategies, the Company gives importance to building a solid foundation and developing supporting factors at the same time in order to create secure and sustainable growth for the business.

1. Preparing capable and dedicated employees to be sufficient for business expansion

The Company fully recognizes that employees are key to the Company's operations and sustainable growth. Therefore, the Company has given importance to human resource development while managing the business under the corporate philosophy, "Through happy employees, we desire to see smiles from customers". The Company is committed to developing the potential of employees in the organization to be good and capable personnel and creating a positive atmosphere for successful teamwork. The Company focuses on learning and understanding the different needs of its personnel in different generations so that employees at all levels can work together in unity under a culture of "Harmony", "Blending similarities, harmonizing differences, creating unity, like a symphony". The Company pays special attention to the opinions and suggestions of employees through the Employee Engagement Survey which is conducted annually. The survey results are used to develop and improve work processes, employee welfare, and the professional advancement of employees at each level so that employees have devotion and pride in the Company. This will reflect in employees happily providing value and services to customers.

With more than 11.7 million customers per day and 9,542 stores nationwide, store employees are an integral part of the Company's success. Therefore, the Company has given priority to developing signature service by ingraining and promoting a service culture among employees at all levels, including service standard, personality standard, and model service. The Company believes that the origin of service excellence comes from employees who are happy, enjoy their work, and have a service mindset, ultimately leading to pleasant and memorable experiences for customers, differentiation, and long-term customer loyalty through the warm and friendly services of all employees.

To build capable personnel who are able to support the expansion of the country's retail business, the Company initiated and continuously promoted education and human resource development through the bilateral education system or work-based learning. The bilateral education system was developed in cooperation with the Office of Vocational Education through Panyapiwat Technological College which offers vocational level education and Panyapiwat Institute of Management which offers education at the bachelor's, master's and doctoral level, in both the Thai program and international program. It can be said that the Company has played a significant role in the development of the country's education system, especially in retail management to be up-to-date in line with the changes of consumers and modern business.

2. Preparing IT foundation to support business growth

At present, Thailand is entering the "Thailand 4.0" era where information technology will play a greater role in the way of life, including commerce, communication, work processes and various transactions. Information technology will also be an essential tool in creating business opportunities, whether reducing costs, increasing management efficiency, further building on new business formats, or utilizing information for business decisions.

In this connection, the Company gives great importance to preparing an IT foundation in order to effectively respond to the ever-changing business environment. The Company has prepared both systems and expert personnel to ensure that all work processes are smooth, fast, correct and effective, and can be further developed to support future business expansion. Moreover, the Company strives to improve the operational capacity of the stores and supporting units to enhance performance of the whole system. In addition, data from the system is analyzed for consumer insight. Development of Big Data Analysis will shape the way to business results.

Amid advancement in the current business world, policies on IT governance are an important issue that must go hand in hand with business operations. The Company is in the process of formulating its IT governance policy to control, review and oversee work processes, using IT to ensure that every work procedure is transparent and verifiable.

3. Developing innovation excellence to be a quality organization with sustainable growth

Amid the current changing business conditions, innovation is the heart of business operations. To create differentiation and further build secure and sustained growth, the Company promotes an "Innovation Culture" within the organization. The Company gives importance to learning and developing creative ideas in order to create valuable innovations to improve business efficiency and effectiveness. With regard to innovation within the organization, all employees are encouraged to join in creating innovation related to processes, products and new business concepts. This knowledge is disseminated through competition

during Innovation Days and the Process Excellence Award which is organized annually. With regard to innovation outside of the organization, CP All has collaborated with 11 government and private organizations, research teams and innovation incubator centers of various universities across the country to open opportunities for suppliers and Thai SMEs to present their innovative and quality products through competing for the “7 Innovation Awards” at the “Thailand Synergy for Thai SMEs” event. This helps convert knowledge within organizations to create value added for the Thai economy, society and country.

Delivery of Products and Services

The Company strives to continuously develop its value chain to deliver the best to customers. In terms of logistics development, in 2016 the Company has a total of 7 regional distribution centers for consumer products and 9 regional distribution centers for temperature-controlled products, making it the retailer with distribution centers covering the largest area in Thailand. The Company continues to give importance to increasing the number of distribution centers to support store expansion. The Company focuses on cost management and improvement of product delivery using automated technology to deliver products correctly and accurately to ensure product quality from manufacturers until reaching consumers.

Cash and Carry Business

Types of Products or Services

Siam Makro Public Company Limited is the operator of membership based Cash and Carry Trade Centres, registered under the name of “Makro”, throughout Thailand. Makro is committed to be 1st choice supplier to professional food business operators i.e. food retailers, HORECA, distributors, services and etc. Meantime, Makro enhances satisfaction for their core customers through various projects and activities for customer development. As a result, Makro currently has more than 3.0 million memberships. In addition, Makro continually develops products and services to truly meet the demands of retailers and professional food business operators. Furthermore, Makro has organized activities to help professional customers to be able to grow and be competitive in the current challenging environment under the campaign “Makro Retailer Alliance (MRA)” , “Food Retailer Day”, “Retail Expo” and “Makro Horeca”.

Makro Stores

At the end of 2016, Makro had a total of 107 stores, an increase of 16 stores. All Makro stores have been designed to serve customers who are business operators, with average selling space of 1,000 – 12,000 square meters per store depending on business potential and core customers of each store. The majority area is allocated for varied food products and is appropriately positioned according to the demands of core customers. Furthermore, Makro has been introduced a small frozen food shop so called “Siam Frozen” totaling of 8 stores.

Nature of Customers

Currently, Makro's core customer groups consist of:

Retailers : Retail operators selling consumer products that are scattered across the country, including grocery stores, minimarts and stationery stores

HoReCa : Operators of Hotels, Restaurants and Catering, including small restaurants, food stalls, and food carts. Most are small and medium sized operators that sell a variety of foods

Service businesses : Government agencies and various professional businesses including companies, government organizations, schools, beauty parlors, printing houses, laundry shops, and operators in the service sector

Future Business Plan

To ensure that Makro achieves its growth targets and business expansion amid intense competition and economic fluctuation, Makro has adopted a customer-centric strategy, focusing on developing business formats that can satisfy the different demands of various target groups, including retail customers and operators of Hotels, Restaurants and Catering (HoReCa). Makro has developed new store formats and new products and services as well as continued with development projects such as extending new operating systems to store level, developing platform for e-commerce and opening new distribution centers with the objective of supporting the main business coupled with building a strong foundation for the organization. In addition, Makro, as a subsidiary of CP All which is a company in the Charoen Pokphand Group, has good opportunity to use the knowledge, expertise and experience from the Charoen Pokphand Group, which is a food conglomerate in Thailand with experience in overseas market expansion, to augment its business strength to be able to grow sustainably in the future.

Please see additional details in Form 56-1 of Siam Makro Public Company Limited under Nature of Business Part.

RISK FACTORS

Risk from 7-Eleven Trademark Termination

The Company operates its convenience store business under the Area License Agreement entered with 7-Eleven, Inc., USA since November 7, 1988. Under the terms, the Company is granted a license to operate convenience stores in Thailand under the “7-Eleven” trademark including related trademarks and to obtain training and technical assistance in convenience store business from 7-Eleven, Inc. On August 20, 2003, 7-Eleven, Inc. entered into the Consent Agreement which is an agreement among the Company, the Charoen Pokphand Group (“CPG”) and 7-Eleven, Inc. under which 7-Eleven, Inc. has agreed to give consent to the public offering of shares and the listing of shares for trading on the Stock Exchange of Thailand. The Area License Agreement does not specify the term of the Agreement. However, both parties have the right to terminate the Agreement if any event stipulated in the conditions does occur or if there is any event which constitutes a cause for termination under the Consent Agreement and also results in termination of the Area License Agreement. In case the Area License Agreement is terminated, the Company will lose its right to use the trademark, which will significantly affect the Company’s business. In such case, the Company might also be required to pay damages to 7-Eleven, Inc. In addition, if the relationship between the Company or CPG and 7-Eleven, Inc. turns sour, the Company may not obtain appropriate assistance from 7-Eleven, Inc.

The Company’s Risk Management

For over the past 29 years of good business relationship, the Company has never had any critical conflict with 7-Eleven, Inc. Furthermore, the Company has followed the regulations as per the agreement since signed date i.e. by end of 2016 the Company operated 9,542 7-Eleven stores nationwide, which is higher than the minimum number of stores to be maintained under the agreement, royalty fee is regularly paid for the period of time as stipulated in agreement, or the Company continuously maintained a reputation of the trademark. The Company believes that the relationship of itself and CPG with 7-Eleven, Inc. remains good and that its business operation under the “7-Eleven” trademark is of mutual interest. So far, the business relationship and assistance have been satisfactory. The chance that such relationship will turn sour is unlikely. At present, there is no reason to believe that there would be any event that may negatively affect the relationship of the Company and CPG with 7-Eleven, Inc.

Risk from Distribution Center and Logistic Error or Problem

Most of the products sold in 9,542 7-Eleven stores nationwide are delivered via the Company’s distribution centers, with more than two thousand manufacturers and suppliers delivering their products to the distribution centers according to the given delivery date. Therefore, the distribution centers play a vital role in 7-Eleven’s business in distributing products to stores across the country in a correct, complete and timely manner. Errors or problems at the distribution center and disruption of transport route due to floods, fire, communication system and information technology failure, severe accidents, or any force majeure from the supply chain system from the manufacturer to distribution centers and then delivery at the stores, will have an adverse impact on the sales of all 7-Eleven stores and business opportunity, and may negatively affect the Company’s operating performance.

The Company's Risk Management

The Company has continuously reviewed its annual strategic plan in order to support the growth of new store openings to potential areas nationwide, together with an increase in same store sales turnover. For the distribution centers, the Company has continued to evaluate the adequacy of the capacity in line with the growing sales turnover and new store openings, including the crisis management in regard of the distribution center where one interrupted. In case additional distribution center needed, the key consideration is a prime location which is in the safety area and be able to operate at the most efficiency of delivery to store. Distribution centers should be distributed along the metropolitan areas and provincial areas across the country in order to diversify operating risk and to support store expansion in the future.

The Company has prepared and practiced the Incident Action Plan and conducted drill regularly planned to be ready to deal with various crises through 24 hours such as flooding, riots, fire, and blackouts. There is also a Crisis Assessment Team (CAT) which is responsible for providing warnings about the crisis to various departments in the risk areas so that they can prepare to deal with the crisis in a timely and appropriate manner. Business Continuity Management (BCM) includes using nearby distribution centers to deliver products, transporting products using large trucks, using alternative routes, finding alternative products, and establishing temporary distribution centers.

The Company has also collaborated with key suppliers to develop a Business Continuity Plan (BCP) to prepare products and deliver them during crisis to minimize the negative impact on the sales revenue. In addition, the Company has appropriately bought insurance to compensate for loss and to alleviate the cost burden that may occur in the future, covering distribution centers, stores and subsidiary companies.

By doing so, the Company believes that the distribution centers are sufficient to support store expansion plans in the future. On the other hand, the distribution centers can function as a secondary distribution network with each other across the country. In case if any place where a disruption or major transportation routes were not passable. The network can back up to replace at the most effectiveness.

Risk from Information Technology Error or Problem

The Company has invested in important information technology systems, comparable to the brain of the business, for ordering and communicating to all units in the supply chain to effectively deliver excellent services and create smiles for more than 11.7 million people per day. These systems include the store point of sale system, Call Center, ordering and delivery system, and etc. Therefore, an error or problem in the information technology systems will affect the business operations and ability to serve customers at 7-Eleven stores and may negatively affect the Company's operating performance.

The Company's Risk Management

The Company recognizes the importance of information technology in both the store and office level, including the supply chain systems being operate effectively with the continuity of business operations. The Company also reviewed its annual strategic plan in order to manage the software system in accordance with the requirements

of the business process of software engineering with reference to international standards which aimed at developing technology to improve processes and assets in the long term. Business development unit can collaborate with global partners to update technology system to accommodate the changing trend of the market.

In regard to managing of the hardware, the Company has 2 IT centers located in different areas – the Silom IT Center in Bangkok and Chaengwattana IT Center in Nonthaburi Province. These 2 IT centers support each other in case of any problem in one of the centers and ensure that in case of the worst unexpected situation happening to one of the IT centers, the IT system will be able to work as normal within an hour.

The Company has a full range of security system for its 2 IT centers, beginning with the design of their safety in every section under the proper environment. A backup generator systems, UPS, smoke and fire detection systems, intrusion detection systems and inhibit mobility, backup air conditioning, and power feed system pairs each, including system maintenance have been also installed. In addition, the Company set up a expert team to stabilize and secure IT system throughout 7days/ 24 hours to be ready for its operation continually. In addition, the Company regularly provides training and drills to concerning BCM team, the training will be given scenarios that could cause crisis to IT center on a variety of different situations to ensure that the team remains follow all the business continuity management (BCM) efficiently and timely. Furthermore, apart from regular check up by the internal audit team, an external audit company tests on the IT system annually for the highest assurance of the Company's information technology system.

53

Risk from Controlling Influence of the Charoen Pokphand Group

The Charoen Pokphand Group has direct and indirect control over the Company. In the Consent Agreement with 7-Eleven, Inc., CPG agrees to maintain its minimum shareholding ratio as well as its power to appoint and control the majority of the Company's directors. As at December 30, 2016, companies in the Charoen Pokphand Group continue to hold an aggregate 37.99 percent stake. Therefore, the Charoen Pokphand Group will be able to appoint the majority of the directors and remain influential to the management and administration of the Company, including consideration of or support for matters that require approval from the Company's shareholders.

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

The Company's Risk Management

Apart from the details of the connected transaction exhibits in the Articles of Association of the Company and the subsidiaries, the Company appointed independent directors and the Audit Committee to assure the best interests of all shareholders. In addition, the Company has formulated a policy and regulations concerning connected transactions as a guidance for business practice, including formulated a business administration policy which taking into account the interests of the Company towards all stakeholders equally.

In addition, the Company appointed Corporate Governance Committee as well as Corporate Governance Sub-committee served the interests of all stakeholders in accordance with the Company's corporate governance policy which be reviewed by the Company's external experts to assure the policies consistently lining up with international standard.

Risks from Laws and Government Policies

The Company manages the convenience store business and various supporting businesses under the CP All Group in Thailand. Its management is transparent and has always strictly complied with the government laws and policies such as the Consumer Protection Act, Price Control Act, Food and Drug Act, labor laws, and other by-laws of each locality. The government or government agencies may change laws, rules and regulations to benefit competitors and stakeholders more. This may materially affect the Company's strategy, goals, and business plan and the Company's performance may not achieve the set goals.

The Company's Risk Management

The Company has conducted business with taking into account the interests of all stakeholders. The Sustainable Development Committee and the Corporate Governance Sub-committee are responsible for monitoring that the Company operates its business with all stakeholder groups honestly and transparently in line with the principles of good corporate governance. Therefore, if there is any change in the laws relating to the business, the Company will be able to promptly adjust to the situation and control the impact to be at acceptable levels according to the organization's risk management.

In addition, the Company has established Legal and Compliance unit to oversee the implementation of laws and regulations to which the Company, working team, including the working unit that oversees the stakeholders established. These include the Product Liability Committee to look after the benefits of consumers and franchisees. The Company also has the Safety, Health and Environment Committee to take care of environments which may impact on society, communities around the stores and office, not to mention, the Call Center who provides advice and assistance regarding the Company's activities at timely manner, 24 hours.

Financial Risk

As at 31 December 2016, the Company had fixed interest rate Thai Baht bonds amounted to Baht 180,159 million or equal to 95% of the total amount of interest bearing debts. Net debt to equity of the Company was at 2.60 times which was higher than last year, whereas, net debt to equity as determined in the bond covenants was at 2.08 times which remained lower than the level for year 2016 stipulated in the covenants.

The Company's foreign exchange risk rose from normal business operations i.e. the purchase and sale of goods in foreign currencies which are relatively low. The Company primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. As at 31 December 2016, as per the consolidated financial states the Company's loans denominated in foreign currencies was amounted to Baht 695 million.

The Company's Risk Management

Risk management is integral to the whole business. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

At present, the Company's transaction associated with foreign exchange is relatively low, then, such risk shall not impact to the Company's business operation significantly (see notes 38 Financial Financial instruments).

Furthermore, most of the Company's interest bearing debts is in a form of fixed interest rate Thai Baht bonds totaling of Baht 180,159 million. The Company plans to continuously reduce leverage ratio by using internal cash flow from operation to repay loans; thus, such ratio tends to be lower. In addition, debt covenants of CPALL bonds are stipulated as follows:

as at December 31, 2015, net debt to equity not more than	5 : 1
as at December 31, 2016, net debt to equity not more than	3.5 : 1
as at December 31, 2017, net debt to equity not more than	2.5 : 1
as at December 31, 2018 and onwards, net debt to equity not more than	2 : 1

Risk from the Record of Goodwill and Intangible Assets

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives i.e. computer programme, customer database, and others, at which 2 - 10 years useful lives. Other intangible assets recognizes at cost, net of accumulated amortization and accumulated impairment losses. Amortization is calculated using the cost less the residual value associate with its remaining useful lives. On the other hand, other intangible assets that are acquired by the Group and have indefinite useful lives i.e. intellectual property, business license, etc. are appraised at cost less accumulated impairment losses.

The Company's Risk Management

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

GENERAL INFORMATION AND OTHER INFORMATION

General Information

(1) General Information of CP All Public Company Limited:

CP All Public Company Limited (“the Company”) is operating convenience stores under the “7-Eleven” trademark as a main business. The symbol of the Company’s stock trading in the Stock Exchange of Thailand is “CPALL”. The Company has registered as a Public Limited Company since March 12, 1999 and its registration number is 0107542000011.

As at December 31, 2016, the Company has registered capital at Baht 8,986,296,048, of which Baht 8,983,101,348 has been paid up. The paid-up capital comprises 8,983,101,348 ordinary shares with a par value of Baht 1 per share.

Company Head Office is located at

283 Silom Road, Silom Sub-district, Bangrak District, Bangkok

Telephone : 0-2677-9000

Fax : 0-2679-0050

Homepage : www.cpall.co.th

(2) Information of Subsidiaries that held by the Company more than 10% of total issued shares

1. Counter Service Co., Ltd.

Type of business : Bill payment collection and life insurance and non-life insurance broker

Registration number : 0105537086432

Head office : 119 Tara Sathorn Tower Floor 4-6th, Soi Sathorn 5, South Sathorn Road, Thungmahamek, Sathorn, Bangkok

Homepage : www.counterservice.co.th

Shareholding : 99.99%

Paid up capital : Baht 100 million

Par value : Baht 10 per share

2. CPRAM Co., Ltd.

Type of business : Manufacturing and sale of convenience foods and bakery

Registration number : 0105531097556

Head office : 177 Moo 4, Thanee-Lat Lum Kaeo Road, Raheang, Lat-Lumkaew, Pathum Thani

Homepage : www.cpram.co.th

Shareholding : 99.99%

Paid up capital : Baht 600 million

Par value : Baht 10 per share

3. CP Retailink Co., Ltd.

Type of business	:	Sale and maintenance of retail equipment
Registration number	:	0105538139521
Head office	:	159/30 Moo 3, Vibhavadee-Rangsit Road, Kwang Tarad- BangKhen, Khet Laksi, Bangkok
Homepage	:	www.cpretailink.co.th
Shareholding	:	99.99%
Paid up capital	:	Baht 20 million
Par value	:	Baht 10 per share

4. Gosoft (Thailand) Co., Ltd.

Type of business	:	Information technology services
Registration number	:	0105546003978
Head office	:	1 Siwadol Building 7 th Floor, Convent Road, Silom, Bangrak, Bangkok
Homepage	:	www.gosoft.co.th
Shareholding	:	99.99%
Paid up capital	:	Baht 20 million
Par value	:	Baht 10 per share

5. MAM Heart Co., Ltd.

Type of business	:	Marketing and Advertising services
Registration number	:	0105546015593
Head office	:	313 C.P. Tower 26 th Floor, Silom Road, Silom, Bangrak, Bangkok
Homepage	:	None
Shareholding	:	99.99%
Paid up capital	:	Baht 1 million
Par value	:	Baht 10 per share

6. Dynamic Management Co., Ltd.

Type of business	:	Logistics services and distribution of merchandise services
Registration number	:	0105546069812
Head office	:	119 Tara Sathorn Tower 8 th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Homepage	:	None
Shareholding	:	99.99%
Paid up capital	:	Baht 2 million
Par value	:	Baht 10 per share

7. Suksapiwat Co., Ltd.

Type of business	: Investment business in educational institution
Registration number	: 0105547012156
Head office	: 20/29 Moo 2, Ngarmwongwan Road, Bangkhen, Meung Nonthaburi, Nonthaburi
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 810 million
Par value	: Baht 10 per share

8. Panyatara Co., Ltd.

Type of business	: Training services
Registration number	: 0125549008181
Head office	: 58/5 Moo 2, Changwattana Road, Bang Talad, Prakret, Nonthaburi
Homepage	: www.panyatara.co.th
Shareholding	: 99.99%
Paid up capital	: Baht 1 million
Par value	: Baht 10 per share

9. Thai Smart Card Co., Ltd.

Type of business	: Payment of products and services through smart card
Registration number	: 0105544095999
Head office	: 191 Silom Complex 27 th Floor Suite 2, Silom Road, Silom, Bangrak, Bangkok
Homepage	: www.thaismartcard.co.th
Shareholding	: 72.64%
Paid up capital	: Baht 1,600 million
Par value	: Baht 10 per share

10. Panyapiwat Institute of Management

Type of business	: Educational institution
Registration number	: 4/2550
Head office	: 85/1 Moo 2, Changwattana Road, Bang Talad, Prakret, Nonthaburi
Homepage	: www.pim.ac.th
Shareholding	: 99.99%
Capital	: Baht 500 million

11. Panyapiwat Technological College

Type of business	: Educational institution
Registration number	: 326
Head office	: 20/29 Moo 2, Ngarmwongwan Road, Bangkhen, Meung Nonthaburi, Nonthaburi
Homepage	: www.panyapiwat.ac.th
Shareholding	: 99.99%
Capital	: Baht 273 million

12. True GS Co., Ltd.

Type of business	: Online business
Registration number	: 0105554069842
Head office	: 18 True Tower Ratchadapisek Road, Huay Kwang, Bangkok
Homepage	: None
Shareholding	: 10.0%
Paid up capital	: Baht 340 million
Par value	: Baht 100 per share

13. All Training Co., Ltd.

Type of business	: Training & seminar services
Registration number	: 0125555006666
Head office	: 58/5 Moo 2, Changwattana Road, Bang Talad, Prakret, Nonthaburi
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 1 million
Par value	: Baht 10 per share

14. All Corporation Co., Ltd.

Type of business	: Investment business
Registration number	: 0105556063400
Head office	: 119 Tara Sathorn Tower 8 th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 12.5 million
Par value	: Baht 10 per share

15. OHT Co., Ltd.

Type of business	: Investment business
Registration number	: 0105542017311
Head office	: 119 Tara Sathorn Tower, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 12.5 million
Par value	: Baht 100 per share

16. Siam Makro Holding (Thailand) Ltd.

Type of business	: Investment business
Registration number	: 0105544077206
Head office	: 119 Tara Sathorn Tower, South Sathorn Road, Thungmahamek, Sathorn, Bangkok
Homepage	: None
Shareholding	: 99.99%
Paid up capital	: Baht 1,066 million
Par value	: Baht 100 per share

17. Siam Makro Public Company Limited

Type of business	: Operation of cash and carry trade centre
Registration number	: 0107537000521
Head office	: No.1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok 10250
Homepage	: www.siammakro.co.th
Shareholding	: 97.88%
Paid up capital	: Baht 2,400 million
Par value	: Baht 0.50 per share

18. Lotus Distribution Investment Limited

Type of business	: Investment business
Registration number	: 297897
Head office	: P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Homepage	: None
Shareholding	: 100%
Paid up capital	: USD 206.2 million

19. Successor Investments Limited

Type of business : Investment business
 Registration number : 1452125
 Head office : 21/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
 Homepage : None
 Shareholding : 100%
 Paid up capital : HKD 1

20. Nanjing Zheng Yi Xin Trading Co., Ltd.

Type of business : Commercial Trading
 Registration number : 320100400049729
 Head office : 44 Shui Zuo Gang, Gulou District, Nanjing City, PRC
 Homepage : None
 Shareholding : 100%
 Paid up capital : USD 10 million

21. Successor (China) Investments Limited

Type of business : Investment business
 Registration number : 320100400051263
 Head office : Movie&TV City, Shiqiu Town, Lishui County, Nanjing City, PRC
 Homepage : None
 Shareholding : 100%
 Paid up capital : USD 195 million

22. Albuera International Limited

Type of business : Investment business
 Registration number : 1719885
 Head office : P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola,
 British Virgin Islands
 Homepage : None
 Shareholding : 100%
 Paid up capital : USD 1

23. Siam Food Services Limited

Type of business	:	Import and distribute premium fresh and frozen food products
Registration number	:	0105527032739
Head office	:	2439 Old Paknam Railway Road, Prakhonong, Klongtoey, Bangkok
Homepage	:	www.siamfoodservices.com
Shareholding	:	97.88%
Paid up capital	:	Baht 45 million
Par value	:	Baht 100 per share

24. Vina Siam Food Co., Ltd.

Type of business	:	Import and distribute premium fresh and frozen food products
Registration number	:	411043002045
Head office	:	44B, Phan Xich Long, Ward 3, Phu Nhuan Dist, Ho Chi Minh City, Vietnam
Homepage	:	www.vinasiamfood.com.vn
Shareholding	:	97.88%
Paid up capital	:	USD 2.5 million

25. 24 Shopping Co., Ltd.

Type of business	:	Catalog and e-Commerce Business
Registration number	:	0105557000380
Head office	:	119 Tara Sathorn Building, 9-10 th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok
Homepage	:	http://24shopping.co.th
Shareholding	:	99.99%
Paid up capital	:	Baht 30 million

26. Nanjing Tianqu Investment Management Co., Ltd.

Type of business	:	Investment Business
Registration number	:	310115001767940
Head office	:	Movie & TV City, Shiqiu Town, Lishui County, Nanjing City, The PRC
Homepage	:	None
Shareholding	:	100%
Paid up capital	:	Renminbi 1,150 million

27. Nanjing Tech University Pujiang Institute

Type of business	: Education Business
Registration number	: Su Min Zheng Zi No. 010192
Head office	: No. 96 Tangfeng Road, Shangfeng Town, Jiangning district, Nanjing city, The PRC
Homepage	: http://en.njpji.cn
Shareholding	: 100%
Paid up capital	: Renminbi 400 million

28. Makro ROH Co., Ltd.

Type of business	: Investment business in foreign countries as well as provide management and technical consultancy to support services to the Company's subsidiaries
Registration number	: 0105557153364
Head office	: No.1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok 10250
Homepage	: None
Shareholding	: 97.88%
Paid up capital	: Baht 466.25 million
Par value	: Baht 25 per share

29. Pro Mart Co., Ltd.

Type of business	: Sale of consumer products
Registration number	: 0105558034130
Head office	: No.1468 Phatthanakan Road, Suan Luang, Suan Luang, Bangkok 10250
Homepage	: None
Shareholding	: 97.88%
Paid up capital	: Baht 2.5 million with 100,000 shares at par value of Baht 25
Par value	: Baht 25 per share

30. ARO Company Limited

Type of business	: Marketing and consulting services in Myanmar
Registration number	: 889 FC/2014-2015
Head office	: Room No. 202 Condo A, Shwe Hinthar Condominium, Pyay Road, Hlaing Township, Yangon, Myanmar
Homepage	: None
Shareholding	: 97.88
Paid up capital	: USD 0.165 million
Par value	: USD 10 per share

31. Makro (Cambodia) Company Limited

Type of business	: Wholesale and related business
Registration number	: 00019245
Head office	: 344, Mao TseToung Blvd., SangkatToul, Svay Prey 1, Khan Chamkarmon, Phnom Penh
Homepage	: None
Shareholding	: 68.52
Paid up capital	: USD 2 million
Par value	: USD 10 per share

32. Nanjing Tech University Pujiang Institute Educational Development Fund

Type of business	: Private University
Registration number	: 53320000MJ553502XL
Head office	: Room 711 no. 199, Guangzhou Road, Nanjing City, The People's Republic of China
Homepage	: None
Shareholding	: 100
Paid up capital	: Renminbi 50 million

33. CP Foodlab Co.,Ltd

Type of business	: Research and development
Registration number	: 0135559021180
Head office	: 141 Moo 9, 6 th Floor Innovation Cluster 2, Tower D, Thailand Science Park, Phahon Yothin Road Klong 1, Khlong Luang, Pathum Thani
Homepage	: None
Shareholding	: 99.99
Paid up capital	: Baht 5 million
Par value	: Baht 10 per share

34. Panyapiwat Institute of Management Demonstration School

Type of business	: Education Institution
Registration number	: 02/2559
Head office	: 45/23 Moo 2, Bang Talat, Pak kret, Nonthaburi
Homepage	: None
Shareholding	: 99.99
Paid up capital	: Baht 50 million

(3) Other references

Registrar

Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building
93 Rachadapisek Road,
Din Daeng, Bangkok 10400
Telephone : 0-2009-9999 (Call Center)
Website : www.set.or.th/tsd

Auditor

Mr. Charoen Phosamritlert
Certified Public Accountant Registration No. 4068
KPMG Poomchai Audit Ltd.
195 Empire Tower, Floor 50-51
Sathorn Road, Sathorn District, Bangkok
Telephone : 0-2677-2060

The registrar and Bondholder Representative

Debenture No.1/2013

The registrar : Krungthai Bank Public Company Limited
977/3 SM Tower 4th Floor,
Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400
Telephone : 0-2298-0821 Ext. 108
Bondholder Representative : Siam Commercial Bank Public Company Limited
Tower Gland Rama IX, 17th Floor,
9 Rama IX Road, Huai Khwang Sub District, Huay Kwang District,
Bangkok 10310
Telephone : 0-2128-2316

Debenture No.1/2014, Debenture No. 2/2014, Debenture No.3/2014, and Subordinated Perpetual

Debenture No.1/2016

The registrar and : Krungthai Bank Public Company Limited
Bondholder Representative 977/3 SM Tower 4th Floor,
Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400
Telephone : 0-2298-0821 Ext. 108

Debenture No.1/2015, Debenture No.2/2015, Debenture No.1/2016, Debenture No.2/2016

The registrar : Krungthai Bank Public Company Limited
977/3 SM Tower 4th Floor,
Paholyothin Road, Sam Sen Nai, Payathai, Bangkok 10400
Telephone : 0-2298-0821 Ext. 108

Other Information

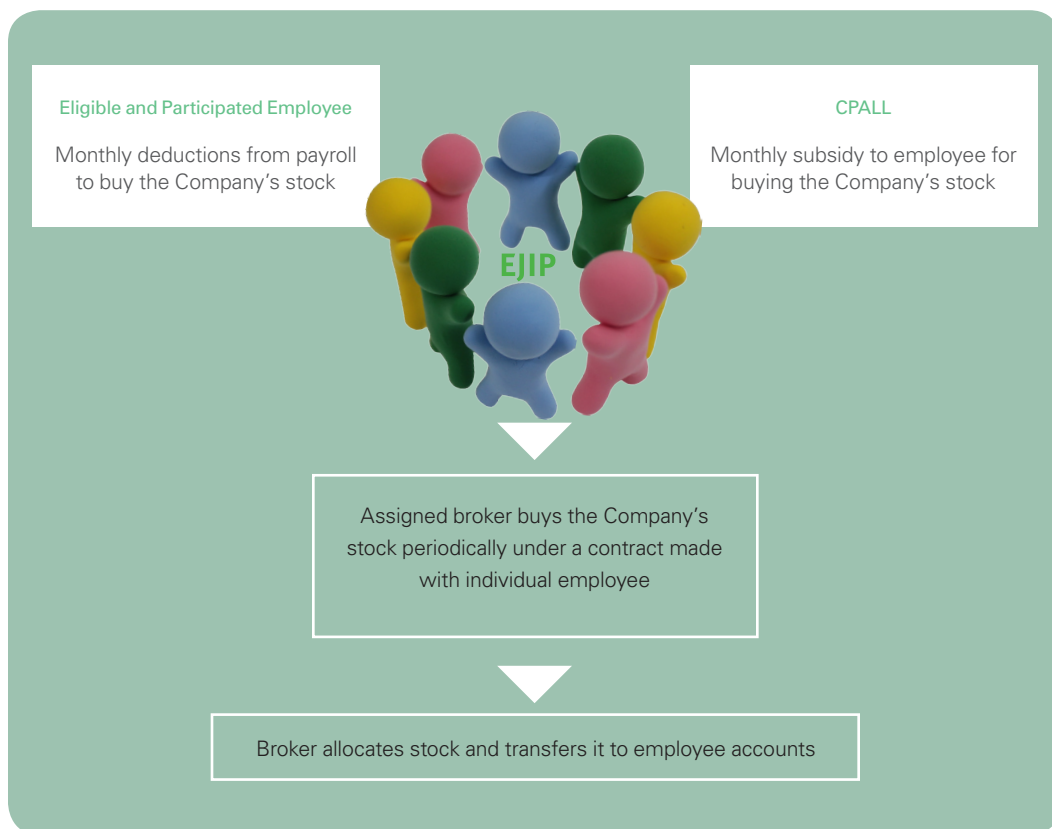
Summary of the Employee Joint Investment Program (EJIP) No. 2

CP All Public Company Limited and its subsidiaries have a policy for creating a sense of ownership, loyalty and the attempt of employees to grow along with the Company. Thus it has launched Employee Joint Investment Program (EJIP) No.2 with the following criteria.

1. Nature of EJIP

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

2. EJIP Arrangement



Type of Stock	Ordinary shares of CPALL trading in the Stock Exchange of Thailand
Frequency of Investment	Specified date on a monthly basis
Investment Amount (Per Employee)	Employee - 5% or 7% of salary (on a voluntarily basis) Company - 80% of the deductible amount from the employee in each month
Duration	July 2012 - June 2017 (Total 5 years)
Method of Payment	Buying - employee's deduction from monthly salary and the Company's contribution Selling - broker transfers money from stock sale to employee's bank account
Stock Purchase	Automatic purchase as stated in the contract
Stock Delivery	Delivered to individual employee account opened with the broker
Benefits to Employee	Employee receives dividend payment as shareholder Employee receives capital gain when the right to sell stock exist. Other rights such as rights issue, warrant, shareholders' meeting
Selling Stock	Employee has the right to sell stock during the specified period in the contract.
Tax	Employee must pay personal income tax on the contribution amount received from the Company. Company can claim tax deductible on the contribution amount.

3. Eligible Employee Under EJIP

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

DIVIDEND POLICY

The Company's Dividend Policy

In the consideration of dividend payment, the Company will consider operating performance and shareholder returns in the long-run. Payment of dividends will be according to the Company's regulations No. 36 and No. 37. The dividend payment will be distributed according to the number of shares, each share equally. The dividend payment must be approved by the Shareholders' Meeting. The Board may pay interim dividends to shareholders occasionally, if they find that the Company has sufficient profits to do so, and reports to the subsequent Shareholders' Meeting.

The Company's Board of Directors has a policy to propose a dividend payment to shareholders at approximately 50 percent of net profit generated from operations after income tax deduction and statutory reserves from the separate financial statement by contemplating consolidated financial statement.

However, the policy will be subject to change should the Board of Directors consider the financial standing, economics situation, operating performance, ability to pay financing charges and principal repayment and comply with debt covenants and future projects and find that it is appropriate to propose the shareholders otherwise.

In addition, the Company is obliged to comply with terms and conditions of various types of debentures. In case the Company is in default of interest payments or any payment related to debentures or postponement of interest payments on debenture (as the case may be), the Company will not pay dividends to shareholders.

Subsidiaries' Dividend Policy

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

Dividend Distribution

Dividend Payment	2011*	2012	2013	2014	2015
1. Earnings per share - Company only (Baht/share)	1.62	1.11	1.14	0.97	1.27
2. Annual Dividend					
• Total (Baht/share)	1.25	0.90	0.90	0.80	0.90
• Stock dividend (Baht/share)	1.00	-	-	-	-
3. Dividend payout - Company only	139%	81%	79%	83%	71%

Note: In 2011, CP ALL increased share capital in regard to stock dividend at the ratio of 1 existing share : 1 stock dividend

SECURITIES DETAILS AND SHAREHOLDING STRUCTURE

Securities of the Company

As at December 31, 2016, the Company registered capital with Ministry of Commerce was Baht 8,986,296,048, of which Baht 8,983,101,348 had been paid up. The paid up capital comprises of 8,983,101,348 ordinary shares with a par value of Baht 1 per share, entitling of 1 share / 1 vote.

Name list of Shareholders

Major Shareholders	As at 30 December, 2016	
	No. of shares	%
1. C.P. Merchandising Co., Ltd.*	2,934,773,700	32.670
2. Thai NVDR Co., Ltd.	598,165,816	6.659
3. Chase Nominees Limited	409,413,320	4.558
4. Littledown Nominees Limited	391,113,200	4.354
5. State Street Bank Europe Limited	309,674,555	3.447
6. Norbax, Inc.	295,207,191	3.286
7. UNS Agro Chemical Co., Ltd.	180,000,000	2.004
8. C.P. Foods Holding Ltd.*	177,850,000	1.980
9. The Bank of New York Mellon	162,716,464	1.811
10. Charoen Pokphand Group Co., Ltd. *	147,767,400	1.645
11. State Street Bank and Trust Company	124,068,695	1.381
12. Orient Success International *	60,470,000	0.673
13. Bangkok Produce Merchandising Plc. *	45,557,800	0.507
14. Worth Access Trading Limited *	23,374,000	0.260
15. Creative Light Investment Limited *	23,000,000	0.256
16. Others	3,099,949,207	34.509
Total	8,983,101,348	100.00

* Denotes companies in the Charoen Pokphand Group, with Chearavanont family as ultimate shareholder holding a combined shareholding of 37.99 percent of the total paid-up capital

Other Securities

The Extraordinary General Shareholders' Meeting No.2/2013 on September 19, 2013 and Annual General Meeting of Shareholders No.1/2014 dated April 24, 2014 and Annual General Meeting of Shareholders No.1/2016 dated April 21, 2016 approved the offering and issuance of the debentures up to Baht 195,000 million in order to repay loans and/or to be used as working capital.

As at December 31, 2016, the Company offered and issued debentures of 9 times in the total of 39 tranches, which total up to amount of Baht 190,158.8 million as details below:

1. Debentures No. 1/2013 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering	Public Offering, High net worth, and Institutional investors
Outstanding debenture value	Baht 38,158.8 million
Issue Date	October 31, 2013
Interest Payment Date	Twice a year on each April 30 and October 31 that the debentures are outstanding; the first interest payment date on April 30, 2014
Issue Rating	"A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	12,247,000,000	4.70%	31 October 2018
7 years	10,789,800,000	5.10%	31 October 2020
10 years	15,122,000,000	5.35%	31 October 2023

2. Debentures No. 1/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering	Public Offering, High net worth, and Institutional investors
Outstanding debenture value	Baht 40,000 million
Issue Date	March 27, 2014
Interest Payment Date	Twice a year on each September 27 and March 27 that the debentures are outstanding; the first interest payment date on September 27, 2014
Issue Rating	"A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
3 years	3,736,100,000	3.70%	27 March 2017
5 years	11,066,100,000	4.30%	27 March 2019
7 years	9,884,100,000	4.85%	27 March 2021
10 years	15,313,700,000	5.14%	27 March 2024

3. Debentures No. 2/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 40,000 million
Issue Date	August 22, 2014
Interest Payment Date	Twice a year on each February 22 and August 22 that the debentures are outstanding; the first interest payment date on February 22, 2015
Issue Rating	"A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
3 years	1,772,900,000	3.71%	22 August 2017*
3 years	4,578,000,000	3.71%	22 August 2017
5 years	3,451,200,000	4.25%	22 August 2019*
5 years	6,027,200,000	4.25%	22 August 2019
7 years	4,283,600,000	4.75%	22 August 2021*
7 years	3,236,000,000	4.75%	22 August 2021
10 years	6,212,100,000	5.05%	22 August 2024*
10 years	10,439,000,000	5.05%	22 August 2024

*The issuer's right to early redemption from August 22, 2015

4. Debentures No. 3/2014 Unsubordinated and secured debentures in registered name form with debentureholder representative

Offering	High net worth, and/or Institutional investors
Outstanding debenture value	Baht 10,000 million
Issue Date	December 26, 2014
Interest Payment Date	Twice a year on each June 26 and December 26 that the debentures are outstanding; the first interest payment date on June 26, 2015
Issue Rating	"A (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
3 years	6,000,000,000	3.45%	26 December 2017
12 years	4,000,000,000	4.80%	26 December 2026*

*The issuer's right to early redemption from December 26, 2021

5. Debentures No. 1/2015 Subordinated and unsecured debentures in registered name form

Offering	Public Offering
Outstanding debenture value	Baht 20,000 million
Issue Date	March 20, 2015
Interest Payment Date	Twice a year on each September 20 and March 20 that the debentures are outstanding; the first interest payment date on September 20, 2015
Issue Rating	"A- (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
2 years	9,850,000,000	3.55%	20 March 2017
5 years	10,150,000,000	4.10%	20 March 2020*

*The issuer's right to early redemption from March 20, 2016

6. Debentures No. 2/2015 Subordinated and unsecured debentures in registered name form

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 13,000 million
Issue Date	June 30, 2015
Interest Payment Date	Twice a year on each December 30 and June 30 that the debentures are outstanding; the first interest payment date on December 30, 2015
Issue Rating	"A- (tha)" by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
3 years	2,500,000,000	2.98%	30 June 2018
5 years	1,500,000,000	3.65%	30 June 2020
7 years	3,000,000,000	4.10%	30 June 2022
10 years	6,000,000,000	4.45%	30 June 2025*

*The issuer's right to early redemption from June 30, 2022

7. Debentures No. 1/2016 Subordinated and unsecured debentures in registered name form

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 7,000 million
Issue Date	March 18, 2016
Interest Payment Date	Twice a year on each September 18 and March 18 that the debentures are outstanding; the first interest payment date on September 18, 2016
Issue Rating	“A- (tha)” by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
5 years	1,382,000,000	2.95%	18 March 2021
7 years	937,000,000	3.40%	18 March 2023
10 years	2,074,000,000	4.00%	18 March 2026*
12 years	2,607,000,000	4.15%	18 March 2028**

*The issuer's right to early redemption from June 18, 2021

**The issuer's right to early redemption from June 18, 2023

8. Debentures No. 2/2016 Subordinated and unsecured debentures in registered name form

Offering	High net worth and/or Institutional investors
Outstanding debenture value	Baht 12,000 million
Issue Date	August 26, 2016
Interest Payment Date	Twice a year on each February 26 and August 26 that the debentures are outstanding; the first interest payment date on February 26, 2017.
Issue Rating	“A- (tha)” by Fitch Ratings (Thailand) Limited

Series	Debenture Value (Baht)	Interest Rate	Maturity Date
3 years	5,901,000,000	2.49%	26 August 2019
7 years	500,000,000	3.25%	26 August 2023
10 years	748,000,000	3.68%	26 August 2026
12 years	4,851,000,000	4.00%	26 August 2028

9. Subordinated perpetual debentures No.1/2016 payable upon dissolution with the issuer's right to early redemption and unconditional interest deferral.

Offering	Public offering and/or Institutional investors
Outstanding debenture value	Baht 10,000 million
Issue Date	November 30, 2016
Interest Rate	<p>Year 1-5 : Interest rate at 5.0%</p> <p>Year 6-10 : Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 0.5 percent per year.</p> <p>Year 11-50 : Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 1.0 percent per year.</p> <p>Year 51 onwards : Interest rate equal to the sum of (a) five-year government bond yields * (b) Initial Credit Spread 3.13 percent per year, (c) the rate of 2.0 percent per year.</p>

Interest rate will be adjusted every five years based on the government's five-year bond yields at the end of day two day prior to the interest-rate adjustment date

Interest Payment Date	Twice a year on each May 30 and November 30 that the debentures are outstanding; the first interest payment date on June 30, 2017.
Redemption right	<p>Issuer has the right to redeem the debentures in the following cases:</p> <ol style="list-style-type: none"> 1. The Issuer's right to redeem the debentures on 5-year maturity date starting from the issue date, which is on November 30, 2021 (the first day to exercise redemption right) or on each interest payment date the first day to exercise redemption right 2. The issuer's right to redeem in case the Revenue Department or related departments changes the rule so that the issuer cannot treat interest paid to debenture holders as tax deductible expense for tax purposes 3. The issuer's right to redeem in case the credit rating changes the rating of the debenture so that the issuance of the debenture can be treated as part of Equity Credit less 4. The issuer's right to redeem in case of a change of accounting principle and methods the issuance of the debenture can be treated as part of Equity Credit less
Issue Rating	"BBB (tha)" by Fitch Ratings (Thailand) Limited

Shareholdings of the Company by Directors

As of December 31, 2016

Name/Designation	2016		2015		Increase/ Decrease
	No. of share (shares)	% to paid-up 8,983,101,348	No. of share (shares)	% to paid-up 8,983,101,348	
Prof. Dr. Komain Bhatarabhirom Chairman of Audit Committee and Independent Director	-	0.00000%	-	0.00000%	-
Mr. Pridi Boonyoung Audit Committee and Independent Director	681,478	0.00759%	681,478	0.00759%	0.0000%
Mr. Padoong Techasarintr Corporate Governance Committee, Remuneration and Nomination Committee, Audit Committee, and Independent Director	9,824	0.00011%	9,824	0.00011%	0.0000%
Adjunct Professor Prasobsook Boondech Chairman of the Corporate Governance Committee and Independent Director	-	0.00000%	-	0.00000%	-
Mr. Suphachai Phisitvanich* Independent Director	-	0.00000%	-	0.00000%	-
Police General Phatcharavat Wongsuwan Corporate Governance Committee, Remuneration and Nomination Committee, and Independent Director	-	0.00000%	-	0.00000%	-
Mr. Dhanin Chearavanont Chairman and Chairman of the Remuneration and Nomination Committee	1,531,476	0.01705%	1,531,476	0.01705%	0.0000%
Mr. Korsak Chairasmisak Vice Chairman and Chairman of Executive Committee	8,755,617	0.09747%	8,624,550	0.09601%	1.5197%
Mr. Adirek Sripratak Director	-	0.00000%	-	0.00000%	-
Mr. Umroong Sanphasitvong Director, Corporate Governance Committee, Remuneration and Nomination Committee, and Member of Executive Committee	-	0.00000%	-	0.00000%	-

Name/Designation		2016		2015		Increase/ Decrease
		No. of share (shares)	% to paid-up 8,983,101,348	No. of share (shares)	% to paid-up 8,983,101,348	
Mr. Soopakij	Chearavanont	222,396	0.00248%	222,396	0.00248%	0.0000%
Director						
Mr. Narong	Chearavanont	304,802	0.00339%	304,802	0.00339%	0.0000%
Director						
Mr. Prasert	Jarupanich	-	0.00000%	-	0.00000%	-
Director						
Mr. Pittaya	Jearavisitkul	1,823,301	0.02030%	1,763,262	0.01963%	3.4050%
Director and Vice Chairman of Executive Committee						
Mr. Piyawat	Titasattavorakul	136,738	0.00152%	192,326	0.00214%	-28.9030%
Director and Vice Chairman of Executive Committee						
Mr. Tanin	Buranamanit	374,646	0.00417%	326,045	0.00363%	14.9062%
Director, Member of Executive Committee, Managing Director and Chief Executive Officer						
Total shareholdings by Directors		13,840,278	0.15407%	13,656,159	0.15202%	1.348%

* Prof. Suphachai Phisitvanich passed away on January 19, 2016

Shareholdings of the Company by Management

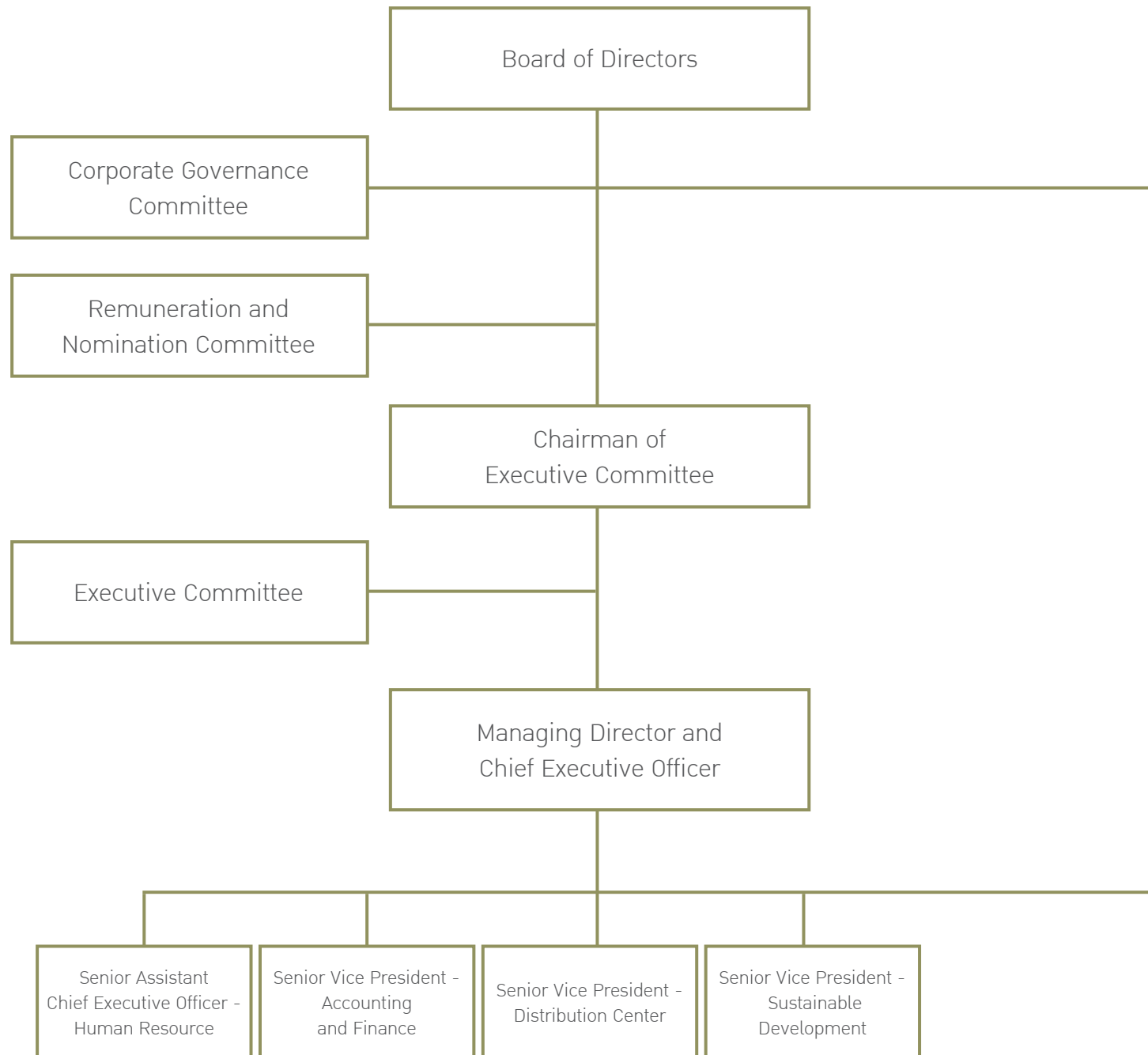
As of December 31, 2016

Name/Designation		2016		2015		Increase/ Decrease
		No. of share (shares)	% to paid-up 8,983,101,348	No. of share (shares)	% to paid-up 8,983,101,348	
Mr. Wisade	Wisidwinyoo	191,904	0.00214%	96,982	0.00108%	97.8759%
Member of Executive Committee						
Mr. Suraphan	Pussadej	344,914	0.00384%	357,078	0.00397%	-3.4065%
Senior Assistant Chief Executive Officer – Human Resource						
Mr. Chuan	Nimkittikul	723,972	0.00806%	704,886	0.00785%	2.7077%
Senior Vice President – Distribution Center						
Mr. Suwit	Kingkaew	276,152	0.00307%	610,650	0.00680%	-54.7774%
Senior Vice President – Sustainable Development						

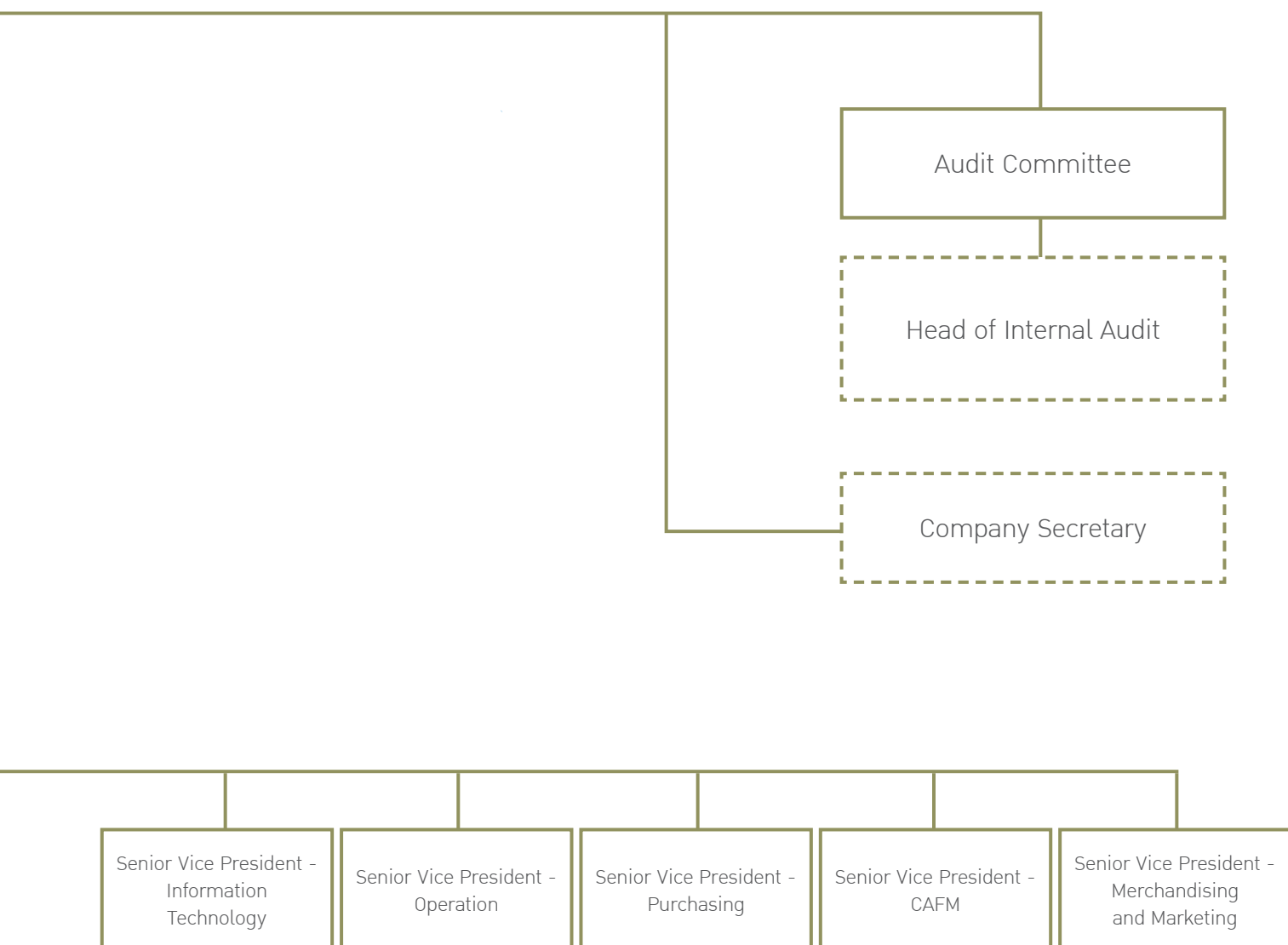
Name/Designation	2016		2015		Increase/ Decrease
	No. of share (shares)	% to paid-up 8,983,101,348	No. of share (shares)	% to paid-up 8,983,101,348	
Mr. Taweesak Kaewrathtanapattama Senior Vice President – Accounting and Finance	456,134	0.00508%	402,745	0.00448%	13.2563%
Mr. Kosa Pongsupath Senior Vice President – Information Technology	306,666	0.00341%	287,580	0.00320%	6.6368%
Mr. Skol Tejasataporn Senior Vice President – Purchasing	181,631	0.00202%	166,289	0.00185%	9.2261%
Mr. Chairroj Tiwatumcharoen Senior Vice President – Operation	480,107	0.00534%	455,260	0.00507%	5.4578%
Mr. Vichien Chuengviroj Senior Vice President – Corporate Asset and Facilities Management	52,811	0.00059%	47,726	0.00053%	10.6546%
Mr. Yuthasak Poomsurakul Senior Vice President – Merchandising & Marketing	91,199	0.00102%	69,960	0.00078%	30.3588%
Mr. Supot Shitgasornpongse Company Secretary	237,637	0.00265%	216,382	0.00241%	9.8395%
Mr. Kidsada Euapiyachart Secretary of Audit Committee	66,370	0.00074%	53,233	0.00059%	24.6783%
Total shareholdings by Management	3,409,533	0.03795%	3,468,771	0.03861%	-1.708%
Total shareholdings by Directors and Management	17,249,811	0.19203%	17,124,930	0.19063%	0.729%

MANAGEMENT STRUCTURE

Company's Management Structure as of 31 December 2016



☐ Executives who shall declare remuneration



1. Board of Directors

As of 31 December 2016, the Company's Board of Directors consists of 15 members including:

1. Executive Directors 5 persons
2. Non-Executive Directors 10 persons, which are as follows:
 - Independent Directors 5 persons (account for one-third of Board members)
 - Non-managing Directors 5 persons

Names of the Board of Directors

1.	Prof. Dr. Komain	Bhatarabhirom	Independent Director
2.	Mr. Pridi	Boonyoung	Independent Director
3.	Mr. Padoong	Techasarintr	Independent Director
4.	Adjunct Professor Prasobsook	Boondech*	Independent Director
5.	Police General Phatcharavat	Wongsuwan	Independent Director
6.	Mr. Dhanin	Chearavanont	Chairman
7.	Mr. Korsak	Chairasmisak ¹	Vice Chairman and Chairman of Executive Committee
8.	Mr. Adirek	Sripratak ²	Director
9.	Mr. Umroong	Sanphasitvong ²	Director, Member of Executive Committee
10.	Mr. Soopakij	Chearavanont ²	Director
11.	Mr. Narong	Chearavanont ²	Director
12.	Mr. Prasert	Jarupanich ²	Director
13.	Mr. Pittaya	Jearavisitkul ¹	Director and Vice Chairman of Executive Committee
14.	Mr. Piyawat	Titasattavorakul ¹	Director and Vice Chairman of Executive Committee
15.	Mr. Tanin	Buranamanit ¹	Director, Member of Executive Committee, Managing Director and Chief Executive Officer

* Assumed position on 21 April 2016

* Directors No. 7-15 are Authorized Directors

Authorized Directors:

Certification documents of the Company stipulate that the binding signatures must include 2 authorized directors - consisting of any authorized director from both Executive¹ and Non-Executive² members, excluding the Chairman and Independent Directors for the existence of independence in compliance with good corporate governance principles. Both directors must sign and affix the Company's seal.

Definition

Executive Directors:

The directors who hold a position in the management and are involved in the day-to-day operations of the organization.

Non-Executive Directors:

The directors who do not hold a position in the management, may or may not be an independent director, and are not involved in the day-to-day operations of the organization.

Independent Directors:

Independent or outside directors who are not engaged in the day-to-day management of the organization and are not major shareholders. Furthermore, independent directors must have no such connection with a major shareholder, group of major shareholders, or other stakeholders.

Position in Sub-Committees

Name List	Audit Committee	Corporate Governance Committee	Remuneration and Nomination Committee
1. Prof. Dr. Komain Bhatarabhirom*	Chairman	-	-
2. Mr. Pridi Boonyoung*	Committee	-	-
3. Mr. Padoong Techasarintr*	Committee	Committee	Committee
4. Adjunct Professor Prasobsook Boondech*	-	Chairman	-
5. Police General Phatcharavat Wongsuwan*	-	Committee	Committee
6. Mr. Dhanin Chearavanont	-	-	Chairman
7. Mr. Korsak Chairasmisak	-	-	-
8. Mr. Adirek Sripratak	-	-	-
9. Mr. Umroong Sanphasitvong	-	Committee	Committee
10. Mr. Soopakij Chearavanont	-	-	-
11. Mr. Narong Chearavanont	-	-	-
12. Mr. Prasert Jarupanich	-	-	-
13. Mr. Pittaya Jearavisitkul	-	-	-
14. Mr. Piyawat Titasattavorakul	-	-	-
15. Mr. Tanin Buranamanit	-	-	-

Note: * Director No. 1, 2, 3, 4 and 5 are Independent Directors with qualifications of an Independent Director in compliance with the Company's requirements.

Board of Directors' Meeting

- The Board of Directors' Meeting is held once every quarter. The dates of the Board of Directors' Meetings are predetermined one year in advance so that directors can arrange their schedule to attend the meeting. However, additional meetings may be called if there are special matters that require the Board's approval.
- In 2016, a total of 7 Board of Directors' Meetings were held which was appropriate for the duties and responsibilities of the Board and the operations of the Company in the previous year.

3. The meeting's invitation, agenda and relevant documents were sent to the directors at least 7 days prior to the meeting date to allow sufficient time for the directors to study the information before decision-making. In the consideration of any issue, the directors are entitled to look at or check the related documents; ask the management to provide additional information; and bring in outside consultants or experts to provide advice, at the Company's expense.
4. In every meeting, the management had been asked on questions raised by directors. The directors exercised careful, independent and transparent judgment with fair consideration for the interests of shareholders and stakeholders. Directors with vested interests in the matter under consideration must leave the meeting during consideration of that matter. The Chairman also provided sufficient time for directors to discuss problems and possible solutions. Executives related to the presented agenda item were invited to the meeting to provide additional details and answer questions.
5. After the Board of Directors' Meetings, the minutes were prepared, approved by the Board and filed at the Company Secretary Office for future reference and verification by directors and related persons.

Names of the Board of Directors and Board Members Attendance for the Year 2016 (Number of Times) (As of 31 December 2016)

Name List	Positions	Number of Meetings (7 times)	Shareholders' Meetings (1 time)
1. Prof. Dr. Komain Bhatarabhirom	Independent Director	7/7	1/1
2. Mr. Pridi Boonyoung	Independent Director	6/7	1/1
3. Mr. Padoong Techasarintr	Independent Director	6/7	1/1
4. Adjunct Professor Prasobsook Boondech*	Independent Director	5/7	0/1
5. Police General Phatcharavat Wongsuwan	Independent Director	6/7	1/1
6. Mr. Dhanin Chearavanont	Chairman	5/7	0/1
7. Mr. Korsak Chairasmisak	Vice Chairman	7/7	1/1
8. Mr. Adirek Sripratak	Director	6/7	1/1
9. Mr. Umroong Sanphasitvong	Director	7/7	1/1
10. Mr. Soopakij Chearavanont	Director	5/7	0/1
11. Mr. Narong Chearavanont	Director	5/7	0/1
12. Mr. Prasert Jarupanich	Director	5/7	0/1
13. Mr. Pittaya Jearavisitkul	Director	7/7	1/1
14. Mr. Piyawat Titasattavorakul	Director	7/7	1/1
15. Mr. Tanin Buranamanit	Director	6/7	1/1

* Prof. Prasobsook Boondech was selected to be Director at the Annual General Meeting of Shareholders on 21 April 2016 and first attended the Board of Directors Meeting No. 3/2016 on 11 May 2016.

2. High-Level Executives

As of 31 December 2016, the Company had a total of 15 high-level executives consisting of

- Executive Committee 6 persons
- Executive Officers 10 persons (1 person is also in the Executive Committee)

2.1 Executive Committee

The Executive Committee consists of at least 3 persons who are the Company's directors and/or the executives of the Company as approved by the Chairman of the Executive Committee. At each Executive Committee Meeting, the Executive Committee may invite other persons such as the representative from the management and/or external advisors to join the meeting as deemed necessary.

The Company's Executive Committee is as follows:

1.	Mr. Korsak	Chairasmisak	Chairman of Executive Committee
2.	Mr. Pittaya	Jearavisitkul	Vice Chairman of Executive Committee
3.	Mr. Piyawat	Titasattavorakul	Vice Chairman of Executive Committee
4.	Mr. Umroong	Sanphasitvong	Member of Executive Committee
5.	Mr. Tanin	Buranamanit	Member of Executive Committee
6.	Mr. Wisade	Wisidwinyoo	Member of Executive Committee

83

Scope of Authority and Responsibilities of the Executive Committee

1. Consider the Company's objectives, business strategies, budget, and investment projects. In case the situation changes, the Executive Committee will review the use of the budget and investment projects that were previously approved to be appropriate for the changing situation
2. Monitor the performance and progress of investment projects and report the overall results including the problems or obstacles encountered and the guidelines for improvement
3. Monitor the results of the Company's risk management
4. Monitor the results of human resource development, appointment and relocation of executives according to human resource plan, remuneration guidelines, and evaluation criteria of high-level executives
5. Consider financing options when there is a need to find funding sources for various investment projects
6. Monitor the use of funds, management of the funds, and the Company's financial status
7. Perform any other tasks as considered appropriate and assigned by the Chairman of the Executive Committee

Appointment and Removal of the Executive Committee

The Company's Board of Directors appoints and removes the Executive Committee according to the proposal of the Chairman of the Executive Committee by a majority of votes at the Board of Directors' Meeting.

Chairman of the Executive Committee

The Chairman of the Executive Committee, Mr. Korsak Chairasmisak, was appointed by the Board of Directors' Meeting on 7 August 2013 and is authorized to perform duties in relation to the Company's policies, strategies, operational plans, budgets and investment projects with honesty and prudence to protect the benefits of the Company, and in compliance with the laws, the objectives, the Company's Articles of Association, and the policies set by the Board of Directors. To assist in effective and efficient management of the Company, the Chairman of the Executive Committee is authorized to propose the appointment and removal of persons in the following positions:

1. Nominate persons on the Executive Committee for the consideration and approval by the Board of Directors
2. Nominate persons for the position of Managing Director and Chief Executive Officer for the consideration and approval by the Board of Directors
3. Approve the appointment of Executive Officers according to the proposal from the Managing Director and Chief Executive Officer

Important matters that the Chairman of the Executive Committee must present to the Board of Directors' Meeting for consideration and approval include:

1. The sale or transfer of all or partial portions of the Company's business to other persons
2. The purchase or takeover or transfer of business from other companies or private companies
3. The execution, amendment and termination of agreements concerning the leasing out of all or substantial parts of the Company's business, the delegation of authority to other persons to manage the business of the Company or consolidation with other persons for the purpose of sharing of profit and loss
4. The amendment of the Memorandum or Articles of Association of the Company
5. The increment or decrement of capital, the issuance of debentures, the consolidation or dissolution of the Company
6. The approval of annual balance sheet and income statement
7. The appropriation of profits and payment of dividends
8. Approval of remuneration for directors
9. Appointment of auditor and determination of audit fees
10. The borrowing of money or the guaranteeing of loans or creation of obligations to the Company with financial institutions or other companies in the amount exceeding Baht 500 million per time
11. The lending of money to other companies in the amount exceeding Baht 500 million per time
12. The investment, joint-venture, increment of capital in subsidiaries, affiliates or other companies in the amount exceeding Baht 500 million per time
13. The expenses for investment in large projects or the acquisition of assets of the Company where the cost of such a project or the value of assets exceeds Baht 500 million per time
14. The sale or disposal of fixed assets of the Company at a sale or disposal price exceeding Baht 500 million per time
15. The operation plan and annual budget of the Company

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

Appointment and Removal of the Chairman of the Executive Committee

The Board of Directors appoints and removes the Chairman of the Executive Committee with majority vote of the Board of Directors' Meeting.

2.2 Executive Officers

As of 31 December 2016, the Company's Executive Officers consist of

1.	Mr. Tanin	Buranamanit	Managing Director and Chief Executive Officer
2.	Mr. Suraphan	Pussadej	Senior Assistant Chief Executive Officer – Human Resource
3.	Mr. Taweesak	Kaewrathtanapattama	Senior Vice President – Accounting and Finance
4.	Mr. Chuan	Nimkittikul	Senior Vice President – Distribution Center Function
5.	Mr. Suwit	Kingkaew	Senior Vice President – Sustainable Development
6.	Mr. Kosa	Pongsupath	Senior Vice President – Information Technology
7.	Mr. Chairoj	Tiwatmuncharoen	Senior Vice President – Operation
8.	Mr. Skol	Tejasataporn	Senior Vice President – Purchasing
9.	Mr. Vichien	Chuengviroj	Senior Vice President – Corporate Asset and Facilities Management
10.	Mr. Yuthasak	Poomsurakul*	Senior Vice President – Merchandising & Marketing

**Mr. Yuthasak Poomsurakul was appointed on 1 February 2016.*

The Executive Committee and Executive Officers named above are executives classified according to the definition in the Notification of the Capital Market Supervisory Board under the Securities and Exchange Act.

Managing Director and Chief Executive Officer

The Managing Director and Chief Executive Officer, Mr. Tanin Buranamanit, was appointed by the Board of Directors' Meeting on 7 August 2013 and is authorized to perform duties in relation to the Company's operations and in compliance with the Company's objectives and the resolutions of the Board of Directors and Executive Committee, with authority as determined by the Chairman of the Executive Committee.

In addition, to assist with managing the Company to achieve the set objectives, the Managing Director and Chief Executive Officer is authorized to nominate persons as Executive Officers for consideration and approval by the Chairman of the Executive Committee.

Appointment and Removal of the Managing Director and Chief Executive Officer

The Company's Board of Directors appoints and removes the Managing Director and Chief Executive Officer according to the proposal of the Chairman of the Executive Committee by a majority of votes at the Board of Directors' Meeting.

3. Company Secretary

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

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

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

4. Remuneration for Directors and High-Level Executives

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

(1) Cash Remuneration

(a) Remuneration for Directors

The 2016 Annual General Meeting of Shareholders on 21 April 2016 approved the new monthly rate of remuneration for directors, effective May 2016 onwards, as follows:

	Baht/person
1. Independent Director who is the Chairman of the sub-committee	120,000
2. Independent Director who is the member of the sub-committee	100,000
3. Independent Director who is not a member of the sub-committee	80,000
4. Chairman	120,000
5. Vice Chairman	100,000
6. Director	60,000

The Independent Director who is the member in several sub-committees shall receive only the highest rate of only one sub-committee.

In addition, the shareholders' meeting approved the bonus for directors at the rate of 0.50% of the dividend paid to the shareholders. The Chairman of the Board will allocate the appropriate amount of bonus to each director.

Remuneration for Directors (1 January – 31 December 2016)

(Million Baht)

Name and Surname	Positions	Remuneration	Bonus	Total
1. Prof. Dr. Komain Bhatrabhirom	Chairman of the Audit Committee and Independent Director	1.360	4.442	5.802
2. Mr. Pridi Boonyoung	Audit Committee and Independent Director	1.160	3.998	5.158
3. Mr. Padoong Techasarintr	Corporate Governance Committee, Remuneration and Nomination Committee, Audit Committee, and Independent Director	1.160	3.998	5.158
4. Adjunct Professor Prasobsook Boondech*	Chairman of the Corporate Governance Committee and Independent Director	0.960	-	0.960
Prof. Suphachai Phisitvanich**	Independent Director	0.036	2.665	2.701
5. Police General Phatcharavat Wongsuwan	Corporate Governance Committee, Remuneration and Nomination Committee, and Independent Director	1.040	3.998	5.038
6. Mr. Dhanin Chearavanont	Chairman and Chairman of the Remuneration and Nomination Committee	1.360	4.442	5.802
7. Mr. Korsak Chairasmisak***	Vice Chairman	0.660	3.998	4.658
8. Mr. Adirek Sripratak	Director	0.640	1.610	2.250
9. Mr. Umroong Sanphasitvong	Director, Corporate Governance Committee, Remuneration and Nomination Committee	0.640	1.610	2.250
10. Mr. Soopakij Chearavanont	Director	0.640	1.610	2.250
11. Mr. Narong Chearavanont	Director	0.640	1.610	2.250
12. Mr. Prasert Jarupanich	Director	0.640	1.610	2.250
13. Mr. Pittaya Jearavisitkul***	Director	0.340	1.610	1.950
14. Mr. Piyawat Titasattavorakul***	Director	0.340	1.610	1.950
15. Mr. Tanin Buranamanit	Director	0.640	1.610	2.250
Total		12.256	40.421	52.677

* Adjunct Prof. Prasobsook Boondech was selected to be Director on 21 April 2016.

** Prof. Suphachai Phisitvanich vacated the directorship position due to death on 19 January 2016.

*** Mr. Korsak Chairasmisak, Mr. Pittaya Jearavisitkul, and Mr. Piyawat Titasattavorakul notified their intention not to receive regular monthly remuneration of directors for a period of one year starting from August 2016 onwards.

In addition, the Company's Audit Committee received remuneration of Baht 32,000 from a subsidiary company (Panyapiwat Institute of Management) for being their Audit Committee in 2016.

(b) Remuneration for High-Level Executives

In 2016, the Company paid remuneration for 13 high-level executives (Executive Committee and Executive Officers), comprising of salary and bonus, totaling Baht 361.996 million.

(2) Other Remuneration

(a) Other remuneration for directors

-none-

(b) Other remuneration for high-level executives

1. Provident Fund

The Company has established a provident fund, with the Company contributing 2 percent of monthly salary. In 2016, the Company contributed a total of Baht 4.109 million to the provident fund for 13 high-level executives.

2. Employee Joint Investment Program (EJIP)

The Company has established an Employee Joint Investment Program (EJIP) to provide incentives and keep personnel working with the Company for a long time. The Employee Joint Investment Program No. 2 has duration of 5 years. Executives who are eligible for the EJIP must have been employed with the Company for at least 3 years. The Company deducts 5 percent or 7 percent (on a voluntary basis) from the employee's monthly salary. The Company contributes 80 percent of the deductible amount from the employee in each month. In 2016, 13 high-level executives joined the EJIP and the Company paid a total of Baht 10.821 million in contribution.

5. Personnel

(1) No. of Employees and Remuneration for Employees

2016	Convenience Store Business
Store employees (Persons)*	37,651
Head office staff (Persons)*	11,573
Total (Persons)	49,224
Remuneration for Employees (million Baht)	18,975
<i>*Comprises of salary, bonus, EJIP, provident fund and other fringe benefits</i>	

**Included only Company's permanent staff*

(2) The Company's Preparation regarding Human Resources

The Company has made preparation regarding human resources by creating a strong foundation relating to education in order to build personnel to be prepared for business expansion. The Company uses "Work Base Learning", which is learning coupled with actual practice, with students at the Vocational Certificate, High Vocational Certificate and Bachelor's Degree level in the educational institutes established by the Company. These students will receive orientation before training in the Company's branch stores and office.

In addition, the Company has a concept related to diversity management in order to support the new generation who will be an important force for the Company in the future.

(3) Policy on Employee Development

The Company gives importance to employee development in response to business strategies and direction in order to create competitive advantage. The Company has enhanced the capabilities of employees to support the growth of stores and distribution centers. It has developed employees using various methods to create confidence among various customer groups. In terms of product quality, some of the courses are Food Safety Management and Control, and Bakery Product and Chilled Product Management. For development of quality of service, there are courses to increase the employee's knowledge, skill and attitude towards service to customers, as well as to elevate the service standard for staff at stores, including promoting a work culture of good service.

The Company strives to develop employees to have morals, high calibre, and happiness, including enjoyment in their work which leads to high engagement with the Company. The Company provides sufficient and continuous development to every employee at every level. There are standard courses for each position level to support their growth for positions in the organization by using the Competency Based program. Such professional courses include analytic and location exploration, store construction management, product management, product quality development and guarantee, and etc. In addition, the Company provides the leadership development program for every management level in order to develop strong leaders to drive the organization forward. In doing so, the Company emphasizes "Action Learning" as well as cultivating morality, ethics, and corporate governance in performing duties. Furthermore, there are spiritual development courses at every level.

The Company gives continued importance to support a good working atmosphere in order to enhance its productivity and reduce management costs. The Company has instilled the concept, attitude, knowledge and techniques to improve quality of work among employees. In addition, the Company has organized the "Productivity Improvement Project" to encourage employees at all levels to join in improving their work productivity in order to create useful and valuable innovations for the organization.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee, appointed by the Board of Directors of CP ALL Public Company Limited, comprises 4 directors, namely Adjunct Prof. Prasobsook Boondech who is Chairman of the Corporate Governance Committee; and Pol. Gen. Phatcharavat Wongsuwan, Mr. Padoong Techasarintr and Mr. Umroong Sanphasitvong who are Members of the Corporate Governance Committee. Mr. Supot Shitgasornpongse, Company Secretary, is the Secretary of the Corporate Governance Committee.

In 2016, the Corporate Governance Committee held a total of 4 meetings. Important matters carried out by the Corporate Governance Committee during 2016, under the duties and responsibilities assigned by the Board of Directors, are summarized as follows:

1. Corporate Governance Committee Charter and Corporate Governance Sub-Committee Charter

The Corporate Governance Committee prepared the Corporate Governance Committee Charter for submission to the Board of Directors for approval. The Board of Directors approved the above mentioned Charter on 10 November 2016. In addition, the Board of Directors approved the Corporate Governance Sub-Committee Charter on 20 October 2016.

2. Corporate Governance Policy and Business Ethics and Code of Conduct

The Corporate Governance Committee considered the revision of the corporate governance policy and the Business Ethics and Code of Conduct with reference to international best practices and the laws and regulations of regulatory organizations, and proposed the amendment to the Board of Directors for consideration. The Board of Directors approved the amendment of the corporate governance policy and the Business Ethics and Code of Conduct on 10 November 2016.

3. Corporate Governance Sub-Committee

The Corporate Governance Committee appointed the advisor and Corporate Governance Sub-Committee on 8 June 2016, with Mr. Suraphan Pussadej, Senior Assistant Chief Executive Officer – Human Resources, as the Chairman of the Corporate Governance Sub-Committee, in order to assist with various corporate governance matters.

4. Corporate Governance Guidelines

The Corporate Governance Committee approved corporate governance guidelines for executives and employees as well as the corporate governance guidelines for units supporting corporate governance. The guidelines were effective on 20 October 2016.

5. Implementation of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

The Corporate Governance Committee approved various guidelines relating to anti-corruption which were effective on 20 October 2016 as follows:

1. Anti-corruption guidelines
2. Donation for charity guidelines,
3. Financial contribution guidelines
4. Guidelines on giving/accepting gifts, souvenirs and reception

6. Corporate Governance Improvement Projects

The Corporate Governance Committee considered the report of the Corporate Governance Sub-Committee relating to the progress of the corporate governance improvement projects and approved merging projects relating to information technology together, resulting in 16 projects from an initial 20 projects. In 2016, a total of 14 corporate governance improvement projects were completed. The remaining two projects that will be completed in 2017 are the project on the development and improvement of the Information Classification Policy and the Policy on Protection of Personal Information, and the project on the improvement of IT Governance.

7. Assessment of the Corporate Governance Committee's Performance in 2016

From the results of the self-assessment of the Corporate Governance Committee's performance, it can be summarized that the Corporate Governance Committee performed their duties completely, according to the duties assigned and scope stated in the charter.

The Corporate Governance Committee places great importance on corporate governance, ensuring the Company's strict compliance with the corporate governance policy, Business Ethics and Code of Conduct, anti-corruption policy, and various related guidelines. The Corporate Governance Committee strives to develop the Company into a high performance organization that is committed to conducting its business with transparency, morality, and responsibility to all stakeholder groups.

On behalf of the Corporate Governance Committee



(Adjunct Prof. Prasobsook Boondech)
Chairman of the Corporate Governance Committee

20 January 2017

REPORT OF THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee, appointed by the Board of Directors of CP ALL Public Company Limited, comprises 4 persons, namely Mr. Dhanin Chearavanont who is Chairman of the Remuneration and Nomination Committee; and Pol. Gen. Patcharavat Wongsuwan, Mr. Padoong Techasarintr and Mr. Umroong Sanphasitvong who are Members of the Remuneration and Nomination Committee. Mr. Suraphan Pussadej, Senior Assistant Chief Executive Officer – Human Resources, is the Secretary of the Remuneration and Nomination Committee.

In 2016, the Remuneration and Nomination Committee held 1 meeting. Important matters carried out by the Remuneration and Nomination Committee during 2016, under the duties and responsibilities assigned by the Board of Directors, are summarized as follows:

Remuneration and Nomination Committee Charter

The Remuneration and Nomination Committee prepared the Remuneration and Nomination Committee Charter for submission to the Board of Directors for approval. The Board of Directors approved the above mentioned Charter on 10 November 2016.

Determining the Remuneration for Directors and High-Level Executives

The Remuneration and Nomination Committee considered guidelines to determine the remuneration for directors and high-level executives whether it is paid in cash or non-cash; set up the method and criteria to determine fair remuneration; and assessed the remuneration of high-level executives in line with their performance. The Remuneration and Nomination Committee hired an independent external expert as a consultant to find information and provide advice and suggestions to assist the Remuneration and Nomination Committee's consideration.

Nomination of Candidates for Selection as Director

The Remuneration and Nomination Committee considered the criteria and process in nominating individuals with appropriate qualifications to assume the director position. In addition, the Remuneration and Nomination Committee provided opportunity for minority shareholders to nominate qualified persons to be appointed as director in place of the director retiring by rotation. The shareholders were informed of the right and the method to nominate individuals since the Annual General Meeting of Shareholders 2017. The nomination form for the convenience of shareholders was prepared and the announcement was made via the Company's website and the Stock Exchange of Thailand 90 days in advance prior to the last day of the fiscal year.

Assessment of the Remuneration and Nomination Committee's Performance in 2016

From the results of the self-assessment of the Committee's performance in 2016 in comparison with the charter, it can be summarized that the Remuneration and Nomination Committee carried out their duties effectively and according to the scope of duties stated in the charter.

On behalf of the Remuneration and Nomination Committee



(Mr. Dhanin Chearavanont)

Chairman of the Remuneration and Nomination Committee

20 January 2017

CORPORATE GOVERNANCE

1. Corporate Governance Policy

CP ALL Public Company Limited (“Company”) strives to operate its business with good corporate governance and is determined to develop the Company into an effective organization. The Company is committed to operating its business with transparency, fairness, and responsibility to all stakeholders such as customers, employees, government, society, communities and the environment, suppliers, creditors, competitors, and shareholders.

The Company has established a Corporate Governance Policy which states corporate governance regulations for the Board of Directors, executives and employees, supporting units for corporate governance, and the Audit Office. In 2016, the Company reviewed and improved the Corporate Governance Policy to be up to date with the current situation, in line with the laws and regulations of government agencies and regulatory organizations, and on par with international standards. Its content covers 5 core categories including shareholders’ rights, equitable treatment of shareholders, role of stakeholders, information disclosure and transparency, and responsibilities of the Board of Directors.

In addition, the Company has published the Business Ethics and Code of Conduct. In 2016, it was updated to be in line with the revised Corporate Governance Policy and was disseminated to all directors, executives and employees. The Company has also organized training to provide knowledge and understanding on correct practice. As a result, the Company’s business is conducted with quality, fairness, transparency, and accountability. The Code provides guidelines on morals and ethics for directors, executives, and employees to perform their duties with honesty, adherence to the laws, transparency, strict observance to fairness and morality, responsibility to society, no relation to politics, recognition to all stakeholder groups and individual rights according to the law, no violation of human rights, anti-corruption, no receiving of return beyond normal remuneration, no involvement in receiving or paying any bribes, no conflicts of interest, and no engagement in activities which violate intellectual property or individual rights.

93

Category 1 Rights of Shareholders

All shareholders are entitled to receive their basic rights, both as an investor and corporate owner, through accepted and trusted methods and standards. These rights include rights to buy, sell and transfer their shares freely; rights to receive dividends; rights to attend shareholders’ meetings or assign a proxy to attend and vote on their behalf; and rights to join in deciding on important matters of the Company such as selection of directors and approval of important business transactions that will have an impact on the Company’s business direction. All shareholders have the right to vote according to the number of shares they hold. Each share is entitled to one vote and no share has special privileges above other shares.

Besides the above basic rights entitled to shareholders according to the law, the Company also encourages shareholders to use their rights as follows:

Prior to the Shareholders' Meeting

The Company invited individual shareholders or groups of shareholders, who hold minimum shares of not less than 5 percent of the total voting shares of the Company, to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2016. The Company prepared a form to propose agenda items for the convenience of shareholders and informed shareholders via the Company's website and the Stock Exchange of Thailand on 30 September 2015. This was done 90 days before the last day of the fiscal year to allow time for the Company Secretary to screen the proposed agenda items before presenting to the Board of Directors for consideration. In considering the agenda items proposed by shareholders, there are clear and reasonable criteria. In addition, the Board of Directors has a policy not to add agenda items that have not been informed in advance unnecessarily. During this time, no shareholders proposed additional agenda items in advance.

The Company held the Annual General Meeting of Shareholders on 21 April 2016 at the Meeting Room on the 3rd floor, Convention Hall Center, Panyapiwat Institute of Management, Chaengwattana Road, Pak Kret, Nonthaburi. The Company sent out the invitation to the shareholders' meeting and accompanying documents, both Thai and English version, to shareholders more than 14 days prior to the meeting. This information was also posted on the Company's website at www.cpass.co.th on 11 March 2016, which is more than 30 days prior to the meeting so that shareholders have sufficient time to study the information ahead of the meeting. There were no extraordinary meetings of shareholders in 2016.

The Company's invitation to the shareholders' meeting had clear agenda items and correct and sufficient information as follows:

1. Registration form with barcode that was sent along with the invitation letter to facilitate registration for shareholders
2. 3 types of proxy forms for shareholders to use as appropriate i.e. Proxy form (A), (B), and (C)
3. Minutes of the previous shareholders' meeting
4. Agenda item on appointment of directors stated information on the nominated persons to be selected for the Board of Directors including first and last name, age, education, work experience, training from the Thai Institute of Directors Association (IOD), director position held in other companies separated into listed companies and general companies, type of director position nominated, attendance at meetings in the past year, date position first held in the Company, and term of office since first appointed.
5. Information on the qualifications of independent directors as determined by the Company to use in considering the appointment of independent directors
6. Agenda item on the appointment of the Company's auditor stated details including auditor's name, company affiliation, education, work experience and abilities of auditor, independence of auditor, and audit fee so that shareholders can consider the abilities and suitability of the auditor
7. Agenda item on the approval of dividend payment stated the dividend policy, proposed dividend payment amount, and dividend payment statistics

8. Explanation on proxies, registration, and required documents to be presented on the meeting day
9. Information on the 3 directors to be appointed by the shareholder to attend and vote on his/her/its behalf; one out of the 3 directors is an independent director
10. The Company's regulations regarding the shareholders' meeting
11. A map of the meeting venue with directions for travelling by car or public transport
12. Each agenda item clearly states whether the matter is for acknowledgement or approval, the facts and reasons, the Board's opinions, the rules and procedures for voting, and the number of votes needed for the resolution
13. In order to receive the greatest benefits from the meeting and allow directors and executives to prepare to explain on the meeting day, shareholders are invited to send their questions to the Company prior to the meeting day
14. To provide convenience to the proxies having numerous documents, especially financial institutions, mutual funds or those overseeing the securities for investors, the Company has liaised to ask for cooperation to allow the Company to check the documents in advance prior to the shareholders' meeting

At the Day of the Shareholders' Meeting

The Company organized the Annual General Meeting of Shareholders at Panyapiwat Institute of Management on Chaengwattana Road which has a meeting room that can sufficiently accommodate shareholders. Registration was open 2 hours before the meeting to allow sufficient time to check the documents of shareholders and proxies. To ensure correct and fast registration, the Company arranged sufficient staff and tables and used barcodes for registration. Upon successful registration, shareholders received voting cards for each agenda item for voting in the meeting room.

Before the meeting commenced, the Secretary of the Meeting asked for shareholders' cooperation to turn off their mobile phones to prevent disturbing the concentration of other shareholders. The Secretary then informed the shareholders of the Company's voting procedures. A shareholder of the Company's ordinary shares has one vote for each share of which he/she is the holder. Voting and vote counting was transparent. The barcode system was used in vote counting which made tallying fast and accurate. In addition, an independent legal advisor oversaw that the shareholders' meeting was conducted correctly in compliance with the law and the Company's regulations. The independent legal advisor also monitored the vote counting. The voting results of each agenda item, including the number of agree votes, disagree votes and abstain votes, were displayed on the screen for shareholders to easily view. In the case of agenda items where the directors have conflict of interest or agenda items concerning connected transactions, the screen also showed the number of votes not entitled to vote.

The Chairman of the Audit Committee, members of the Audit Committee, Independent Directors, Directors, Chairman of the Executive Committee, Vice Chairman of the Executive Committee, Managing Director and Chief Executive Officer, and the Company's top executives gave high importance to the shareholders' meeting and

were present in all the meetings. The Company's external auditor, legal advisor, and advisor to the Board of Directors were also invited to the meeting to provide information and answer shareholders' questions. Moreover, the Company invited representatives from external regulatory organizations such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to observe the meeting procedures. Representatives from the Thai Investors Association also joined in asking questions at the meeting.

In case the meeting has already started, the shareholders who arrive late can still attend and vote for the remaining matters and unapproved agenda.

The Company clearly set the agenda items for the shareholders' meeting as follows:

- In the agenda item of dividend payment, the Company clearly stated its dividend policy and provided details of the proposed dividend amount, record date, tax credit for dividend payment from the Revenue Department, and history of dividend payment for the past 3 years. All details were provided in the invitation to the meeting, providing time for the shareholders to consider the information before attending the meeting.
- In the agenda item of selection of directors, the Company provided opportunity for shareholders to vote on individual directors. Each shareholder shall have a number of votes equal to one share per one vote and must exercise all the votes he/she has to appoint an individual or several persons to be director(s) but shall not split his/her votes among any person or group. The invitation letter has accompanying documents with details of the directors nominated for selection and the clearly stated voting procedures.
- In the agenda item of remuneration for directors, the Company has set the agenda item to consider and approve the remuneration of the Company's directors at the shareholders' meeting every year even though there is no change in the amount of the remuneration from the previous meeting resolution.

The Chairman of the Meeting allocated sufficient time, conducted the meeting appropriately and transparently, and provided opportunities for shareholders to express their opinions and raise questions in each agenda item. The questions and answers were clearly and completely recorded by the Company Secretary. Each agenda item indicated the meeting resolution and result of the votes, including the number of agree votes, disagree votes, abstain votes and unentitled votes. The video recording of the meeting was posted on the Company's website after the meeting to enable shareholders who were unable to attend or interested persons to be informed of the issues discussed during the meeting.

Only the agenda items that were indicated in the meeting invitation were considered.

After the Shareholders' Meeting

The Company disclosed the resolution of the shareholders' meeting and the voting results through the Stock Exchange of Thailand within the same day. The Company prepared and submitted the Minutes of the Shareholders' Meeting to the Stock Exchange of Thailand within 14 days from the date of the meeting as well as posted the minutes on its website within 1 month from the date of the meeting. The Company recorded the names and position of directors who attended the shareholders' meeting or were absent from the meeting in the minutes.

From the assessment of the quality of the Company's 2016 Annual General Meeting of Shareholders conducted by the Thai Investors Association, the Company received a score of 89.50 out of a total of 100, lower than the average score of listed companies in the Stock Exchange of Thailand of 91.62. This was a result of change in scoring criteria and the Company did not provide information on its website regarding shareholders' right and procedures for shareholders to propose qualified candidates for director position in the Company. The Company will make necessary improvement in this matter.

Category 2 Equitable Treatment of Shareholders

Even though each shareholder has unequal voting rights due to the different number of shares held by each, this does not mean that their basic rights as shareholders are different. The Company gives importance to and recognizes the rights of every single shareholder, whether major or minor shareholders, institutional or individual shareholders, local or foreign shareholders. Therefore, the Company will not perform any acts which are considered as preferential treatment or which will lead to unfair treatment to shareholders under related laws and regulations. In 2016, the Company performed the following:

1. Shareholders' meeting

- The Company provided an opportunity for minority shareholders to propose agenda items in advance for the Annual General Meeting of Shareholders for the Year 2016. The invitation was posted via the Company's website and the Stock Exchange of Thailand before the last day of the fiscal year to provide sufficient time for shareholders and to enable the Company Secretary to propose the agenda item to the Board of Directors for approval to be included in the shareholders' meeting.
- In the case where shareholders are unable to attend the meeting in person, the Company proposed 3 directors to be selected as proxies. One was Mr. Padoong Techasarintr, Independent Director and Audit Committee, as an alternative for shareholders to appoint one of the directors to attend the meeting as their proxy and vote on their behalf.
- The Company sent all 3 proxy forms to shareholders so that they can choose the form that best suits their needs. However, in the invitation notice, the Company advised shareholders to use form No. 2 which has the most detail.
- The invitation to the shareholders' meeting clearly states the documents that must be brought on the day of the shareholders' meeting, separated into different cases. Documents that are required for presentation at the shareholders' meeting are according to international practice.
- The Company sent the invitation to the shareholders' meeting and associated explanatory documents in English to foreign shareholders.
- In the selection of directors, the Company votes on individual directors.
- Use voting cards for voting.
- Record the minutes of the meeting in a correct, complete and timely manner.

2. Directors and Executives

The Company has strict written procedures to prevent the use of inside information as follows:

- Established a policy to prevent the use of inside information and disseminated an announcement warning directors and executives to suspend trading in the Company's shares in the one-month period prior to and one day after the release of the Company's financial reports to the public.
- In the Board of Directors' Meeting, directors or executives with vested interests in connected transactions shall be excluded from attending the meeting and voting on that particular agenda item. In addition, if it is a transaction which must be disclosed or receive approval from shareholders according to the regulations of the Stock Exchange of Thailand, the Company disclosed the details and reasons for entering into the transaction, relationships of the connected persons, and calculations of the value of the transaction so that shareholders are informed of the details of the transaction.
- The directors and executives shall file a report of their interests and that of related persons every year and every time there is a change to the Company Secretary. In addition, copies shall be sent to the Chairman of the Board of Directors and the Chairman of the Audit Committee.
- The directors and executives shall file their holdings of the Company's shares and those held by their related persons and report to the Board of Directors' Meeting at the end of every year.
- Established guidelines regarding conflict of interest in the Business Ethics and Code of Conduct
- The related transactions which occurred in 2016 are honest and fair transactions under the ordinary course of business.
- The Company does not have a business group structure that engages in related transactions that may have conflicts of interest.

Category 3 Role of Stakeholders

The Board of Directors places importance on all stakeholder groups, whether internal or external stakeholders, and recognizes their rights according to the law for sustained joint benefits. The Board also promotes cooperation between the Company and stakeholders in order to create sustainability for the Company.

The Company gives importance to business operations with responsibility to society, which covers operating business with fairness, respect for human rights, fair treatment of employees, responsibility to consumers, environmental conservation, helping develop communities or society, and anti-corruption.

In 2016, the Company updated its Business Ethics and Code of Conduct, which is a written policy and guidelines for treatment of shareholders. The Business Ethics and Code of Conduct has been published and distributed to all the Company's directors, executives and employees to be strictly followed, in order to protect the interests of all stakeholder groups.

The Company's policy on the treatment of stakeholders can be summarized as follows:

Shareholders : The Company is committed to conducting its business effectively with transparency, prudence, good operating results and sustainable growth, in order to increase shareholders' value in the long run. Moreover,

the Company adheres to the principle of fairness and protects shareholders' interests by establishing procedures to prevent the use of inside information for the personal interests of directors and executives.

Customers : The Company gives priority to customer care with the highest responsibility. The Company is determined to give customers the greatest satisfaction in terms of both quality and value for money, through disclosing information to customers in a transparent and fair manner, and quality control of products and services. Food products in particular must be delicious, fresh, clean, hygienic and nutritious. Furthermore, the Company is dedicated to development of products and services and fostering strong customer relationships. The Company has established a clear policy regarding fair treatment and responsibility to customers in its Business Ethics and Code of Conduct which is generally disseminated and known.

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

Employees : The Company's employees are a valuable resource and key to successfully achieving its set goals. The Company organizes both in-house and external training for every position in order to continuously develop the knowledge and skills of employees. The Company has also developed a clear career path for each position in order to provide opportunities for employees to advance according to their skills. The Company has initiated various projects, such as Big Crowd of Fish Project, President Award Project, and Chairman Award Project, to promote an atmosphere for learning without limits in order to become an innovative organization.

The Company has set an appropriate and fair salary and benefits payment system on par with leading companies in the same business. It does not hire illegal workers in every area its business is located. Employees are fairly evaluated and treated without consideration to personal relationships. In addition, the Company provides numerous employee rights such as the right to take leave and transfer. Channels for communication between employees and high-level executives have been established to allow executives to understand and directly listen to various problems and suggestions from employees. This in turn creates security for employees, confidence in the Company, and employee dedication to performing their duties well.

In the area of employee welfare, the Company focuses on the quality of working life and treats all employees equitably. An employee satisfaction survey is conducted annually by research experts. Based on the survey, benefits such as hospital fees for employees and their family, life and health insurance for employees, provident fund, Employee Joint Investment Program No.2 for a period of 5 years (EJIP: July 1, 2012 – June 30, 2017), scholarships for employees and their children, loans for in-patient hospital admission, housing loans, and relief program for unexpected emergencies have been set to meet the diversified demands of employees. In addition, the Company places importance on caring for the work environment to be safe for the life and assets of employees. The Safety Committee has been established to look after and to train employees to handle different kinds of situations, to establish safety prevention systems, and to organize activities related to safety and 7S.

Government Sector : The Company operates its business in compliance with the laws, rules and regulations in a strict and correct manner. The Company supports businesses that assist economic and social development.

Furthermore, the Company has maintained good relations with government organizations in an appropriate and possible manner through continually transparent contact and communication, and continuous support for various government projects.

Intellectual Property : The Company has provided full cooperation with regards to non-infringement of intellectual property or licenses. The Business Ethics and Code of Conduct provides regulations with regard to respect for rights of intellectual property owners.

Society, Communities and the Environment : The Company operates its business by being “a close friend near you”, which means being a part of society and communities with everyone feeling that 7-Eleven is a good neighbor and first thinking of 7-Eleven in every situation. As a result of this important mission, the Company operates its business with responsibility to communities, society and the nation following the principles of good corporate governance. The business is managed with ethics, morality, fairness to all related parties, and care for the environment in a concrete manner. The Company is committed to supporting activities to improve the quality of life of nearby communities and society and creating happiness in a sustainable manner.

In terms of environmental conservation, in order to reduce garbage from used plastic bags, the Company campaigned for the reduction in the use of plastic bags at 7-Eleven stores. The Company also has a project to install energy-saving light bulbs in all branches as well as a project to treat waste water from stores before release into public sewers.

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

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

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

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

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

Channel for Stakeholders to File Complaints or Provide Tip-offs to the Board of Directors

All stakeholder groups can file complaints or provide tip-offs related to corruption, illegal behavior or unethical business behavior to the Audit Committee, the Corporate Governance Committee or the Board of Directors. All information will be kept confidential.

1. E-mail to any committee below

- | | |
|----------------------------------|-----------------------------------|
| • Audit Committee | E-mail AuditCommittee@cpall.co.th |
| • Corporate Governance Committee | E-mail CGcommittee@cpall.co.th |
| • Board of Directors | E-mail BOD@cpall.co.th |

2. Mail by Post to

Internal Audit Office CP ALL Public Company Limited
119 Tara Sathorn Building 16th Floor, Soi Sathorn 5, South Sathorn Road
Tungmahamek, Sathorn, Bangkok 10120

3. Call Center

Tel: 0-2711-7744 and 0-2648-2770
Fax: 0-2679-0187

After receiving the tip-off, the Audit Office will conduct the preliminary investigation. If there are grounds, an Investigation Committee will be appointed to conduct the investigation and propose punishment options. The Investigation Committee will summarize the corruption case to the Corporate Governance Sub-Committee that will report to the Corporate Governance Committee on a quarterly basis.

The Company has a mechanism to prevent and protect whistleblowers from being harmed or threatened afterwards. Compensation for possible damages to the whistleblower has also been determined. This has increased the feeling of confidence and safety of the Company's employees in providing tip-offs related to corruption. However, the Company will punish those who intentionally provide false tip-offs.

Category 4 Information Disclosure and Transparency

Information disclosure is one of the key elements of good corporate governance that the Company strictly adheres to as it is an important channel for shareholders who are not involved in the Company's management to monitor the work of the Company's executives. The Company gives importance to disclosing information in a correct, complete, adequate, timely, regular and fair manner for all shareholder groups. Besides disclosing information in compliance with the regulations of the Stock Exchange of Thailand in the financial statements, Form 56-1, the annual report, and event reports, the Company's Investor Relations Office which acts as the

information dissemination center for investors also prepares Investor Information Releases which are posted on the Company's website, financial reports, and operating results in the form of PowerPoint presentation. The Investor Relations Office also organizes meetings for analysts, investors, the press and interested persons every quarter. In 2016, 4 Analysts Meetings were organized, with the Investor Relations Office and the Company's top executives providing information on the Company's performance and answering questions. In addition, the Investor Relations Office and the Company's top executives went on 7 road shows in Thailand and abroad to meet institutional investors on a regular basis. 5 marketing activities were also organized where analysts and investors were invited to visit the Company's operations such as the Latkrabang Distribution Center and 7-Eleven prototype store.

Investors may contact the Company for information via phone, e-mail, and conference call. Furthermore, investors can study information from the Company's website <http://www.cpall.co.th/Investor-Relations> or contact the Investor Relations Office for more information at:

Tel : 0-2648-2501
Fax : 0-2679-0050
E-mai : investor@cpall.co.th
Mail : Investor Relations Office
CP ALL Public Company Limited
119 Tara Sathorn Tower, 12th Floor, Soi Sathorn 5
South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120

In 2016, the Company disclosed financial and non-financial information on each accounting period and on significant events as follows:

Financial Information

The Company's financial statements are prepared in accordance with Financial Reporting Standards and audited by an independent external auditor, as well as passed the review and approval of the Company's Audit Committee. In addition, the Company has never had any history of being requested to correct its financial statements. Its quarterly and annual financial reports have all been submitted before the dates required by the law.

Non - Financial Information

1. Non-financial information is in compliance with related laws in a correct, complete, timely, and transparent manner via the Stock Exchange of Thailand and the Company's website. This information is regularly updated.
2. The Company's corporate governance policy, anti-corruption policy, and Business Ethics and Code of Conduct which have been approved by the Board of Directors are disseminated on the Company's website so that shareholders and interested persons may have access any time.

3. The Company's shareholding structure is clear, transparent, and uncomplicated. There is no cross holding or pyramid holding. The shareholding structure displays the majority shareholders and the ratio of minority shareholding. The Company's directors and executives have only 0.19 percent shareholding of the total paid-up capital.
4. Report on interest of directors and executives, including related persons.
5. Report on shareholding of directors and executives, including related persons.
6. The Board of Directors' Statement of Responsibility for Financial Reports and the Independent Auditor's Report.
7. Information on the remuneration for the auditor, separated into the audit fee and other service fees
8. The remuneration for directors and executives in the annual report under the "Management" section. This remuneration is an appropriate rate for the duties and responsibilities of each of the Company's directors and executives and is comparable to that of other companies in the same industry.
9. Number of Board of Directors' Meetings and attendance of directors in 2016.

Category 5 Responsibilities of the Board of Directors

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

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

1. Structure and Qualifications of the Board of Directors

- 1.1 As at 31 December 2016, the Company's Board of Directors has fifteen (15) members consisting of
 - a. Five (5) Independent Directors (account for one-third of board members)
 - b. Five (5) Executive Directors
 - c. Five (5) Non-Executive Directors
- 1.2 Each term of a director is 3 years according to the Company's Articles of Association and as stated in the Policy on Corporate Governance.
- 1.3 The Company's independent directors have qualifications according to the Company's regulations relating to the qualifications of independent directors, which is more stringent and circumspect than the minimum requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand regarding holding of the Company's shares.

1.4 The Chairman of the Board of Directors is not the same person as the Chairman of the Executive Committee and is a Non-Executive Director with clearly defined role, authority and duties. The Chairman encourages all directors to debate and fully express their opinions at the Board of Directors' Meeting by providing sufficient and appropriate time.

The authority and duties of the Chairman of the Executive Committee and the Chief Executive Officer have been clearly determined by the Board of Directors. In particular, important matters must be presented to the Board of Directors for consideration and approval.

1.5 The Board of Directors has appointed a Company Secretary. Information about the Company Secretary is under the "Board of Directors" section. The Company Secretary is responsible for providing advice regarding legal matters and various rules and regulations that the Board of Directors must be aware of. The Company Secretary, with the Company Secretary Office as a supporting unit, is also responsible for looking after the activities of the Board of Directors and liaising to ensure that the resolutions of the Board of Directors are strictly adhered to. The main duties and responsibilities of the Company Secretary can be found under the "Management" section.

2. Roles and Responsibilities of the Board of Directors

The Company's Board of Directors all clearly understand their roles and duties as well as the Company's business. The Company Secretary has prepared a Guide for Directors to be given to new directors. The Guide includes information such as the Company's business operations, annual report, regulations, objectives, business ethics, good corporate governance, and authority of directors. In addition, new directors shall attend training for directors organized by the Thai Institute of Directors Association (IOD), in which the Company will be responsible for all expenses.

The roles and responsibilities of the Board of Directors are as follows:

- Consider and approve important matters related to the Company's operations such as vision, mission, strategies, financial targets, risks, business plans and budget.
- Monitor and follow-up that management has efficiently and effectively implemented approved policies and plans.
- Approve the Company's quarterly and annual operating results compared to the plan and budget.
- Approve any transactions or actions that have significant impact on the Company's financial status, debt burden, business operations, and reputation.
- Approve important changes in policies and procedures relating to accounting, monetary safekeeping, and financial control systems.
- Set a written corporate governance policy and anti-corruption policy for the Company, adhere to the policies, and review the policies and compliance to the policies regularly, at least annually.
- Set a written Business Ethics and Code of Conduct for directors, executives and employees to understand the business ethical standards of the Company. Monitor compliance to the Business Ethics and Code of Conduct.

- Consider any conflict of interests thoroughly. Determine clear guidelines on the approval of transactions with conflict of interests so that the transactions are conducted for the best interests of the Company and all shareholders. Prohibit directors, executives and employees to perform in any way that may cause conflict of interest with the Company. Monitor compliance with regulations relating to procedures and disclosure of transactions with conflict of interests.
- Ensure communication of the corporate governance policy, anti-corruption policy, Business Ethics and Code of Conduct, related procedures and regulations, and punishment in case of violation or non-compliance to directors, executives and employees. Set a process to detect violation within appropriate time.
- Ensure that an internal control system is in place, including financial, compliance, and policy controls. Assign a person or a department to independently audit and report on the system. Review the material system at least annually as well as disclose the review results in the annual report.
- Establish a risk management policy to cover all activities of the Company. Assign management to implement the policy and report to the Board of Directors regularly. Review the risk management system or assess the effectiveness of risk management at least annually with the disclosure of risks in the annual report.
- Set clear procedures on whistleblowing through established channels and direct channels to the Board of Directors and oversee measures to protect the whistleblower.
- Oversee subsidiaries by considering the appropriateness of individuals assigned to be directors in the subsidiaries in order to control management of the subsidiaries according to the Company's policies, including conducting transactions lawfully.
- Ensure follow-up and establish procedures to improve on issues received from external organizations related to quality assessment or corporate governance of the Company.
- Oversee that the Chairman of the Executive Committee reports on the executive development plan and succession plan annually for use in developing executives' preparedness according to the succession plan.

105

3. Appointment and Removal of Members of the Board

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

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

4. Role and Duties of the Chairman of the Board of Directors

The Chairman of the Board of Directors has the following role and duties:

1. Provide leadership to the Board of Directors and be the Chairman at the Board of Directors' Meeting, shareholders' meeting, and the meeting of non-executive directors.
2. Determine the agenda of the Board of Directors' Meeting jointly with the Chairman of the Executive Committee and the Company Secretary and ensure that directors receive correct, complete, clear and timely information prior to the meeting to assist appropriate decision making by the directors.
3. At the Board of Directors' Meeting, allocate sufficient time and encourage directors to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders. Sum up the Board Meeting resolutions and ensure that the Board's decisions will be implemented.
4. Foster a positive working relationship between the Board of Directors and management and support the performance of the duties of the Chairman of the Executive Committee in accordance with the Company's policy.
5. Support and be a role model in compliance with the principles of good corporate governance and the Company's Business Ethics and Code of Conduct.
6. Oversee that the Board of Directors as a whole, various sub-committees, and each individual director perform their duties effectively and efficiently. Ensure that performance assessment of the Board of Directors as a whole, each individual director, and various sub-committees is conducted.

5. The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters of the Company in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, the Board of Directors charter, and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, strategies, financial targets, risks, business plan and budget. The Board of Directors also approves Statement of Financial Position and Income Statement, and any transactions or actions that have significant impact on the Company's financial status, debt burden, business operations, and reputation.

6. Separation of the Roles of the Board of Directors and the Management

The Company has clearly defined the roles and responsibilities of the Board of Directors and the management. The Board of Directors shall be responsible for establishing the policies and overseeing the management's implementation of those policies. The management, on the other hand, shall be responsible for carrying out the policies formulated and approved by the Board of Directors.

The Chairman of the Board of Directors shall not be a member of the management; shall not be the same person as the Chairman of the Executive Committee; shall not participate in the management of the Company's business; and shall not be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between supervision of the Company's overall policy and management of the business.

The Company's management is empowered with the authority to operate business in accordance with the goals, business plan and annual budget which have been approved by the Board of Directors. The Chairman of the Executive Committee is empowered with the scope of authority as determined by the Board of Directors' Meeting. The Managing Director and Chief Executive Director is empowered with the scope of authority as determined by the Chairman of the Executive Committee. The executives of the Company are empowered with the scope of authority as determined in the Company's Authorization Handbook.

7. Term of Office of Directors

- Duration of Each Term

A director has a term of office of 3 years each, except a director who has been appointed to fill a vacancy for any reason other than by rotation, in which case he shall retain office for the remaining term of office of the director whom he assumes the position. Nevertheless, a retiring director is eligible for re-election.

- Consecutive Terms of an Independent Director

An independent director may serve as a director for a maximum of three consecutive terms, with the first term starting from the date that the Board of Directors' Meeting had a resolution to approve the Board of Directors charter and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. Nevertheless, the Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be deemed independent.

107

8. Self-Assessment of the Board of Directors

The Company has organized the self-assessment of the Board of Directors as a whole continually since 2014. The Company has conducted the self-assessment of the Board of Directors on an individual basis since 2016. The objective is to enable the directors of the Company to review their performance as well as the problems and obstacles faced during the past year. This will assist in making the Board of Directors perform their work more effectively as they will clearly understand their responsibilities. The assessment also helps improve the relationship between the Board of Directors and the Company's management.

The self-assessment of the Board of Directors as a whole covers:

- Structure and qualifications of the Board of Directors, which has impact on the effectiveness of their performance, such as number of Board members that are appropriate to the nature of the business, knowledge and experience of the Board members, definition of independent director, number of independent directors, and qualifications and appointment of the Company Secretary.
- Any action that allows the Board to function effectively in the meetings, including the appropriateness of the time spent in Board meetings, receiving the meeting documents and having adequate time to study the documents, and the atmosphere in the meeting room facilitates free and creative expression of opinions.

- Roles and responsibilities of the Board of Directors in emphasizing the importance of using adequate time to consider and review the practical matters of the Company such as corporate governance practice, business direction, strategy and business plan, transactions with conflict of interest, connected transactions, internal control, risk management, policy on whistleblowing, and preparation of financial statements in accordance with Financial Reporting Standards.
- Others such as self-development of directors and executives, and relationship between the Board of Directors and the management.

The self-assessment of the Board of Directors on an individual basis covers:

- Structure and qualifications of the Board of Directors, which has impact on the effectiveness of their performance, such as qualifications, knowledge and experience that is suitable to the business, and knowledge and understanding of good corporate governance.
- Any action that allows the Board to function effectively in the meetings, including studying the documents and information prior to the meeting, appropriately providing comments that are useful to the meeting, and abstaining from attending the meeting and voting a particular agenda in which he/she has a conflict of interest.
- Roles and responsibilities of the Board of Directors such as complying with related rules, laws and charter, and performing his/her duty well, devoting time to performing his/her duties for the Company, not intervening the normal operation carried out by the management, and properly supervising and monitoring the management's operation.

The self-assessment of the Board of Directors, as a whole and on an individual basis, has 5 opinion ratings:

0 = Strongly disagree or never conducted

1 = Disagree or seldom conducted

2 = Fair or moderately conducted

3 = Agree or well conducted

4 = Strongly agree or excellently conducted

In addition, there is space for the Board to provide additional comments.

In summary, **the results of the self-assessment of the Board of Directors as a whole**, 86 percent of the scores were in the strongly agree range or with action excellently conducted, while 14 percent were in the agree range or with action well conducted.

In summary, **the results of the self-assessment of the Board of Directors on an individual basis**, 86 percent of the scores were in the strongly agree range or with action excellently conducted, while 14 percent were in the agree range or with action well conducted.

9. Development of Directors and Executives

1. The Company encourages and facilitates persons whose work relate to corporate governance such as directors, members of the Corporate Governance Committee, members of the Audit Committee, executives, Internal Audit Manager and Company Secretary to regularly participate in various related training courses and seminars, especially training courses organized by the Thai Institute of Directors Association (IOD). The objective is to have all related persons truly understand their roles and responsibilities and continuously improve their work.
2. In the case of new directors and executives, the Company provides documents and information to assist in performing their duties as well as an orientation of the Company's business and business practices.
3. The Board of Directors has assigned the Remuneration and Nomination Committee and the Human Resource Policy Committee Company to be responsible for continuity of appropriate management and considering the Succession Plan, especially high-level management positions. The objective is to build confidence that the Company has made plans, selected and groomed personnel to replace individuals holding core positions which are key to the Company's business when that position is vacant due to appointment, transfer, retirement, or resignation. Selection of successors will mainly consider Performance & Potential Grid and Career Interest of the employees.
4. In the past year, the Company has emphasized leadership development to create confidence for all stakeholders, with consideration to the Company's performance each year and long term consistency. The Company believes that internal leadership development should be in line with the work culture so called "Harmony". As a result, the Company has emphasized leadership development through "Action Learning Project-ALP" (employees and executives in each function agree to collaborate to achieve the target or objective of the project). In addition, the Company enhanced coaching skill to leaders at each level and encouraged them to implement this skill with their team in order to stimulate their team to create successful work methods. At the same time, the Company is aware of change, uncertainty, and complexity of the business environment and has provided training to enhance new knowledge and experience for the leaders so that they are equipped to manage the business in the present and future. In summary, the Company's leadership development has focused on learning by doing (70 percent), coaching and collaboration (20 percent), and training and seminar (10 percent). This is to ensure that the Company's leaders can perform their roles and responsibilities in order to meet customers' and stakeholders' needs resulting in satisfaction and are prepared to support the Company's business operations.

Attendance in Director Training Organized by the Thai Institute of Directors Association (IOD)

Name List		Training Course and years of training														
		Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Accounting for Non-Accounting Audit Committee	Monitoring the Quality of Financial Reporting (MFR)	Monitoring the System of Internal Control and Risk Management (MIR)	Monitoring the Internal Audit Function (MIA)	The Role of Chairman	Director Certification Program (DCP)	Ethical Leadership Program (ELP)	Company Secretary	Board Performance Evaluation	DCP Refresher	Role of the Compensation Committee	Driving Company Success with IT Governance (ITG)	Finance for Non-Finance Director
1.	Prof. Dr. Komain Bhatarabhirom	2007	2007	2007	2009	2009	2009									
2.	Mr. Pridi Boonyoung	2005	2010													
3.	Mr. Padoong Techasarintr	2005	2008				2008	2001	2003							
4.	Adjunct Professor Prasobsook Boondech*									2016						
5.	Police General Phatcharavat Wongsuwan															
6.	Mr. Dhanin Chearavanont	2005														
7.	Mr. Korsak Chairasmisak							2006	2000							
8.	Mr. Adirek Sripratak	2005							2001							
9.	Mr. Umroong Sanphasitvong*								2001	2016	2013	2006	2006	2007	2016	
10.	Mr. Soopakij Chearavanont															
11.	Mr. Narong Chearavanont	2007														
12.	Mr. Prasert Jarupanich								2004					2008		2004
13.	Mr. Pittaya Jearavisitkul								2000							
14.	Mr. Piyawat Titasattavorakul								2001							
15.	Mr. Tanin Buranamanit								2010							

*In 2016, two directors participated in director training organized by the Thai Institute of Directors Association (IOD).

2. Committees

There are 3 committees under the Board of Directors as follows:

1. Audit Committee

The Audit Committee is comprised of 3 independent non-executive directors as follows:

Name List	Position	Attendance of Audit Committee	
		Meetings in 2016	
		(13 times)	
1. Prof. Dr. Komain Bhatrabhirom	Chairman of the Audit Committee	13/13	
2. Mr. Pridi Boonyoung	Audit Committee	13/13	
3. Mr. Padoong Techasarintr*	Audit Committee	13/13	

**Mr. Padoong Techasarintr is an Audit Committee Member who has sufficient knowledge and experience to review the reliability of financial statements.*

The Audit Committee has independence in performing its duties. Besides reviewing the Company's financial statements, the Audit Committee also reviews that the Company's operations are in compliance with the policies, regulations, laws, procedures, and requirements of regulatory bodies. The Audit Committee reviews the adequacy and effectiveness of internal control systems, internal audit systems, and risk management systems. The Audit Committee consults with the Company's independent external auditor for its opinion on the Company's financial reports and internal control and reports the results and suggestions to the Board of Directors' Meeting every quarter as per the details in the "Audit Committee's Report" section. The Company has immediately used the suggestions provided by the Audit Committee and the Company's external auditor for improvement and will report on the improved results at the next Board of Directors' Meeting.

The Company's Internal Audit Manager is Mr. Krisada Euapiyachart, Vice President, who acts as the Secretary of the Audit Committee and is supported by the Internal Audit Office. The Internal Audit Office, which is independent from management, is responsible for evaluating the sufficiency and effectiveness of the Company's internal control system and risk management system and reporting to the Audit Committee every month and the Board of Directors every quarter. Details of the Internal Audit Manager and the Internal Audit Office can be found under the "Management" section.

Qualifications of the Audit Committee

1. Appointed by the Company's Board of Directors or Shareholders' Meeting
2. Every member must be an independent director with complete qualifications according to the regulations relating to the requirements of independent directors of the Notification of the Capital Market Supervisory Board and the Company
3. Not involved in the management and decision-making of the Company's business operations and not a director of the parent company, subsidiary company, or same-level subsidiary company listed in the SET
4. At least one of the Company's independent directors must have knowledge in reviewing the reliability of financial statements

Term of Office of the Audit Committee

The Audit Committee member has a term of office of 3 years each, at the same time as the term of office of being the Company's independent director, except the person who the Company's Board of Directors has appointed to fill a vacancy for any reason other than by rotation, in case which he shall retain office for the remaining term of office of the Audit Committee member whom he resumes the position.

Duties and Responsibilities of the Audit Committee

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

1. Reviews correctness and adequacy of the Company's financial statements
2. Reviews the suitability and effectiveness of the Company's internal control system and internal audit system; considers the independence of the Internal Audit Office; and approves the appointment, transfer, and disemployment of the Head of the Internal Audit Office or other related units responsible for internal audit
3. Reviews the Company's compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand, and laws related to the Company's business
4. Consider, select and propose the appointment of the person who has independence to perform the duty of the Company's auditor; propose the remuneration for the said person; and participate in meetings with the Company's auditor without the presence of the Company's management at least once a year
5. Review that the related transactions or the transactions which might cause conflict of interest are in compliance with the laws and regulations of the Stock Exchange of Thailand to ensure that the transactions are justifiable and create the highest benefit to the Company
6. Prepare the Audit Committee's Report to be published in the Company's annual report. The said report must be signed by the Chairman of the Audit Committee and shall include at least the following information:
 - a. Opinion on the correctness, completeness and trustworthiness of the Company's financial reports
 - b. Opinion on the adequacy of the Company's internal control system
 - c. Opinion on compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand, or laws related to the Company's business
 - d. Opinion on the suitability of the external auditor
 - e. Opinion on transactions which may cause conflict of interest
 - f. Number of Audit Committee meetings and attendance of each Audit Committee member
 - g. Overall opinion or comment that the Audit Committee received from performing their duty according to the Charter
 - h. Other items that the shareholders or general investors should be informed of under the duties and responsibilities as assigned by the Company's Board of Directors

7. Perform other tasks as assigned by the Company's Board of Directors with agreement from the Audit Committee

In performing the abovementioned duties, the Audit Committee is directly responsible to the Company's Board of Directors and the Board of Directors is responsible to outside parties for the Company's operations.

In addition, the Audit Committee meets regularly every month and reports the audit results to the Board of Directors every quarter. The Audit Committee also has meetings with the external auditor and the Accounting Department to review the financial statements.

2. Corporate Governance Committee

The Corporate Governance Committee was appointed by the Board of Directors' Meeting No. 1/2016 on 5 February 2016 and No. 3/2016 on 11 May 2016. The Corporate Governance Committee consists of at least 3 directors, with more than half being independent directors. The Company Secretary acts as the Corporate Governance Committee Secretary. Details are as follows:

Name List	Position	Attendance of Corporate Governance Committee Meetings in 2016 (4 times)
1. Adjunct Professor Prasobsook Boondech*	Chairman of the Corporate Governance Committee	2/4
2. Police General Phatcharavat Wongsuwan	Corporate Governance Committee	4/4
3. Mr. Padoong Techasarintr	Corporate Governance Committee	4/4
4. Mr. Umroong Sanphasitvong	Corporate Governance Committee	4/4

**Adjunct Professor Prasobsook Boondech was appointed Chairman of the Corporate Governance Committee on 11 May 2016 and attended the Corporate Governance Committee Meeting for the first time No. 3/2016 on 5 July 2016.*

Mr. Supot Shitgasornpongse, Company Secretary, acts as the Corporate Governance Committee Secretary.

In addition, the Company has appointed an independent external consultant as an advisor to the Corporate Governance Committee. The consultant will provide observations and suggestions in developing and improving governance procedures to enhance the Company's corporate governance in various aspects along with international standards. This covers corporate governance policy, conflicts on interest, policy on protection of personal information, Business Ethics and Code of Conduct, risk management policy, policy on supervision of information technology, policy on insider trading, and information disclosure according to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. The external consultant will report to the Corporate Governance Committee.

Term of Office of the Corporate Governance Committee

The Corporate Governance Committee member has a term of office at the same time as the term of office of being the Company's director. A retiring Corporate Governance Committee member is eligible for re-election according to necessity and appropriateness.

Besides retiring by rotation, the Corporate Governance Committee member will come to the end of his term upon

- a. Death
- b. Resignation
- c. End of term of director or independent director position in the Company
- d. Dismissal or removal by the Board of Directors' resolution

In case the Corporate Governance Committee member wishes to resign before the completion of the term of office, he must inform the Company and state the reason so that the Board of Directors can consider appointing another director who has complete qualifications to replace the resigning director.

In case the Corporate Governance Committee position is vacant because of other reasons besides retirement by rotation, the Board of Directors shall appoint an individual with complete qualifications to be the Corporate Governance Committee member within 3 months from the day the position is vacant. The person appointed to fill a vacancy for any reason other than by rotation shall retain office for the remaining term of office of the Corporate Governance Committee member whom he replaces.

Duties and Responsibilities of the Corporate Governance Committee

1. Prepare the corporate governance policy, anti-corruption policy, and Business Ethics and Code of Conduct for submission to the Board of Directors for approval
2. Propose corporate governance guidelines and other guidelines related to anti-corruption to the Board of Directors as well as provide advice and suggestions to the Board of Directors regarding corporate governance and other guidelines related to anti-corruption
3. Review director and executive compliance with the corporate governance policy and anti-corruption policy as well as review and assess overall compliance with the corporate governance policy with the directors and management and provide suggestions relating to operations in order to comply with the said policy
4. Review the corporate governance policy, Business Ethics and Code of Conduct, anti-corruption policy and related guidelines to be continually up to date at least once a year, by comparing with international best practices, laws and regulations of government agencies and regulatory organizations, and propose to the Board of Directors for approval of amendment
5. Report performance results and assessment results of compliance with corporate governance policy and anti-corruption policy to the Board of Directors at least twice per year

6. Promote adequate and continued communication to directors, executives and employees at all levels to be informed of and understand the corporate governance policy and guidelines, Business Ethics and Code of Conduct, and anti-corruption policy and related guidelines
7. Compliance with anti-corruption policy and related guidelines
8. Perform any other duties assigned by the Board of Directors

3. Remuneration and Nomination Committee

The Remuneration and Nomination Committee was appointed by the Board of Directors' Meeting No. 5/2016 on 10 August 2016. The Remuneration and Nomination Committee consists of at least 3 directors, with more than half being independent directors. The highest ranking executive of the Company's Human Resources acts as the Remuneration and Nomination Committee Secretary. Details are as follows:

Name List	Position	Attendance of Remuneration and Nomination Committee Meetings in 2016 (1 time)
1. Mr. Dhanin Chearavanont	Chairman of the Remuneration and Nomination Committee	0/1
2. Police General Phatcharavat Wongsuwan	Remuneration and Nomination Committee	1/1
3. Mr. Padoong Techasarintr	Remuneration and Nomination Committee	1/1
4. Mr. Umroong Sanphasitvong	Remuneration and Nomination Committee	1/1

Mr. Suraphan Pussadej, Senior Assistant Chief Executive Officer – Human Resources, acts as the Remuneration and Nomination Committee Secretary.

Qualifications of the Remuneration and Nomination Committee

1. Is a director of the Company
2. Has good knowledge and understanding of corporate governance
3. Has far-sighted vision; continually monitors changes relating to determination of remuneration and nomination of directors at the international level in order to improve the Company's policy on remuneration and nomination
4. Can independently perform duties, express opinions and report on performance of assigned duties; can devote sufficient time in performing duties

5. Has independence in recruiting and selecting individuals who are worthy of being nominated as the Company's director to replace the director who will retire by rotation or other circumstances; prepare adequate information on the said individual for the Board of Directors' consideration

Term of Office of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee member has a term of office at the same time as the term of office of being the Company's director. A retiring Remuneration and Nomination Committee member is eligible for re-election according to necessity and appropriateness.

Besides retiring by rotation, the Remuneration and Nomination Committee member will come to the end of his term upon

- a. Resignation
- b. Lack of qualification to be a Remuneration and Nomination Committee member according to the Remuneration and Nomination Committee charter
- c. Termination by the Board of Directors' resolution

The Remuneration and Nomination Committee member who wishes to resign must submit a resignation letter to the Chairman of the Board of Directors. The resignation will be effective on the date that the resignation letter reaches the Chairman of the Board of Directors.

In case all of the Remuneration and Nomination Committee members will retire, they shall remain acting in the position until a new set of Remuneration and Nomination Committee members will resume the position.

In case the Remuneration and Nomination Committee position is vacant because of other reasons besides retirement by rotation, the Board of Directors shall appoint an individual with complete qualifications to be the Remuneration and Nomination Committee member within 3 months from the day the position is vacant in order that the total number of committee members is complete as determined. The person appointed to fill a vacancy for any reason other than by rotation shall retain office for the remaining term of office of the Remuneration and Nomination Committee member whom he replaces.

Duties and Responsibilities of the Remuneration and Nomination Committee

1. Consider compensation criteria and forms of remuneration for directors and high-level executives in order to propose to the Board of Directors. The Board of Directors approves the remuneration of high-level executives. With regard to the remuneration of directors, the Board of Directors will propose to the shareholders' meeting for approval.
2. Consider criteria and process in nominating individuals with appropriate qualifications to assume the director position; select individuals according to the determined nomination process and provide opinion to the Board of Directors
3. Assess remuneration of high-level executives in line with their performance
4. Perform any other duties assigned by the Board of Directors

Self-Assessment of Committee

In 2016, the Company organized the self-assessment of committee, including the Audit Committee, Corporate Governance Committee, and Remuneration and Nomination Committee, to assist the committees in reviewing their performance as well as the problems and obstacles faced during the past year so that the committees can perform their work more effectively.

The self-assessment of committee as a whole covers

- Structure and qualifications of the Committee, which has impact on the effectiveness of their performance, such as number of Committee members that are appropriate to the nature of the business, knowledge and experience of the Committee members, number of independent directors, and nomination process of qualified member is transparent, fair and free from influence.
- Any action that allows the Committee to function effectively in the meetings, including notification of the dates of the Committee meetings in advance, frequency of Committee meetings is appropriate, each agenda is discussed with sufficient time allocated, receiving the meeting documents and having adequate time to study the documents, and the meeting atmosphere facilitates creative expression of opinions, and directors with conflict of interest abstain from decision making on that particular agenda.
- Roles and responsibilities of the Committee in emphasizing the importance of using adequate time to consider, review and implement:

Audit Committee

- Review and ensure the accuracy and reliability of financial reports, Review the compliance with laws and rules, Review the efficiency of established internal control system, Consider related party transactions and conflict of interest transactions to meet compliance, Advise the appointment and/ or removal of the head of internal audit department, Consider the appointment and removal of external auditor, including the audit fee amount, Ensure procedures for complaint mitigation are carried out by management.

Corporate Governance Committee

- Propose corporate governance policy and give advice to the Board of Directors on corporate governance related issues, Supervise directors and management to ensure compliance with corporate governance policy, Review existing corporate governance policy and study the change of corporate governance worldwide to enhance standard, Set up the policy and practices of corporate social responsibility (CSR) and oversee the implementation, Formulate the anti-corruption policy and best practices.

Remuneration and Nomination Committee

- Identify qualifications of director consistent with related laws and nature of business, Consider a list of qualified persons and propose to the Board of Directors for consideration, Initiate a succession plan for directors and top management, Establish continuous training and development for directors, Consider procedures to determine remuneration for directors and top management whether it is paid in cash or non-cash, Set up criteria to determine fair remuneration. For example, the paid amount is comparable to peers in the same industry.

The self-assessment of committee as a whole has 5 opinion ratings:

- 0 = Strongly disagree or never conducted
- 1 = Disagree or seldom conducted
- 2 = Fair or moderately conducted
- 3 = Agree or well conducted
- 4 = Strongly agree or excellently conducted

In addition, there is space for the committee to provide additional comments.

In summary, the results of the self-assessment of committee as a whole:

Audit Committee

100 percent of the scores were in the strongly agree range or with action excellently conducted.

Corporate Governance Committee

90 percent of the scores were in the strongly agree range or with action excellently conducted, while 10 percent were in the agree range or with action well conducted.

Remuneration and Nomination Committee

84 percent of the scores were in the strongly agree range or with action excellently conducted, while 16 percent were in the agree range or with action well conducted.

3. Nomination and Appointment of Directors and High Level Executives

• Independent Directors

The Company has 5 independent directors, accounting for one-third of Board members. They are Prof. Dr. Komain Bhatarabhirom, Mr. Pridi Boonyoung, Mr. Padoong Techasarintr, Pol. Gen. Phatcharavat Wongsuwan, and Adjunct Prof. Prasobsook Boondech.

• Qualifications of Independent Directors

The Company's independent directors, besides having the general qualifications according to the Public Limited Companies Act, Securities and Exchange Act, and other related laws, must also have specific qualifications according to the Notification of the Capital Market Supervisory Board.

In addition, the Company has determined the ratio of holdings of the Company's shares under No. 1 and No. 8 to be more stringent than the minimum requirements of the abovementioned Notification. The Company's independent directors shall have specific qualifications as follows:

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

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

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

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

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

- **Nomination Policy**

The Company has appointed the Remuneration and Nomination Committee to be responsible for nominating qualified persons to assume the director position, including selecting individuals according to the defined nomination policy by considering knowledge, capabilities and work experience that can satisfy the requirements of the vacant position, and proposing to the Board of Directors for consideration of appointment.

- **Nomination of High Level Executives and Succession Plan**

The succession plan is considered part of development of human resources in the long-term and is the responsibility of executives. If there is a vacant or new executive position, the Company will develop internal personnel who meet the criteria first. The Company has stipulated that the Head of Nomination select a maximum of 3 employees in the area of responsibility for development and planning to be the successor. In preparing the succession plan of the executive officer level or higher, the executive shall propose the name to the Human Resource Policy Committee for approval before further developing the succession plan. The selection of the successor will mainly consider the employee's Performance & Potential Grid and Career Interest.

Furthermore, the Company's directors and executives shall not possess any untrustworthy characteristics as specified in the Notification of the Securities and Exchange Commission as follows:

1. having deficiency in legal competence or having been subject to any legal proceeding under the law governing capital market including
 1. being an insolvent person; or
 2. being an incompetent or a quasi-incompetent person; or
 3. having been named in any criminal complaint filed by the SEC Office; or having been subject to any legal proceeding following the criminal complaint initiated by the SEC Office; or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the violation of the Securities and Exchange Act or Derivatives Act
2. having any record of deceitful, fraudulent or dishonest management of assets including
 1. having been named in any criminal complaint filed by a financial regulatory authority, whether in Thailand or in foreign countries, or subject to any legal proceeding following the criminal complaint initiated by such financial regulatory authority, or barred from serving as director or executive of a financial institution by a financial regulatory agency, or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of offences regarding deceitful, fraudulent or dishonest management of assets which has caused damage to either the financial institution with which the person was associated or the customers thereto; or
 2. having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the commission of public offences regarding deceitful, fraudulent or dishonest management of assets; or
 3. having been subject to the court's order of asset seizure under the Counter Corruption Act, the Anti-Money Laundering Act or any other similar law and it has not yet surpassed the three-year interval time after the date on which the court issued such order; or
3. having any improper behavior which, if considered on a reasonable ground, materially affected shareholders, the Company, or the capital market as a whole including
 1. acted or omitted to act, without good faith or with gross negligence, in executing any transaction for the Company or its subsidiary, which caused damage to the Company or shareholders or generated unjust enrichment for oneself or others; or

2. disclosed or disseminated false information or statement regarding the Company or its subsidiary which may cause misunderstanding or concealing material facts that should have been stated which may affect decision making of shareholders, investors or other parties involved, either by ordering, taking responsibility for or involving in preparation, disclosure or dissemination of such information or statement or by taking or omitting to take any other action, unless the person can prove that, by virtue of own position, status or duty, he was not aware of such untruth or omission; or
3. engaged in any unfair practice or taking advantage of investors in trading securities or derivatives or aided or abetted thereof.

4. Supervising the Operations of Subsidiaries and Associated Companies

The Board of Directors has a supervision mechanism where it can control the supervision and management of subsidiaries and associated companies and be responsible for the performance of subsidiaries and associated companies in order to protect the benefits of the Company's investment.

1. Sending individuals to be the Company's representative as directors, executives or authorized persons in the said company according to shareholding percentage, with approval from the Executive Committee Meeting.
2. Determining the authority, duties and responsibilities of the director and executive that is the Company's representative according to the Authority Handbook of each subsidiary.
3. Having a supervision mechanism that ensures disclosure of financial statements and operating performance, transactions between the said company and connected persons, acquisition or disposal of assets, or other important transactions of the said company are complete and correct, and uses standards related to information disclosure and abovementioned transactions similar to that of the Company's through the Group's central accounting and finance division, central legal division, and the Company Secretary. In addition, the Articles of Association of subsidiaries has regulations related to connected transactions and acquisition or disposal of assets that are in accordance with the securities law.
4. Determining a suitable, circumspect and adequate internal control system in subsidiaries through the Authority Handbook. The internal control system of subsidiaries is overseen by the Group's Internal Audit Office.

5. Prevention of Conflicts of Interest, Control of Internal Information Use

1. Prevention of Conflicts of Interest

The Board of Directors has a clear policy regarding entering into transactions with possible conflict of interest, which must be for the best interests of the Company and shareholders. The transactions with possible conflict of interest are carefully considered and must pass the scrutiny of the Audit Committee before being proposed to the Board of Directors' Meeting for approval. Directors with conflict of interest shall not engage in

the decision making. After approval of the connected transaction, the resolution of the Board of Directors' Meeting shall be disclosed to the Stock Exchange of Thailand for dissemination to shareholders on the date of the resolution or up until 9.00 a.m. on the following business day so that shareholders receive correct, fast and timely information.

In addition, the Board considers prevention of conflicts of interest as an important duty. Directors, executives, employees, their families and those under the same residence shall not engage in transactions that have conflicts of interest with the Company, whether directly or indirectly and whether conducted by themselves, with members of their family or close persons. In order to prevent possible inappropriateness that may arise, the Board of Directors has administered the following:

- The Board has stipulated that directors and executives of the Company and its subsidiaries shall provide a report on his/her interest every year, file a report any time there is a change, and maintain the report with the Company Secretary. In addition, copies of the report shall be sent to the Chairman of the Board of Directors and the Chairman of the Audit Committee. The report on the interest of directors and executives reveals the relationship of family members and other persons that may cause conflicts of interest. In case there is a necessity to engage in a related transaction, the transaction must be conducted with transparency and fairness like conducting transactions with outside parties and for the Company's best interests. In the approval of related transactions, directors or executives with vested interests shall be excluded from attending the meeting and voting.
- The Board of Directors' Meeting has approved the principle regarding normal business terms and undertakings that the management may approve the transaction between the Company and its subsidiaries and directors, executives or related persons if the transaction has the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person. In addition, a quarterly report of such transactions must be prepared by the Company and reported to the Board of Directors' Meeting every quarter after the revision by the Audit Committee.

In 2016, there were no connected transactions. There were only transactions between the Company and its subsidiaries and related parties, which were conducted on the basis of normal business terms and undertakings that the management can conduct under the principle approved by the Board of Directors.

2. Control of Internal Information Use

The Company is highly concerned about the use of the Company's inside information for personal interests. The Company's Business Ethics and Code of Conduct clearly prohibits the use of specific information that is the Company's inside information for trading of the Company's shares or providing this information to

others for the trading of the Company's shares. The Company has established a policy and preventive measures regarding insider trading of related persons including directors, executives, employees working in departments related to the information, as well as spouse and minor children or adopted minor children of these persons.

- Related persons shall not trade in the Company's shares in the one-month period prior to the release of the Company's financial reports to the public and one day after the release of the financial reports. The Company Secretary is responsible for sending a reminder e-mail to related persons to halt trading of the Company's shares 1 week prior to the trading halt. Every time directors and executives engage in trading of the Company's shares, they shall file the Report of Changes in Securities Holding (Form 59-2) and report to the SEC Office within 3 working days so that the SEC Office may disclose the shareholding to the general public through the SEC website.
- Use of inside information that has not yet been disclosed to the public or Stock Exchange of Thailand for personal interest or the interests of related persons is considered as taking advantage of other shareholders and is prohibited.
- The Company has stipulated that the report of holdings in the Company's shares by directors and executives, their spouse and minor children shall be reported to the Board of Directors' Meeting at the end of every year.

On 21 April 2016 at the Company's Annual General Meeting of Shareholders 2016, the open letter to shareholders of Mr. Dhanin Chearavanont, Chairman of the Board, was read. The letter asked for an opportunity to explain the incident where the Company's 3 executives were fined by the Securities and Exchange Commission in December 2015 in the case relating to use of inside information to purchase shares of Siam Makro Public Company Limited. The Chairman of the Board and the Board of Directors believe that the 3 executives unintentionally made an error of judgment based on insufficient knowledge of the rules. They have felt sorry for this matter, have learnt from this error, and will not repeat the error again.

From this lesson, the Company's corporate governance must be improved to meet the expectations of the Thai capital market, both in Thailand and abroad, as well as society's expectations toward the Company. The Company's corporate governance must be enhanced in line with international standards, together with maintaining the Company's existing good corporate culture. As Chairman of the Board, I am determined to do everything possible to improve the Company's corporate culture to have corporate governance on par with international standards. Directors and executives will be trained and instilled with true knowledge and understanding of corporate governance principles. This will prevent the incident from reoccurring. There will be strict punishment and no forgiveness for error of this nature such as trading of shares using insider information and non-compliance with information disclosure regulations.

At the Board of Directors' Meeting No. 5/2016 on 10 August 2016, it was acknowledged that the 3 executives had informed the Meeting that from the incident where the Securities and Exchange Commission had imposed fines on the 3 executives, they have felt sorry for this matter. In order to build confidence that shareholders and investors have toward the Company, the 3 executives will perform their duties in compliance with corporate governance principles. The executives notified their intention not to receive regular monthly remuneration of directors for a period of one year starting from August 2016 onwards.

In 2016, there was no incidence of wrongdoing due to use of inside information by directors, executives and related employees.

6. Audit Fees

(1) Audit Fee

In 2016, the Company paid an audit fee to the auditor, Mr. Charoen Phosamritlert, registration No. 4068 of KPMG Phoomchai Audit Ltd. (KPMG) in the amount of Baht 5.063 million. In addition, KPMG is the auditor of 20 local subsidiaries and 3 foreign subsidiaries i.e. Lotus Distribution Investment Limited, Albuera International Limited and Vina Siam Food Co., Ltd.

Other foreign subsidiaries, i.e. Successor Investments Limited, Successor (China) Investments Limited and Nanjing Zheng Yi Xin Trading Co., Ltd., paid audit fee to KPMG international.

(2) Non-audit Service

In 2016, the Company and its subsidiaries did not receive any non-audit services from KPMG Phoomchai Audit Ltd.

7. Other Good Corporate Governance

In 2016, the Company implemented the following to enhance and improve corporate governance along with international standards in order to build the confidence of shareholders and all stakeholders:

1. Appointed the Corporate Governance Committee to oversee that the Company's Board of Directors, executives and employees perform their duties in compliance with the corporate governance policy, anti-corruption policy and related guidelines, and to report the results to the Board of Directors.
2. Appointed the Remuneration and Nomination Committee to consider compensation criteria and forms of remuneration for directors and high-level executives; and to consider criteria and process in nominating individuals with appropriate qualifications to assume the director position and propose to the Board of Directors for consideration.
3. Appointed the advisor and Corporate Governance Sub-Committee to assist with overseeing corporate governance in various aspects and to report to the Corporate Governance Committee.

4. Hired independent external consultant with expertise in corporate governance to be an advisor to the Corporate Governance Committee to evaluate existing corporate governance procedures compared to the laws and regulations of government agencies and regulatory organizations and international practices; and to set up a program to enhance the Company's corporate governance along with international standards on various matters as follows:
 - Corporate Governance Policy
 - Conflict of Interest
 - Data Privacy Policy
 - Business Ethics and Code of Conduct
 - Risk Management Policy
 - IT Governance
 - Insider Trading Policy
 - Public Disclosure as per SET and SEC's requirements
5. Important matters relating to corporate governance that the Company has already implemented and is in the process of implementing include:
 1. Change the corporate governance structure by clearly determining the responsible unit and person, that is, the Risk Management Unit and Compliance Unit performs work under the Risk Management Committee and reports to the Audit Committee.
 2. Improve various corporate governance processes according to the program to enhance corporate governance including:
 - Set the charter of the Board of Directors and various sub-committees which are the Board of Directors charter, the Corporate Governance Committee charter, the Remuneration and Nomination Committee charter, the Audit Committee charter, and the Corporate Governance Sub-Committee charter.
 - Revise the corporate governance policy and Business Ethics and Code of Conduct.
 - Set the corporate governance guidelines for the Board of Directors, executives, employees, supporting units, and the Internal Audit office.
 - Set the anti-corruption policy and related guidelines.
 - Set and revise the Internal Audit charter and Internal Audit Handbook, annual internal audit plan, and information technology audit review.
 - Improve corporate governance procedures relating to receiving of complaints.
 - Develop and improve the risk management process such as the Risk Management Handbook, risk management reporting process, and channels for communicating policies.
 - Set and revise the Business Continuity Plan (BCP) and the information technology risk management contingency plan.

- Revise criteria for evaluating KPIs in relation to compliance with corporate governance policy and Business Ethics and Code of Conduct.
 - Appoint the Product Selection Committee and guidelines for product selection in order to prevent conflict of interest.
 - Develop information disclosure process to comply with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, such as preparing the Investor Relations Code of Conduct, preparing the Handbook on Information Disclosure Guidelines and Methods, and determining the checklist for reviewing the completeness of information disclosure.
 - Set the policy and guidelines on software asset management.
 - Set and revise guidelines for IT investment, improvement of IT oversight, and set the policy and regulations on IT governance.
 - Develop and train personnel on corporate governance especially laws, guidelines, and Business Ethics and Code of Conduct, that covering conflict of interest, insider trading, risk management and anti-corruption.
6. The Company provides opportunity for minority shareholders to nominate qualified persons to be appointed as a director in place of the director retiring by rotation. The shareholders were informed to the right and the method to nominate individuals since the Annual General Meeting of Shareholders 2017. The Company has prepared the nomination form for the convenience of shareholders. It has made the announcement via the Company's website and the Stock Exchange of Thailand on 30 September 2016, 90 days in advance prior to the last day of the fiscal year. This is to give shareholders adequate time for nomination and to allow the Company Secretary Office to send the names nominated by shareholders to the Remuneration and Nomination Committee for further action.

127

Anti-Corruption Policy

The Company recognizes the importance of good corporate governance and foresees the impact of corruption in the organization, which will affect society and the nation. To show its commitment to fight corruption, the Company announced its intention and joined the Thai Private Sector Collective Action Coalition Against Corruption (CAC). Furthermore, the Company applied for membership in the United Nations Global Compact (UNGC).

The Company declared its intention to join the Thai Private Sector Collective Action Coalition Against Corruption (CAC) on 20 August 2014. The Internal Audit Manager was appointed as the head of the working group in studying, preparing and taking action to propose to the Board of Directors' Meeting in leading the Company to apply for certification from the CAC. The Company hired an independent external expert as an advisor for the implementation. The Board of Directors' Meeting on 10 August 2016 approved the anti-corruption policy and

related guidelines including anti-corruption guidelines, donation for charity guidelines, financial contribution guidelines, and guidelines on giving/accepting gifts, souvenirs and reception, which contents are covered by CAC regulations. These guidelines will be used by the Board of Directors, executives and employees at all levels of the Company and subsidiary companies, and persons who are related to the business in performing their duties. The Company will not ignore any actions that may lead to corruption even though that action may be beneficial to the Company.

The Company revised its organizational structure to determine the responsible person for this matter. There was evaluation of risk management relating to corruption, review of related policies and guidelines, and building awareness of anti-corruption among employees at all levels. Information relating to anti-corruption was also communicated internally as well as to external organizations such as subsidiary companies and suppliers. Training for new employees, annual training through various courses related to corruption prevention, and training through E-Learning were conducted. Guidelines for monitoring and assessing compliance with anti-corruption policy were established.

Besides corruption prevention measures which can help reduce the opportunity for corruption, the Company established measures to detect corruption. To assist in detecting and reporting possible corrupt action in a timely manner, the Company determined communication channels for executives, employees and related persons to file complaints or provide tip-offs on corruption or unfair treatment. In addition, the Company established a process to protect whistleblowers and gives importance to keeping the tip-off confidential, which will only be known by assigned and related persons. Performance results related to anti-corruption were reported to the Board of Directors through the Audit Committee and the Corporate Governance Committee.

On 9 December 2016, the Company submitted a self-evaluation tool relating to anti-corruption standards in order to apply to be a certified member of the CAC to the Thai Institute of Directors Association (IOD), which acts as the CAC Secretary.

CORPORATE SOCIAL RESPONSIBILITY

CP ALL Public Company Limited gives great importance to operating its business with responsibility to society and the environment. It has established a clear mission to enhance good relations with society and communities following a systematic process. The needs and expectations of society and communities are analyzed and used in planning and determining concrete guidelines for operations, with the aim of improving the quality of Thai society to be strong and self-sufficient in a sustainable manner.

The Company recognizes the importance of CSR in Process in accordance with the “CSR Guidelines”, which is a handbook on CSR principles and guidelines for listed companies in the Stock Exchange of Thailand developed by the CSR Working Group. The Company has also planned CSR implementation and CSR reporting in compliance with the Global Reporting Initiatives (GRI) G4 Guidelines. More details can be found in [the Sustainability Report 2016 of CP All Public Company Limited](#).

The Company’s CSR also includes CSR after Process as follows:

Care for the Environment

The Company is dedicated to developing the organization to be the leading retailer that cares for the environment. As a result, the “7 Go Green” strategy was set up in 2011 to drive the “Green Resolution” and initiate various projects to create good environments for communities and society through 7-Eleven stores across the country.

Energy Management

- **Energy Efficient Store**

The Company designed the 7-Eleven store at Tara Square to be the first convenience store in Thailand and ASEAN to receive the TREES Platinum Green Building Rating from the Thai Green Building Institute (TGBI) according to Thai’s Rating of Energy and Environmental Sustainability (TREES) standards. The 7-Eleven store at Tara Square is also the first and only convenience store in Thailand to receive certification for successfully meeting the requirements of the Carbon Footprint Label Scheme from the Thailand Greenhouse Gas Management Organization (Public Organization). This is in line with the country’s greenhouse gases reduction policy according to the National Climate Change Master Plan which states reduction of CO2 emissions in the range of 7-20% in 2020. From the success of the prototype energy efficient store, the Company has adopted the energy saving innovations to improve other 7-Eleven stores and distribution centers in 2016. These include the use of LED bulbs, open showcase chillers, and inverter air conditioners which effectively help reduce energy use.

- **Solar Rooftop**

The Company has installed solar cells at five 7-Eleven stores and started to produce electricity from solar energy at some stores.

Waste Management

- **Environmental Friendly Packaging**

In 2016, the Company initiated 3 “Reduce” projects including changing shrink sleeve labels in the green label drink category, avoiding the use of PVC by using alternative materials of equal or better quality, and reducing the amount paper use for cold beverage paper cups.

- **Use of Bacteria to Treat Grease Traps**

The Company has developed a convenient and effective process using powdered bacteria to treat grease traps together with an automatic filling and fermentation tank. This has helped reduce the work process, from having to remove grease from the tank 8 times per month to once every 2 months, as well as improved sanitation.

- **Reducing Plastic Bag Use Campaign**

The Company has continuously implemented projects to reduce the use of plastic bags for the fifth year. 7-Eleven store employees are an essential force in communicating both inside and outside the stores for consumers, especially children and youth, to help reduce global warming by reducing, refraining from, and stopping the use of plastic bags. In 2016, the Company added the project “Stop using plastic bags at 7-Eleven” in Mahidol University and expanded the network of Thai youths reducing plastic bag use to various schools across the country.

Joining in the Development of Communities and Society

The Company strives to cooperate with every sector in society to support communities and socially underprivileged people to be stronger. The Company has provided scholarships to develop occupational skills of children of deceased or disabled persons who served in the line of duty in the southern border provinces. In addition, the Company has provided scholarships to children of grocery store owners to study retail business in the bilateral education program at Panyapiwat Technological College in order to bring back the knowledge to develop and sustainably grow their family store.

The Company has also continuously organized free seminars, “Creating Sustainable and Wealthy Grocers”, to provide new retail knowledge to small retail operators so that they can adapt the knowledge for their business operations. At the same time, the Company provides channels for SMEs to distribute their products via 7-Eleven stores and 24 Shopping. Moreover, the Company has initiated various programs to develop the knowledge and capabilities of its business partners to operate their business professionally.

In terms of developing high quality labor force, the Company has a clear and concrete policy regarding promotion of education and youth development. The Company has trained the new generation into the retail work process under the “Work Based Learning” concept, which aims to build professionals based on academic and real-life work through different fields offered at Panyapiwat Technological College (PAT) (vocational level certificate) and Panyapiwat Institute of Management (PIM) (Bachelor’s, Master’s, and Doctoral Degree). Besides

creating a strong educational foundation for Thailand, this has helped support the country's development in all dimensions.

Development of Youths who Love Learning

In order to develop Thai society to be a reading and learning society and to create a population with quality for the nation, the Company in collaboration with government and private organizations has organized activities to develop the knowledge and skills of children and youths in 3 areas as follows:

- **Integrated Thai Language Promotion** The Company aims to promote reading and writing and to develop Thai youths to enter the literary circle through various projects such as
 - “7 Book Awards” Project – The Company has implemented the 7 Book Awards for the 7th consecutive year in order to select and promote outstanding books in 7 categories including poetry, novel, cartoon, short story, youth literature, documentary, and “Young Writer” award.
 - “Literature Seeds” Project and “7-Eleven Discovers Dream Cartoonist” Project – These projects were organized to expand on the success of the 7 Book Awards and to further develop the writing skills of interested youth to be able to submit quality entries to the 7 Book Awards. In 2016, the Company implemented the projects for the 13th time under the concept “Those born as gentlemen are born for others” (Sriburapha).
 - “Poet Stairway” Project – The Company jointly with the 7 Book Awards Committee organized the Poet Stairway Project for the second time with the objective of carrying on the Thai heritage of writing Thai poetry. A total of 78 youths and teachers from across the country were selected to join the Thai poetry writing camp taught by national poets and S.E.A. Write poets.
 - “Small Book” Project – In 2016, the Company introduced the Small Book Project under the concept “Creative writing for the Father of our Nation”. Besides encouraging students to realize the royal grace of the late King Rama IX, the project promoted reading and learning of the Thai language as well as creative thinking.
- **Integrated Teaching through Dharma** To ensure that teachers of all subjects have confidence, knowledge and understanding of the principles of dharma and can integrate the knowledge into their teaching, the Company has implemented the Buddhism Project since 1996. Presently, the target group has been expanded to lecturers and officials at the university level, youths, and the general public who are interested in practicing dharma.
- **Intellectual Development with Go Game** Since 1993, the Company's promotion of playing the Go Game has made the game popular. The Company has organized classes to teach the Go Game to students and the general public; supported Go Game competitions to continuously develop the skills of those joining the project; and selected youths to be Thailand's representatives at international Go Game competitions. Furthermore, the Company promotes playing the Go Game online at www.thaigogenius.com.

Results from Being Recognized by Society and Communities

- “Top selected brand in the retail business category in Thailand” according to the Brand Footprint Report by Kantar Worldpanel (KWP), the world leader specializing in consumer behavior
- “Thailand’s Most Admired Brand 2016” for the 4th consecutive year from the survey results of “Thailand’s Most Admired Brand and Why We Buy” by BrandAge magazine
- “No. 1 Brand Thailand 2015 – 2016” in the convenience store and frozen food category under the name EZYGO, from Marketeer magazine
- “Carbon Neutral” certification and “Model Organization for Greenhouse Gas (GHG) Emission Reduction” honorary plaque under the GHG Reduction Project from the Thailand Greenhouse Gas Management Organization (Public Organization)
- “Healthy, Safe and Happy Workplace” award was given to the Bang Bua Thong distribution center by the Department of Disease Control, Ministry of Public Health
- “Outstanding Workplace Safety” award from the Department of Labour Protection and Welfare was given to over 10 distribution centers, including consumer products distribution center, temperature controlled distribution center, bakery products distribution center, and printed material distribution center
- “Outstanding Labour Relations and Welfare” award from the Department of Labour Protection and Welfare was given to the Khon Kaen regional distribution center for 5 consecutive years
- “To Be Number One” award at the national level was given to 8 distribution centers for their “To Be Number One” anti-drug campaign by the Department of Mental Health
- “Thailand Quality Prize: QCC” was awarded to the Bang Bua Thong consumer products distribution center and the Lamphun regional distribution center by the Technology Promotion Association (Thailand-Japan)
- “Thailand 5S Award” was given to the Khon Kaen regional distribution center by the Technology Promotion Association (Thailand-Japan)
- “Workplace Hiring Elderly Persons” honorary plaque from the Ministry of Social Development and Human Security
- “Supporting Employment” honorary plaque for being a company that has continuously supported employment opportunities in cooperation with the Ministry of Labour

ANTI-CORRUPTION

The Company's Board of Directors recognizes and gives importance to good corporate governance and has supported the Company declaring its intent to join Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). Furthermore, the Company has joined the United Nations Global Compact (UNGC). The Board of Directors has approved the policy and guidelines on anti-corruption, covering giving and accepting gifts, receptions, financial contributions and donations, in which executives and employees of the Company and its subsidiary companies as well as stakeholders should adhere to. Matters relating to anti-corruption are disseminated via the Company's communication channels. Stakeholders are also informed of these anti-corruption topics. Moreover, all executives and employees must pass the anti-corruption training course. The Board of Directors has also established procedures to monitor and evaluate compliance with the Company's anti-corruption policy.

Besides anti-corruption prevention measures to reduce the possibility of corruption, the Company has established measures to detect and report possible corruption in a timely manner. The Company has set communication channels for stakeholders and related persons including executives and employees to file complaints or provide tip-offs on corruption or cases of unfair treatment. The Company gives importance to keeping the tip-offs confidential, which is let known only to assigned and related persons. The tip-offs can be made as follows:

1. By e-mail to either committee below:

- | | | |
|----------------------------------|--------|----------------------------|
| - Audit Committee | E-mail | AuditCommittee@cpall.co.th |
| - Corporate Governance Committee | E-mail | CGcommittee@cpall.co.th |
| - Board of Directors | E-mail | BOD@cpall.co.th |

2. By post addressed to:

Audit Office CP ALL Public Company Limited
 119 Tara Sathorn Building, 16th Floor, Soi Sathorn 5, South Sathorn Road
 Tungmahamek, Sathorn, Bangkok 10120

3. By Call Center

Tel: 0-2648-2770
 Tel: 0-2711-7744
 Fax: 0-2679-0187

INTERNAL CONTROL AND RISK MANAGEMENT

The Company is fully aware that internal control is one of the most important processes and that good internal control will ensure that the Company's operation system is correct, transparent and verifiable and can reduce or prevent possible damages. The Company has continuously developed its internal control system to be effective and efficient so that shareholders are confident in the Company's internal control system. The Board of Directors has appointed the Audit Committee, consisting of 3 independent directors with all qualifications according to the requirements of the Notification of the Capital Market Supervisory Board and the Notification of the Stock Exchange of Thailand, to review the Company's financial reports to ensure accuracy and reliability. In addition, the Audit Committee reviews the connected transactions or the transactions that may lead to conflicts of interest to ensure that they are reasonable and for the highest benefit of the Company; reviews the adequacy of the Company's risk management, internal control and internal audit systems; and reviews the Company's compliance with the law on securities and exchange and the laws relating to the Company's business.

The Audit Committee has assigned the Company's Internal Audit Office, which is independent from management, to be responsible for auditing and reviewing the performance of various departments in the Company and its subsidiaries to ensure that they have complied with the Company's internal control system. The Audit Committee evaluates the adequacy and appropriateness of the Company's overall internal control system which includes:

1. Control Environment

The Company promotes and supports a good internal control environment. The Company has established written policies related to corporate governance and business ethics which have been communicated to employees at all levels for their information and strict compliance. There is also a penal code for violations. The organizational structure has been set to correspond with the business plan and is regularly adjusted to be appropriate with operations. The lines of command are divided according to different fields corresponding to operation strategies and corporate governance. This ensures that management and employee performance is effective and can be clearly monitored, inspected and evaluated. The Internal Audit Office, which is independent and reports directly to the Audit Committee, is responsible for examining and verifying performance, supporting a good internal control environment.

2. Risk Assessment

The Company has set up a good risk management system and internal control system. The Risk Management Committee is responsible for establishing the policy framework as well as systematic risk management. Every unit assesses risk factors in various areas, impacts, possibility of occurrence, and risk management plan in line with changes in internal and external risks; determines clear measures to manage risks at acceptable levels; as well as manages existing risks promptly and effectively. The Company has established a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to prepare for risks and crises which may occur to ensure that the Company's major operations will have continuity and not be halted. The work performed by the Risk Management Committee is reported to the Audit Committee and the Board of Directors every 6 months. The Internal Audit Office also monitors whether various units have followed the risk management measures in order to ensure that the Company's risks are at acceptable and manageable levels.

3. Control Activities

The Company has clear and appropriate control activities. KPIs assist in planning and control. The Business Ethics and Code of Conduct and the Company's corporate governance policy provide guidelines for performance of duties. All employees are made aware of the Code of Conduct since the orientation for new employees. The Company has clearly defined the duties and responsibilities of various work functions. Correctness can be cross-checked to reduce risks in corruption or inappropriate actions. The authority and approval limit of various types of transactions of executives are clearly written in the "Authority Handbook". Furthermore, the IT system classifies the roles as well as control and access to information at various levels. The IT system has set access codes and an information database which can be later retrieved for verification. The policy regarding information security and information system has been announced and disseminated among employees at all levels to be aware of and strictly comply with information security. Procedures regarding connected transactions and the transactions that may lead to conflicts of interest are clearly stated to ensure transparency and the greatest benefits of the Company. The Internal Audit Office regularly reviews the adequacy and appropriateness of the control system, with the audit plan also covering important work processes.

4. Information and Communication

The Company recognizes the significance of information systems and communication. There are both internal and external communication channels to ensure that the decision-making of the Company's shareholders, stakeholders, directors, and executives are based on information that is correct, adequate, reliable and up-to-date. Important and general information is disclosed in the annual report and Form 56-1 through the Company's website www.cpall.co.th and the Stock Exchange of Thailand. The Company's policies, regulations, announcements and important news are clearly communicated to all employees via various channels. With regards to the Board of Directors Meeting, the Company will send the invitation to the meeting, agenda, and related meeting documents in advance within the regulated time period so that directors have sufficient time to consider the information before attending the meeting. The minutes of the Board of Directors Meeting is prepared for every meeting, recording the inquiries of directors and the opinions or observations of directors for each agenda item. Moreover, the Company has an information database that can be used for the Company's business operations. All documents are stored by category, especially financial documents which are essential in preparing financial reports. In addition, the Company has a clear policy regarding information control in terms of access and improper use of information, which is in line with the Computer Related Crime Act.

5. Monitoring

The Company regularly monitors performance to evaluate whether the set KPIs have been achieved as planned as well as analyzes the reasons in case the results were not as planned. The Internal Audit Office, which is an independent unit, reviews and audits operations to be in line with the control system, with emphasis on operational processes with high risk. The Internal Audit Office directly reports matters found to the Audit Committee and regularly monitors the improvements and remedial actions made by the unit that was audited. The Audit Committee reports the audit results to the Board of Directors every quarter. In addition, the Audit Committee meets with the Company's external auditor to evaluate the adequacy and effectiveness of the Company's internal control system.

In 2016, the Audit Committee had the same opinion with the external auditor that there was no material weakness in the internal control system. The Company has a sufficient and appropriate internal control system for its business and all units complied with the procedures and regulations. No material weakness was found in the internal control system.

HEAD OF INTERNAL AUDIT BIOGRAPHY

Name Mr. Kidsada Euapiyachart

Position Vice President - Internal Audit

Education

- Master Degree in Business Administration, Southeastern University, USA
- Graduate Diploma in Auditing, Chulalongkorn University
- Bachelor Degree in Law, Thammasat University
- Bachelor Degree in Accounting, The University of the Thai Chamber of Commerce

Experience

1988 – 2000 Deputy Manager, Internal Audit, Charoen Pokphand Group Co., Ltd.

Training by the Thai Institute of Directors Association (IOD)

2009 Company Secretary Program

2010 Audit Committee Program

2014 Anti-Corruption: The Practical Guide

Duties and Responsibilities of the Head of Internal Audit

1. Determine the structure and scope of responsibilities of the Internal Audit Office and manage general operations of the Internal Audit Office
2. Prepare the handbook and operating standards for internal auditors and monitor that the internal auditors have performed their duties according to the established standards
3. Formulate the annual audit plan which is considered and approved by the Audit Committee
4. Determine the annual budget and Key Performance Indicators for auditing
5. Review the Audit Program of each audit unit including performance of duties and information to ensure worthwhile use of resources and efficient and effective audit results
6. Verify the appropriateness of information storage systems and the existence of the Company's assets
7. Evaluate the reliability and correctness of accounting and financial information
8. Monitor that the operations of various departments comply with the policies, objectives and regulations of the Company and related laws
9. Review the audit results and follow up on performance results following the recommendations
10. Report the audit results to the executive team, the Audit Committee, and the Board of Directors
11. Select and develop internal auditors at all levels to be knowledgeable and skilled and evaluate the performance of internal auditors
12. Provide advice and recommendations on internal control systems and risks to various departments
13. Perform other special tasks as assigned by the executive team and the Audit Committee
14. Liaise with the executive team, the Audit Committee, the Company's auditor and advisors

RELATED TRANSACTIONS

In 2016, CPALL and its subsidiaries conducted transactions with connected parties, which the Audit Committee has reviewed and approved the rationale for connected transactions as details below.

Connected transactions for normal business transactions or supporting normal business transaction were engaged in the ordinary course of business and complied with Rules on Connected Transactions by virtue of Section 89/12(1) of the Securities and Exchange Act (No.4) B.E. 2551. The Board of Directors has approved in the Board of Directors Meeting No.1/2010 held on 18 February 2010.

(Unit : Million Baht)

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
C.P.TOWER GROWTH LEASEHOLD PROPERTY FUND	Majority share held by the CP Group	Other expenses	124	
		Other accounts payable		1
K.S.P. EQUIPMENT COMPANY LIMITED	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Sales of goods	1	
		Trade accounts receivable		1
CHAROEN POKPHAN GROUP COMPANY LIMITED	Mr. Dhanin Chearavanont and close relatives who are Mr. Charan Chearavanont and Mr. Montri Chearavanont are major shareholders	Sales of goods and services and other operating income	14	
		Other expenses	9	
		Trade and other accounts receivable		2
CHAROEN POKPHAND AGRICULTURE COMPANY LIMITED	Majority share held by the CP Group	Purchases of goods and services	3	
CHAROEN POKPHAND SEEDS CO., LTD.	Majority share held by the CP Group	Purchases of goods and services	1	
CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	Majority share held by the CP Group and have two common Directors who are Mr. Dhanin Chearavanont and Mr. Adirek Sripratak. In addition, Mrs. Arunee Watcharananan, who is Mr. Adirek Sripratak's younger sister is a common Director.	Sales of goods and services and other operating income	23	
		Purchases of goods and services	290	
		Trade accounts receivable		5
		Trade accounts payable		35

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
CHIA TAI COMPANY LIMITED	Mr. Dhanin Chearavanont and close relatives who are Mr. Charan Chearavanont and Mr. Montri Chearavanont are major shareholders	Services income	1	
CHESTER FOOD CO., LTD.	Majority share held by the CP Group	Sales of goods and services	14	
		Trade accounts receivable		1
		Trade accounts payable		5
CHINESE KIDS COMPANY LIMITED	Ms. Wande Sanphasitvong, who is Mr. Umroong Sanphasitvong's (CPALL's Director) younger sister, is a Director	Other expenses	2	
C. P. CONSUMER PRODUCTS CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Services income and other operating income	91	
		Purchases of goods and services	939	
		Trade and other accounts receivable		6
		Trade accounts payable		168
C.P. TRADING GROUP CO., LTD.	Mr. Dhanin Chearavanont and his son are major shareholders	Trade accounts payable		52
C. P. FOOD STORE COMPANY LIMITED	Mr. Dhanin Chearavanont and his son are major shareholders	Services income and other operating income	73	
		Purchases of goods and services	869	
		Other accounts receivable		9
		Trade accounts payable		227

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
C.P. MERCHANDISING COMPANY LIMITED	Majority share held by the CP Group and have one common Director who is Mr. Adirek Sripratak. In addition, Mrs. Arunee Watcharananan, who is Mr. Adirek Sripratak's younger sister is a common Director.	Sales of goods and services	438	
		Purchases of goods and services and other expenses	40	
		Trade accounts receivable		11
		Trade and other accounts payable		6
C.P.LAND PUBLIC COMPANY LIMITED	Majority share held by the CP Group and have one common Director who is Mr. Dhanin Chearavanont	Sales of goods and services and other operating income	64	
		Trade accounts receivable		22
C.P. INTERTRADE CO., LTD.	Mr. Dhanin Chearavanont and his son are major shareholders	Services income and other operating income	1	
		Other expenses	3	
		Other accounts payable and other current liabilities		1
C.P. PACKAGING INDUSTRY CO., LTD.	Majority share held by the CP Group	Sales of goods and services and other operating income	3	
		Purchases of goods and services	526	
		Other accounts receivable		2
		Trade accounts payable		147
C.P.FACILITY MANAGEMENT COMPANY LIMITED	Majority share held by the CP Group and Mr. Dhanin Chearavanon's wife and son are indirect shareholders	Other expenses	13	
		Other accounts payable		2
CINEPLEX CO., LTD.	Majority share held by the CP Group and have two common Directors who are Mr. Soopakij Chearavanont and Mr. Narong Chearavanont	Other expenses	21	

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
CP B&F (THAILAND) COMPANY LIMITED	Majority share held by the CP Group and have one common Director who is Mr. Soopakij Chearavanont	Services income and other operating income	1	
		Other accounts receivable and other current assets		1
		Trade and other accounts payable		3
CP-MEIJII CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Adirek Sripratak	Sales of goods and services and other operating income	71	
		Purchases of goods and services and other expenses	2,914	
		Trade and other accounts receivable		16
		Trade and other accounts payable		483
CPF (THAILAND) PUBLIC COMPANY LIMITED	Majority share held by the CP Group and have one common Director who is Mr. Adirek Sripratak	Sales of goods and services and other operating income	197	
		Purchases of goods and services	2,661	
		Trade and other accounts receivable		37
		Trade accounts payable		1,242
CPF TRADING CO., LTD.	Majority share held by the CP Group	Sales of goods and services and other operating income	347	
		Purchases of goods and services and other expenses	11,026	
		Trade and other accounts receivable		66
		Trade and other accounts payable and other current liabilities		1,576

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
CPF TRAINING CENTER CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Adirek Sripratak	Sales of goods and services and other operating income	2	
		Trade and other accounts receivable		2
CPF IT CENTER CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Adirek Sripratak	Services income	10	
D SUPREME COMPANY LIMITED	Mr. Dhanin Chearavanont's son is a major shareholder	Purchases of goods and services and other expenses	173	
		Trade accounts payable		10
TRUE CORPORATION PUBLIC COMPANY LIMITED	Majority share held by the CP Group and have four common Directors who are Mr. Dhanin Chearavanont, Mr. Soopakij Chearavanont, Mr. Umroong Sanphasitvong and Mr. Narong Chearavanont	Sales of goods and services and other operating income	30	
		Trade and other accounts receivable and other current assets		9
TRUE GS CO., LTD.	Majority share held by the CP Group	Sales of goods and services and other operating income	3	
		Purchases of goods and services	4	
		Trade accounts payable		2
TRUE DIGITAL PLUS CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Umroong Sanphasitvong	Services income	1	
TRUE TOUCH COMPANY LIMITED	Majority share held by the CP Group	Other operating income	2	
TRUE PROPERTIES CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Umroong Sanphasitvong	Services income	7	
		Trade receivable		2

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
TRUE MONEY COMPANY LIMITED	Majority share held by the CP Group and Mr. Dhanin Chearavanont and his son are major shareholders	Services income and other operating income	760	
		Purchases of goods and services	12,307	
		Trade and other accounts receivable and other current assets		147
		Trade accounts payable		2,320
TRUE MEDIA SOLUTIONS CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Soopakij Chearavanont	Purchases of goods and services and other expenses	9	
		Trade accounts payable		1
TRUE MOVE COMPANY LIMITED	Majority share held by the CP Group and have two common Directors who are Mr. Dhanin Chearavanont and Mr. Soopakij Chearavanont	Sales of goods and services and other operating income	19	
		Trade and other accounts receivable and other current assets		28
TRUE MOVE H UNIVERSAL COMMUNICATION CO., LTD.	Majority share held by the CP Group	Sales of goods and services and other operating income	1,173	
		Service fees and other expenses	3	
		Trade and other accounts receivable		21
		Trade and other accounts payable		5

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
TRUE UNIVERSAL CONVERGENCE CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Soopakij Chearavanont	Sales of goods and services and Other operating income	27	
		Service fees and other expenses	168	
		Trade and other accounts receivable and other current assets		30
		Other accounts payable		46
TRUE LEASING CO., LTD.	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son	Other expenses	31	
		Other accounts payable		7
TRUE LIFESTYLE RETAIL COMPANY LIMITED	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son and have one common Director who is Mr. Umroong Sanphasitvong	Sales of goods and services	32	
		Trade and other accounts receivable and other current assets		10
TRUE VISIONS GROUP CO., LTD.	Majority share held by the CP Group and have two common Directors who are Mr. Soopakij Chearavanont and Mr. Narong Chearavanont	Services income and other operating income	4	
		Trade and other accounts receivable and other current assets		3
		Trade accounts payable		4
TRUE INTERNET CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Soopakij Chearavanont	Sales of goods and services	5	
		Purchases of goods and services, service fees and other expenses	16	
		Trade and other accounts receivable and other current assets		1
		Trade and other accounts payable and other current liabilities		19

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
TRUE INTERNET DATA CENTER COMPANY LIMITED	Majority share held by the CP Group Mr. Dhanin Chearavanont and his son	Other expenses	30	
		Other accounts receivable		9
		Other accounts payable		9
TRUE DISTRIBUTION & SALES CO., LTD.	Majority share held by the CP Group	Sales of goods and services and other operating income	111	
		Service fees and other expenses	2,273	
		Trade and other accounts receivable and other current assets		17
		Trade and other accounts payable		268
TRUE4U STATION COMPANY LIMITED	Majority share held by the CP Group	Other expenses	5	
THAI KODAMA COMPANY LIMITED	Majority share held by Mr. Dhanin Chearavanont's son	Other operating income	2	
THAI NEWS NETWORK (INN) CO., LTD.	Majority share held by the CP Group	Other expenses	3	
		Other accounts payable		1
BFKT (THAILAND) CO., LTD.	Majority share held by the CP Group	Sales of goods and services and other operating income	8	
		Trade accounts receivable		1
BAKEHOUSE COMPANY LIMITED	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son	Revenue from Sale of goods	1	
LEADERSHIP DEVELOPMENT CHAROEN POKPHAND GROUP CO., LTD.	Majority share held by the CP Group	Other operating income	2	
		Other expenses	11	
		Trade accounts receivable and other current assets		4
		Other accounts payable		5
PANTAVANIJ COMPANY LIMITED	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son and have one common Director who is Mr. Umroong Sanphasitvong	Purchases of fixed assets and other expenses	6	
		Other accounts payable		1

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
PERFECT COMPANION GROUP COMPANY LIMITED	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Sales of goods and services and other operating income	26	
		Purchases of goods and services	649	
		Trade and other accounts receivable		3
		Trade accounts payable		155
PANTHER ENTERTAINMENT CO., LTD.	Majority share held by the CP Group and have two common Directors who are Mr. Soopakij Chearavanont and Mr. Narong Chearavanont	Other expenses	15	
FREEWILL SOLUTIONS CO., LTD.	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son and have one common Director who is Mr. Prasert Jarupanich	Purchases of fixed assets and other expenses	14	
		Other accounts receivable		3
		Other accounts payable		7
POKPHAND ENTERPRISE CO., LTD.	Majority share held by the CP Group	Other expenses	6	
		Other accounts receivable		6
ROSS BREEDERS SIAM COMPANY LIMITED	Majority share held by the CP Group	Sales of goods and services	1	
REAL MOVE CO., LTD.	Majority share held by the CP Group	Services income and other operating income	277	
		Service fees and other expenses	54	
		Trade and other accounts receivable and other current assets		73
		Trade and other accounts payable		71

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
SIAM LAND FLYING CO., LTD.	Majority share held by the CP Group and have one common Director who is Mr. Prasert Jarupanich	Sales of goods and services	1	
ALLIANZ C.P. GENERAL INSURANCE CO., LTD.	Majority share held by the CP Group	Service fees and other expenses	89	
		Trade and other accounts receivable and other current assets		24
ARBER ACERS THAILAND CO., LTD.	Majority share held by the CP Group and have two common Directors who are Mr. Dhanin Chearavanont and Mr. Adirek Sripratak	Sales of goods and services	1	
EGG DIGITAL COMPANY LIMITED	Majority share held by the CP Group and Mr. Dhanin Chearavanont's son	Other expenses	5	
		Other accounts payable		4
SM TRUE CO., LTD.	Majority share held by the CP Group and have two common Directors who are Mr. Soopakij Chearavanont and Mr. Narong Chearavanont	Purchases of goods and services and other expenses	2	
		Trade and other accounts payable		4
ADVANCE PHARMA CO., LTD.	Majority share held by the CP Group	Purchases of goods and services	3	
ASCEND GROUP COMPANY LIMITED	Majority share held by the CP Group and have one common Director who is Mr. Umroong Sanphasitvong	Sales of goods and services and other operating income	1	
C.P. VIETNAM CORPORATION	Majority share held by the CP Group by an indirect shareholding of 12.49% in the connected party and have one common Director who is Mr. Adirek Sripratak	Sales of goods and services	5	
		Purchases of goods and services	58	
		Trade accounts receivable		1

Connected Party	Characteristics of Connected Transactions	Type of Connected Transactions	Total Transaction Value 2016	Outstanding Value as at 31 Dec 2016
Chia Tai Trading Development (SHENZHEN)	Majority share held by the CP Group and have one common Director who is Mr. Umroong Sanphasitvong	Revenue from Sales of goods	1	
OTHERS		Sales of goods and services and other operating income	3	
		Purchases of fixed assets, purchases of goods and services and other expenses	1	
		Trade and other accounts receivable and other current assets		8
		Trade and other accounts payable and other current liabilities		14

The Company's policy on the rates of revenue and expenses with connected parties are as follows:

Sales of goods : The rates are in line with normal business practice and general commercial conditions and standardized with revenue collection from general customers.

Services and other income : The rates are in line with normal business practice and general commercial conditions. Purchases of goods and services : The rates are in line with normal business practice and general commercial conditions and standardized with purchases made general customers.

Services fee and other expenses : The rates are in line with normal business practice and general commercial conditions.

Purchases of fixed assets : The rates are in line with normal business practice and general commercial conditions and standardized with purchases made with general customers.

In 2016, the Company and its subsidiaries did transactions with related parties which these inter-company transactions were made and agreed as a normal business transaction at general market prices and commercial terms. (Details are provided in Note 4 of the Company's financial statements for the year ended December 31, 2016). The Audit Committee has reviewed that all transactions were reasonable and transparent and complied with the rules and regulations under the Notification of the Stock Exchange of Thailand regarding Related Transactions of a Listed Company. The related transactions incurred in 2016 were as follows:

Trade Accounts Receivable

As at December 31, 2016, the Company and its subsidiaries had a trade accounts receivable balance with related parties in the amount of Baht 158 million or 15.37 percent of the Company and its subsidiaries' total trade accounts receivable.

Other Accounts Receivable

As at December 31, 2016, the Company and its subsidiaries had other accounts receivable balance with related parties in the amount of Baht 335 million or 14.60 percent of the Company and its subsidiaries' total other accounts receivable.

Trade Accounts Payable

As at December 31, 2016, the Company and its subsidiaries had a trade accounts payable balance with related parties in the amount of Baht 6,790 million or 10.14 percent of the Company and its subsidiaries' total trade accounts payable.

Other Accounts Payable

As at December 31, 2016, the Company and its subsidiaries had other accounts payable balance with related parties in the amount of Baht 109 million or 3.57 percent of the Company and its subsidiaries' total other accounts payable.

Sales of Goods and Services

In 2016, the transactions for sales of goods and services with the Company's related parties were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2016 amounted to Baht 1,911 million or 0.44 percent of the Company and its subsidiaries' total sales and services income.

Purchases of Goods and Services

In 2016, the transactions for purchases of goods and services with the Company's related parties were determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2016 amounted to Baht 34,728 million or 10.22 percent of the Company and its subsidiaries' total cost of sales and services.

Other Operating Income

In 2016, the Company and its subsidiaries recognized other income from related parties in the amount of Baht 1,943 million or 11.48 percent of the Company and its subsidiaries' total other income.

Rental and Service Fees

In 2016, the Company and its subsidiaries paid rental and service fees according to the lease agreements to related parties. The rental and service fees were made and agreed at standard rates advised by the lessor. These fees for the fiscal year ended December 31, 2016 amounted to Baht 148 million or 0.18 percent of the Company and its subsidiaries' total selling and administrative expenses.

Technical Service Fees

In 2016, the Company and its subsidiaries paid technical service fees to related parties based on contract prices. The technical service fees for the fiscal year ended December 31, 2016 amounted to Baht 9 million or 0.01 percent of the Company and its subsidiaries' total selling and administrative expenses.

Purchases of Fixed Assets

In 2016, the Company and its subsidiaries purchased fixed assets with related parties at prices determined and agreed on a normal course of business at general market prices and commercial terms. These transactions for the fiscal year ended December 31, 2016 amounted to Baht 2.08 million or 0.00 percent of the Company and its subsidiaries' total assets.

Other Expenses

In 2016, the Company and its subsidiaries paid other remunerations to related parties in the amount of Baht 489 million or 0.58 percent of the Company and its subsidiaries' total selling and administrative expenses.

Procedures for the Approval of Related Transactions

In the case of transactions for the purchase and sale of goods and services under the ordinary course of business, the Company has procedures to protect investors and prevent the transfer of interests. The Internal Audit Unit reviews the necessity of inter-company transactions and ensures that the prices of the transactions

for goods and services are at the prevailing market rates. The Internal Audit Unit provides reports of related transactions to the Audit Committee every month and the Audit Committee further reports to the Board of Directors every quarter.

In reference to transactions with possible conflicts of interests or related transactions, the Audit Committee will review and ensure that transactions comply with the regulations of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 and the notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions. The Audit committee will comply with the Securities and Securities Exchange laws, regulations and announcement from the Stock Exchange of Thailand, as well as the disclosure rule of the connected transaction. The policy on conflicts of interests is clearly stated in the Company's Code of Business Ethics for the directors and employees to correctly follow. In addition, the Related Transactions Review Committee has been established to monitor that these transactions are in accordance with the notification of the Capital Market Supervisory Board.

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

Policy on Related Transactions

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

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTS

The Board of Directors of CP ALL Public Company Limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of Directors is responsible for the separate and consolidated financial statement of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2016, which are prepared according to Accounting Standards and Financial Reporting Standards as announced by Thailand Federation of Accounting Professions (FAP) and correspond with the Generally Accepted Accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the notes to the financial statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance in the past year and can be used for the benefit of shareholders and investors.

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

The Board of Directors believes that the effectiveness of the Company's overall internal control system is satisfactory and able to create credibility and reliability for the separate and consolidated financial statements of CP ALL Public Company Limited and its subsidiaries for the period ended December 31, 2016.



(Mr. Dhanin Chearavanont)
Chairman



(Mr. Korsak Chairasmisak)
Chairman of Executive Committee

REPORT OF THE AUDIT COMMITTEE

The Company's Board of Directors appointed the Audit Committee consisting of the three independent non-executive directors who are knowledgeable and have experiences in various sectors such as legal affairs, organization management, financial accounting and taxes. The Audit Committee members have composition and qualifications according to the regulations of the Stock Exchange of Thailand, comprising of Prof. Dr. Komain Bhatarabhirom, as the Chairman of the Audit Committee, Mr. Pridi Boonyoung and Mr. Padoong Techasarintr, as members of the Committee and including Mr. Kidsada Euapiyachart, the Vice President of the Internal Audit Office, as the Audit Committee Secretary.

The Audit Committee had performed the duty independently within the boundary of the roles and responsibilities as stated in the Audit Committee Charter. This was to ensure that the Company's operations were carried out with transparency, honesty and fairness in accordance with the good corporate governance principles and for the best interest of the Shareholders. The Audit Committee received good cooperation from the Company's Management and both the Internal and External Auditors.

During the year 2016, the Audit Committee had 13 meetings with the presence of all the three committee members in every meeting. These meetings were held with the Internal Auditors and sometimes the External Auditors and the Management of the Financial Accounting Department and the Operations Departments were invited to attend some agenda for exchange of ideas and suggestions. The main topics of the meetings were summarized and reported to the Company's Board of Directors every three months. Important issues are summarized as follows:

1. Review the quarterly and annually consolidated financial statements of both the Company and its subsidiaries for the year 2016 in order to consider the financial reports, the disclosure of information in the notes to financial statements, special transactions and the critical projections. This was to ensure that the financial reports of the Company and its subsidiaries were duly prepared in conformity with the accounting standards currently enacted, with complete, sufficient and reliable disclosure of information. Moreover the Audit Committee had a meeting with the external auditors without the participation of the Company's management in order to have an independent discussion on the key agendas which were relevant to the issuance of the financial reports and the internal control systems of accounting and finance. The external auditors reported that there was no significant problems pertaining to accounting and finance. They had freedom and received good cooperation while carried out their duties.

The Audit Committee has the opinion that the mentioned financial reports were essentially correct according to the accounting standards with complete and sufficient disclosure of information and its notes as well as in time for the benefits of the shareholders and the users of the financial statements.

2. Reviewed and revised the adequacy and appropriateness of the internal control system of the Company and its subsidiaries to reasonably ensure efficiency and effectiveness of the Company's operations in line with the approved annual plan and ability to achieve the set objectives and goals. This was considered from the monthly audit report of the Internal Auditors in order to assess the internal control system, risk management, and creditability of the financial reports. The Audit Committee also acknowledged the progress report on recommended corrective actions to ensure that the Company was able to solve problems in a timely manner. In addition, the Audit Committee also reviewed the Self-Evaluation Form for Countering Bribery in order to be certified as a member of the Thailand's Private Sector Collective Action against Corruption.

The Audit Committee had an opinion that the internal control system of the Company was efficient, appropriate and adequate for the business. The Self-Evaluation Form for Countering Bribery and its supporting documents were complete in accordance with the guidelines given by the Thailand's Private Sector Collective Action Coalition Against Corruption Council.

3. Reviewed the appropriateness in dealing with the related transactions or the transactions which might cause conflict of interests; they were justifiable and yielded the highest benefits to the Company's operations and its shareholders. This included the observations for ensuring disclosure of information and operating in compliance with the announcements of the Securities and Exchange Commission and all the relevant laws. In addition, the Audit Committee instructed the Internal Auditors to emphasize reviewing the related transactions between the Company, its subsidiaries and the related parties and report those transactions to the Audit Committee meeting every month and to the Board of Directors meeting every quarter.

The Audit Committee agreed that the related transactions or the transactions which might cause conflicts of interests were transparent, fair and generated the utmost benefits to the Company's operation and its shareholders. The same commercial conditions used with the external parties were applied. In addition, the complete and sufficient disclosure of information in accordance with the law and the regulations of the Securities and Exchange Commission was also observed.

4. The Audit Committee and the Management emphasized on the risk management. The Risk Management Committee was set up and had duty to assess the risks covering all aspects, both internal and external factors, and their possibility to happen and affect the businesses. The Risk Management Committee also established preventive measures in order to mitigate the possible impacts and keep them at the acceptable level. Moreover, the Risk Management Committee constantly monitored the progress of risk management in order to improve various measures to respond to the current changing situation. The Risk Management Committee also communicated to all employees to raise their awareness and cooperation in looking for risks and organized a competition on risks found. The summary report of the works of the Risk Management Committee was submitted to the Audit Committee and the Board of Directors every 6 months. Furthermore, the Internal Auditors were assigned to monitor and to inspect whether the risk mitigation guidelines were being followed. This was to ascertain that the Company's risks were kept at the acceptable and manageable level.

The Audit Committee agreed that the risk management system of the Company was appropriate and sufficient for its operations. The assessment of risks, the management of risks and its progress monitoring as well as the revision of risks in order to respond to the current situation were regularly carried out.

5. The Audit Committee found that the Management had a clear approach in working according to the laws. The Compliance Unit was established in order to observe the operation in accordance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and all the laws which are important and relevant to the Company's business including the Company's obligations with external parties. A staff has been designated to be directly responsible for this matter. According to the review, it was not found that the Company deliberately refrained from or significantly worked against the law, the procedures or regulations that are relevant to the Company's business.

6. The Audit Committee considered and approved the internal audit charter, the internal audit manual and the annual internal audit plan that were in line with the Company's goals and risks. Moreover, the Audit Committee also considered and approved the scope of work, duties and responsibilities, sufficiency of manpower and knowledge and capabilities of personnel to ensure efficiency and effectiveness of audit work according to the set work plan.

The Audit Committee had an opinion that the internal auditing system of the Company was independently carried out. There was sufficient manpower and employee training and development that enabled them to efficiently and effectively work in accordance with international standards.

7. The Audit Committee had conducted an annual review of their works and self-evaluation according to the proper guidelines. According to the evaluation result the Audit Committee effectively performed their duties in accordance with the scope of duties and responsibilities as stated in the Audit Committee Charter.
8. The Company's Board of Directors and Management were determined to manage the business by adhering to the good corporate governance principles, working in accordance with laws, regulations and the Company's code of ethic. This was to build confidence of the shareholders and the stakeholders. The Corporate Governance Committee was appointed to drive the governance process for more efficient and effective execution. The operating results will directly be reported to the Board of Directors.
9. The Audit Committee reviewed the selection of the Auditors and expressed their opinion to the Board of Directors for further endorsement at the shareholders' meeting. It was approved at the shareholders' meeting the appointment of Mr. Charoen Phosamritlert, or Mr. Veerachai Ratanajaratkul, or Ms. Munchupa Singsuksawat of KPMG Phoomchai Audit Ltd. as the Company's external auditors for the year 2017 with the total fees of Baht 5,113,000.

In summary, the Audit Committee had an opinion that the Company's Board of Directors, the Executive Directors as well as the Management were determined to work in achieving the goals with professional quality. They have been giving the priority in working efficiently and effectively with transparency and accountability. The risk management, the policy of good corporate governance as well as the internal control systems were appropriate and circumspective.

January 24th, 2017

On behalf of the Audit Committee



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

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Discussion and Analysis of Financial Status and Operating Results

Financial status and operating results of the Company reported in the consolidated financial statements were generated from 3 main businesses including 1) convenience store business in Thailand 2) other businesses in Thailand such as manufacturing and sale of ready-to-eat food and bakery products, bill payment collection services, and sale and maintenance of retail equipment, and 3) membership based Cash & Carry trade centers.

Retail Competitive Environment

It was a challenging year for the retail sector in 2016 given headwinds that have continuously hindered purchasing power and consumer confidence since last year. Household debt remained high and severe drought hampered farm income of the agricultural households. Tourism sector grew progressively yet has been disrupted by the government's crackdown on zero-dollar tours that reduced numbers of Chinese tourists, while exports have shown sign of recovery. Following the mournful loss from the passing of His Majesty King Bhumibol Adulyadej in the fourth quarter, consumer sentiment was deteriorated. In an attempt to lift the subdued mood and stimulate spending in the short-term, the government approved shopping and travel tax breaks during the last two weeks of December. Nevertheless, notwithstanding complicated economic factors in Thailand, retailers have proven to be resilient on the back of active marketing strategies that constantly served the ever-changing demand of customers and was appropriate under the subdued economic environment. Thai Retailers Association expected the overall retail sector moderately grew by 2-3 percent, in line with Thailand's GDP growth.

In 2016, total numbers of convenience store in the chain store format were 14,847 stores. An increase of 832 stores from last year (Source: CPALL's company data) was largely from 7-Eleven's store expansion, while other operators focused on renovations of existing stores. As a result, CPALL has dominated the convenience store market in Thailand with 64 percents market share, followed by Tesco Lotus Express and Family Mart. Hence, Thai Retail industry was worth approximately Baht 3.3 - 3.4 trillion. (Source: Thai Retailers Association)

Analysis of Operating Results for the Year Ended December 31, 2016 compared to the Operating Results for the Year Ended December 31, 2015

Total Revenue

In 2016, the Company and its subsidiaries' total revenues were Baht 451,939 million. An increase of 11.3 percent from that of 2015 was mainly driven by higher sales revenue and services income of convenience store business, other supporting businesses and the cash & carry business under the name "Siam Makro". Resilient revenue growth was a result of the Company's strategy to remain vigorous in store expansion to correspond to the change in consumer lifestyle, to serve convenience to all communities, and to offer products and services that accommodate to customers demand.

Total revenues before elimination contributed from three businesses were, (1) convenience store business accounted for 57 percent (2) membership based Cash & Carry trade centers accounted for 36 percent, and (3) other businesses in Thailand such as manufacturing and sales of convenience food, payment service, distributing and maintenance of retailing equipment. accounted for 7 percent. The revenue contribution from three businesses were at the same level in 2015.

Gross Profit

In 2016, the Company and its subsidiaries' gross profit was Baht 95,024 million, increased by 11.4 percent from last year, which was mainly due to improved performance of the convenience store business, Siam Makro's business, and other supporting businesses. In addition, the Company has developed product strategy to customise products that respond to customer's needs, which resulted in higher sales participation of higher-margin products such as ready-to-eat food, fresh food, and health and beauty products. Thus, gross margin in the consolidated financial statement increased from 21.8 in 2015 to 21.9 percent in 2016.

Selling and Administrative Expenses

In 2016, the Company and its subsidiaries' selling and administrative expenses rose to Baht 83,666 million, increased by 13.2 percent from last year. Administrative expenses were Baht 12,475 million, which an increase by 4.9 percent YoY was largely owed to higher personnel expenses and depreciation and amortisation expenses. Selling expenses were Baht 71,191 million or up 14.8 percent YoY. Detail of selling expenses with significant changes as follows:

1. Advertising and sales promotion expenses were Baht 11,720 million, up 29.4 percent from last year, mainly due to marketing expenses and co-promotion campaign with suppliers to boost sales such as premiums redemption and stamp campaign where customers can collect stamps to redeem premiums or use as cash.
2. Store management fees increased 13.8 percent from last year to Baht 15,955 million, in line with higher revenue from sales and gross profit margin. In addition, franchise stores also increased according to the Company's store management strategy to expand more in franchise format
3. Sales personnel expenses were Baht 14,616 million, up 14.5 percent from last year, mainly due to an increase in numbers of personnel from store expansion of both convenience store business and Siam Makro business.
4. Rental and depreciation and amortization expenses were Baht 6,028 million and Baht 6,082 million, up 14.7 percent and 12.5 percent from last year respectively mainly due to expenses related to new store expansion, existing store renovation, as well as investment in other supporting businesses.

In addition, expenses such as utility expenses and other expenses including service fee and supplies costs also increased but at level lower than the revenue growth. These SG&A expenses vary according to sales growth and increase in number of stores.

Profit Before Tax and Net Profit

In 2016, profit before tax was Baht 20,142 million, up 19.3 percent from last year. Net profit was Baht 16,677 million, which was equivalent to earnings per share of Baht 1.85, up 21.9 percent from last year. The improvement in net profit was mainly due to revenue growth, improved margins as well as decrease of finance cost from refinancing and lower income tax expenses, from the windfall from government's tax advantage on the Company's certain capital expenditure incurred during the year.

Profit before tax before elimination be contributed from three businesses in 2016 were as follows:

- (1) Convenience store business accounted for 63 percent, increased from 59 percent last year as a result of better margins and lower financial expenses.
- (2) Membership based Cash & Carry trade centers accounted for 25 percent, dropped from 30 percent in 2015. Although Siam Makro delivered sales revenue growth of more than 10 percent, but intense price war has curbed a decline in margin. Meanwhile, selling expenses increased from store expansion and high administrative expenses were due to pre-operating costs and feasibility study of the oversea expansion plan.
- (3) Other businesses in Thailand accounted for 12 percent, which was at the same level in 2015.

Operating Results by Business Segments

Convenience Store Business

In 2016, the Company continued to expand "7-Eleven" stores to serve convenience to all communities in Bangkok and provincial areas. The new stores were in various store type including corporate, franchise and sub-area, where some were stand-alone stores and other were in PTT gas stations. The Company has planned to open 700 new stores per year in order to achieve a total of 10,000 stores by 2018, which during 2016 the Company has successfully opened 710 new stores in various formats. At the end of 2016, CPALL operated 9,542 stores nationwide, which can be broken down into (1) 4,205 corporate stores (44 percent of total stores), an increase of 297 stores from last year, (2) 4,645 franchise stores (49 percent of total stores), an increase of 388 stores from last year, and (3) 692 sub-area stores (7 percent of total stores) an increase of 25 stores from last year.

Regarding products and services, the Company strived to become "the convenience food store of Thais" with the continuous improvement in food and beverages, ready-to-eat fruits and vegetables, and new products such as Japanese onigiri rice balls, egg menus, Thai desserts, fresh brewed coffee. These new products has received great feedback from customer as lifestyles get busier and looking for convenience. In 2016, food and beverage products accounted for 70.6 percent of sales mix, while non-food items (excluding phone cards) accounted for 29.4 percent. Key products in the non-food category were personal care and household products. As sales of both food and non-food categories grew largely at the same pace, product mix remained relatively the same with last year.

On the back of the dynamic expansion and successful product strategy, in 2016 the convenience store business had total income of Baht 256,401 million, increased by Baht 25,252 million or 10.9 percent YoY. Gross profit margin advanced to 28.3 percent from 28.0 percent in 2015 and the gross profit amounted to Baht 72,551 million, an increase of 7,887 million or 12.2 percent YoY.

Meantime, other income increased to Baht 17,066 million in 2016, or an increase of Baht 3,079 million or 22 percent from last year as mainly from higher income on royalties and other fees relating to license income as well as higher sales promotion income from co-promotion campaigns with suppliers to boost sales such as premiums redemption and stamp collection campaign.

SG&A expenses were Baht 70,538 million in 2016, or an increase of Baht 8,279 million or 13.3 percent YoY. Higher expenses included personnel expenses, store management fee and depreciation, in related to store expansion and new distribution center opened in 2015.

Operating profit of the convenience store business was Baht 23,858 million, increased by 13.5 percent from last year, while net profit was Baht 14,099 million, increased by 23.9 percent YoY.

Other Businesses

Other businesses comprise of bill payment services, manufacturing and sale of ready-to-eat food and bakery products, distribution and maintenance of retail equipments and other businesses that mainly support the convenience store business. The Company remained active to develop new products or services that match with customer demand such as negotiating with the business partners to expand service channels of Counter Service or e-commerce retailing to provide convenience to customer. In 2016, profit before tax was Baht 2,817 million, increased by 22.4 percent from last year.

Cash & Carry Trade Centers

In 2016, Siam Makro's total revenues were Baht 172,792 million, increased by 10.8 percent YoY due to revenue from sale of goods from new stores opened in the past year. Gross profit to total revenue dropped to 11.0 percent from 11.5 percent in 2015 due to an intense price war that has curbed a decline in margin and partly from last year's high base on the reversal of provision expenses for chilled foods in 2015. However, profit before tax was Baht 6,271 million decreased by 2.5 percent YoY. (Note: investors can find additional details in Form 56-1 for the year 2016 of Siam Makro)

Non-recurring Item and Other Income

In 2016, other income increased to Baht 16,920 million from Baht 13,871 million, or an increase of 22 percent YoY following sales and service revenue growth. Sales promotion income was Baht 9,751 million, increased by 26.9 percent, income on royalties and other fees relating to license income rose 1,931 million Baht, up 9 percent YoY, and other income from ATM installation and mobile phone's top-up card booth amounted to Baht 5,238 or up 18.6 percent YoY.

Analysis of the Company and its Subsidiaries' Financial Status for the Year Ended December 31, 2016

Total Assets

As at December 31, 2016, the Company and its subsidiaries reported total assets of Baht 352,268 million, an increase of 7 percent compared to the end of 2015 was largely from an increase in current asset from cash and cash equivalents. Assets with significant changes are as follows:

Cash and cash equivalents was Baht 33,443 million. An increase of Baht 11,925 million or 55.4 percent YoY was mainly from proceeds from perpetual debenture amount Baht 10,000 million issued in November 2016 in order to refinance for debenture maturing in the beginning of 2017.

Trade and other accounts receivable was Baht 3,322 million, increased by Baht 434 million or 15 percent YoY following higher sales and services revenue. Hence, majority of receivable were from sales promotion income, royalties income, and service income. According to the aging analyses for trade and other accounts receivable, 97 percent of trade and other accounts receivable had credit term less than three months.

Trade and other accounts receivable 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.

Inventories were Baht 26,705 million, increased by Baht 1,633 million or 6.5 percent YoY following higher sales revenue. Thus, inventory turnover ratio increased to 13.12 times in 2016 from 12.98 times in 2015.

An allowance for losses is made for all deteriorated, damaged, obsolete and slow-moving inventories.

In addition, other current assets was Baht 5,054 million, decreased by Baht 1,038 million or 17 percent YoY from a decrease in mobile phone's top-up cards.

Regarding the investment plan, the Company has continued to invest in order to explore new business opportunity and improve support existing operation of the Company such as store expansion, new distribution center, new ready-to-eat food manufacturing facility, new distribution channel. The investments were directly made from the Company and its subsidiaries.

In 2016, investments in subsidiaries were Baht 205,537 million, increased by Baht 2,937 million or 1.4 percent YoY mainly from 1) additional investment in Lotus Distribution Investment Limited for further investment in an indirect subsidiary that operated investment, trade, and education businesses for the Company's business opportunity in China in the future and 2) additional investment in Counter Service Co., Ltd in preparation to operate as an agent for international money transfer in which only for inbound transfer as Thai Baht service.

Property, plant and equipment amounted to Baht 99,127 million. An increase of Baht 9,680 million or 10.8 percent YoY was from store expansion of both 7-Eleven convenience stores and Siam Makro trade centers. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Goodwill was Baht 126,073 million, which remained unchanged from last year. At initial recognition, goodwill is measured at the fair value of the purchase consideration, including non-controlling interest net book value (generally fair value) of assets and liabilities. During the year 2016, the Company measured fair values of assets

acquired and liabilities derived from the business combination of Siam Makro and recorded the difference between the acquisition price and fair value of the net assets of such business combination as goodwill.

Other intangible assets were Baht 50,276 million, a majority of which was an intellectual property amount Baht 46,072 million arose from business combination of Siam Makro. Other intangible assets were divided into two categories: 1) asset with finite useful lives i.e. computer software and customer database with useful life of 2-10 years are measured at cost less accumulated amortisation and accumulated impairment losses and 2) other intangible assets that have indefinite useful lives i.e. intellectual property, business license, etc. are measured at cost less accumulated impairment losses.

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Other non-current assets were Baht 2,377 million, an increase of Baht 317 million or 15.3 percent which included higher prepaid rental and service fees that rose in line with the Company's business expansion.

Total Liabilities

As at December 31, 2016, the Company and its subsidiaries had total liabilities of Baht 292,665 million, increased by Baht 5,258 million increasing by 1.8 percent from the previous year. Liabilities with significant changes are as follows:

Trade accounts payable were Baht 66,959 million, an increase of Baht 4,335 million or 6.9 percent YoY following higher sales revenue of convenience store business and Siam Makro business.

Interest-bearing liabilities were Baht 189,106 million in 2016, a decrease of Baht 380 million or 0.2 percent YoY. In March 2016, the Company completed additional debenture issuance of amount Baht 7,000 million in order to refinance for short-term borrowings from financial institutions, as such outstanding debentures were Baht 180,159 million, which fully met the Shareholders' approval of issuance and offering of the debentures at the Annual General Meeting of Shareholder. Thus, net debt to adjusted equity (according to definition of debenture covenants, equity shall be adjusted with deferred tax) was at 2.08 times in 2016, decreased from 2.95 times in 2015. The Company's net debt to adjusted equity was lower than debenture covenants in 2016.

Other current liabilities were Baht 11,198 million, increased by Baht 1,269 million or 12.8 percent YoY mainly from an increase in accrued royalties and other accrued expenses, interest expenses, advertising and sales promotion expenses which rose in relation to business expansion.

Deferred tax liabilities were Baht 15,154 million, a decrease of Baht 75 million or 0.5 percent due to fair value adjustment of asset acquired from the business combination of Siam Makro. 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.

Regarding contingent liabilities and off balance sheet liabilities management, the Company has contingent liabilities with third parties including: 1) commitments for capital expenditure, which is the contract that has not yet been realised such as cost of construction of new factories, cost of installing the machinery or computer system development, operating lease commitments that cannot be canceled, which covers the lease of land, buildings, vehicles and other assets and 3) other commitments by the obligations of the Company, which incurred in the normal course of business operations, such as the Letter of Credit that has not yet been used for the purchase of goods and supplies.

Total Shareholders' Equity

As at December 31, 2016, the Company and its subsidiaries had total shareholders' equity of Baht 59,603 million, an increase of Baht 17,927 million or 43 percent from 2015. This was mainly due to an increase in profit from business operation amount Baht 16,677 million and dividend payments of Baht 8,085 million to shareholders for the fiscal year of 2015. In addition, an increase in shareholders' equity was from an issuance of subordinated perpetual debentures amount Baht 9,953 (net of issuance costs) in November 2016.

Analysis of Statements of Cash Flows, Liquidity and Sources of Funds of the Company and its Subsidiaries for the Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

161

Liquidity

As at December 31, 2016, the Company reported cash and cash equivalent of Baht 33,443 million, accounting for 9.5 percent of the Company's total assets. An increase in cash was mainly from proceeds from perpetual debenture amount Baht 10,000 million issued in November 2016 in order to refinance for debenture maturing in the beginning of 2017. Nevertheless, the Company's liquidity remained healthy from efficient working capital management, having negative cash cycle of 41 days in 2016 which resulted from inventory period of 28 days and payable period of 69 days.

Cash Flow from Operating Activities

In 2016, net cash flow from operating activities totaled Baht 37,939 million, up 20.8 percent from the same period of last year due to an increase in operating profit as well as efficiency in working capital management.

Cash Flow from Investing Activities

In 2016, net cash flow used in investing activities amounted to Baht 18,794 million increasing by 8.0 percent from the same period of last year. Investments in assets were used in the normal course of business such as land, buildings and leasehold improvements, as well as capital expenditure on stores expansion and renovation of 7-Eleven and Siam Makro business.

Cash Flow from Financing Activities

In 2016, net cash flow used in financing activities totaled Baht 7,233 million. The key financing activities were interest payment, dividend payment, as well as repayment of loan from financial institution after issuing debentures.

Financial Ratio Analysis

Net debt to equity

As at December 31, 2016, the Company and its subsidiaries net debt to adjusted equity according to definition of debenture covenants was at 2.08 times, decreased from 2.95 times in 2015. Lower net debt to equity was mainly driven by larger shareholders' equity base from increase in profit from business operation and issuance of subordinated perpetual debentures during the year. Also, the Company paid dividend payments of Baht 0.90 per share to shareholders for the fiscal year of 2015.

In addition, the Company plans to continuously reduce all interest-bearing debt obligations from our improving cash flow from operations after the allocation of dividend payment and capital expenditure investment. Therefore, net debt to equity is expected to be lower, while the Company is obligated to comply with debenture covenants.

net debt to equity ratio at	5	times in 2015
net debt to equity ratio at	3.5	times in 2016
net debt to equity ratio at	2.5	times in 2017
net debt to equity ratio at	2.0	times in 2018 Onwards

Debt-Service Coverage Ratio

As at December 31, 2016, the Company and its subsidiaries Debt-Service Coverage Ratio improved to 1.03 times from 0.92 times in 2015 as a result of improving cash flow from operations.

Interest Coverage Ratio

As at December 31, 2016, the Company and its subsidiaries interest coverage ratio rose to 3.39 times from 2.97 times in 2015 as a result of improving cash flow from operations.

Liquidity Ratio and Quick Ratio

As at December 31, 2016, the Company's liquidity ratio and quick ratio were 0.61 times and 0.31 times respectively, increased from 0.56 time and 0.24 time from 2015 mainly due to an increase in cash from proceeds from perpetual debenture issuance of Baht 10,000 million. However, the Company plans to continuously reduce short-term borrowing from financial institutions from our improving cash flow from operations, issue debenture to refinance matured one, and negotiation with financial institutions for credit facilities.

Return on Shareholder's Equity

In 2016, the Company's return on shareholder's equity decreased to 32.9 percent compared with 35.7 percent in last year. The DuPont Analysis is as follow:

The DuPont Analysis	2016	2015
Profit Margin (percent)	3.69	3.37
Total Asset Turnover (times)	1.33	1.24
The Equity Multiplier (times)	6.70	8.54

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

CPALL regards the ever-changing customer demand as a major factor that impacts the Company's revenue and net profit. With our best effort, CPALL endeavors to offer products and services that correspond to the change in customer lifestyle in order to attract more customers and deliver higher sales revenue. Moreover, the Company aims to increase the sales proportion of the higher-margin ready-to-eat food products in order to enhance our profit margins. We also reaffirm our dynamic store expansion plan in order to reach customers in all provinces. Regarding other businesses such as bill payment services, manufacturing and sale of food and bakery products, maintenance of retail equipment, as well as new projects including best-sellers publications, books and magazines sold exclusively to Book Smile or projects in co-operations with various organizations to develop innovation under "7 Innovation Awards", CPALL continues to provide support to the small and medium business enterprises in order for them to be able to grow along with the Company. At the same times, these businesses will support the Company's efficient operation and differentiate our products and services from competitors, resulting in higher revenue of the Company.

For supply chain management, in 2016 the Company opened a new distribution center in Chonburi province. The new distribution center will support the Company's future store expansion and enable efficient delivery system, which eventually strengthen the Company's competitive advantage in the long term. Currently, the Company has a total of seven regional distribution centers for consumer products and temperature-controlled products, making CPALL the retailer with the largest distribution center coverage in Thailand.

Regarding Siam Makro business, we expect improving sales revenue on the back of its highly resilient operation and store expansion. Although the Company incurred interest-bearing debts from such acquisition, we believe that our improving operating cash flow will be able to service all debt obligations.

Others

In 2016, the Company has expenses related to research and technological development that were certified by Research and Technological Development Project of the National Science and Technology Development Agency amount Baht 5.75 million. Majority of the projects were related to ready-to-eat food products which also support the Company's business operation.

Project Value (Unit : million Baht)	2014	2015	2016
Research and Technological Development Projects	0.45	9.32	5.75

ANNUAL FINANCIAL STATEMENTS
AND AUDITOR REPORT
OF CERTIFIED PUBLIC ACCOUNTANT

for the year ended 31 December 2016

Independent Auditor's Report

To the Shareholders of CP ALL Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of CP ALL Public Company Limited and its subsidiaries (the "Group") and of CP ALL Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 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 under the Royal Patronage of His Majesty the King that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Valuation of inventories	
Refer to notes 3 (g) and 9 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The valuation of inventories was focused on because the estimation of the valuation of inventories involves judgments or uncertainties relating to allowance for deteriorated, damaged, obsolete and slow-moving inventories; including the inventory was sold under its cost.</p>	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none"> • I performed an understanding and evaluated the management's significant judgment and assumption used in their assessment of the valuation of inventories. • I tested the Group's inventory quantities control policy designed to identify deteriorated, damaged, obsolete and slow-moving inventories. I compared inventory quantities in Inventory report grouped by products to consider whether deteriorated, damaged, obsolete and slow-moving inventories had been appropriately identified in accordance with the policy and classified. • I tested the aging of inventory and the reasonableness of assumptions used to set the percentage of allowance for loss determined by management. The reasonableness of estimates in the past was considered by analysing the historical of the inventory disposal and recalculating the amount of allowance for loss based on the Group's policy. • I tested accuracy and reliable of information in the Calculation of Net Realisable Value report by testing the calculation in the system and testing a sample to assess the accuracy of inventory's unit cost recorded in the book; including testing the actual net selling prices post year-end and the estimated costs to complete and to make the sale in order to evaluate whether these inventories sold under cost were considered an allowance for decline in inventory value in accordance with the Group's policy. • I assessed the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Impairment of goodwill and other intangible assets

Refer to notes 3 (k), 3 (m), 14 and 15 to the financial statements

The key audit matter

The Group has significant goodwill and other intangible assets with indefinite useful life which was mainly arising from a business acquisition.

The management normally assesses the impairment from the estimated recoverable amount at the end of the period. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets and related assumptions.

The judgments of management required to be applied over assumptions and the inherent uncertainty involved in forecasting and discounting future cash flows. This area was focused on my audit accordingly.

How the matter was addressed in the audit

My audit procedures are as follows:

- I evaluated the significant assumptions, which were approved by management, for the estimated asset's recoverable amount determined by discounting future cash flows.
- I considered the key assumptions by comparing industry trends and historical data derived from external and internal sources and consulted with valuation specialists relating to financial methodologies used by the Group for calculating the estimates and discount rate.
- I assessed the reasonableness of estimates based on the historical experience by comparing the actual performance with the previous management's estimates.
- I considered the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2017

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
(in Baht)					
Current assets					
Cash and cash equivalents	5	33,443,165,713	21,518,251,584	23,734,915,516	15,329,709,033
Current investments	6	1,375,805,321	1,402,447,572	-	-
Trade accounts receivable	4,7	1,026,397,342	854,058,581	135,154,279	127,466,889
Other accounts receivable	4,8	2,295,231,012	2,034,188,140	2,587,339,784	2,193,374,733
Short-term loans to subsidiaries	4	-	-	4,825,000,000	2,900,000,000
Inventories	4,9	26,704,519,921	25,072,218,354	11,768,808,006	10,621,745,573
Other current assets	4,10	5,054,012,341	6,091,748,606	2,707,906,443	4,278,345,517
Total current assets		69,899,131,650	56,972,912,837	45,759,124,028	35,450,641,745
Non-current assets					
Investments in subsidiaries	11	-	-	205,536,615,465	202,599,631,465
Investment in related company	4	34,000,000	24,000,000	34,000,000	24,000,000
Other long-term investments		411,582	411,582	-	-
Investment properties		332,832,502	333,200,009	-	-
Property, plant and equipment	4,13	99,127,338,210	89,447,351,068	25,638,562,200	22,440,953,899
Goodwill	14	126,072,806,116	126,072,806,116	-	-
Leaschold rights		3,310,401,353	3,283,692,607	353,623,206	400,846,569
Other intangible assets	4,15	50,276,019,608	50,156,747,998	1,085,225,352	870,556,090
Deferred tax assets	16	837,609,277	731,394,778	397,024,902	346,343,115
Other non-current assets	4,17	2,377,502,364	2,060,421,401	2,067,916,736	2,487,030,701
Total non-current assets		282,368,921,012	272,110,025,559	235,112,967,861	229,169,361,839
Total assets		352,268,052,662	329,082,938,396	280,872,091,889	264,620,003,584

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2016	2015	2016	2015
(in Baht)					
Current liabilities					
Short-term borrowings from financial institutions	18	3,515,916,378	11,881,373,163	-	9,000,000,000
Trade accounts payable	4,19	66,958,801,792	62,623,567,182	33,621,093,859	32,807,381,296
Other accounts payable	4,20	3,043,966,044	3,643,052,918	8,918,167,832	8,768,755,865
Current portion of debentures	18	25,937,000,000	11,841,200,000	25,937,000,000	11,841,200,000
Current portion of long-term borrowings from financial institutions	18	2,000,000,000	-	-	-
Current portion of finance lease liabilities	18	101,129,260	80,187,197	-	-
Income tax payable		1,063,027,985	1,131,906,696	310,253,344	388,372,812
Other current liabilities	21	11,198,268,852	9,929,748,905	7,305,083,697	6,508,416,244
Total current liabilities		113,818,110,311	101,131,036,061	76,091,598,732	69,314,126,217
Non-current liabilities					
Debentures	18	154,221,800,000	161,158,800,000	154,221,800,000	161,158,800,000
Long-term borrowings from financial institutions	18	2,585,234,699	4,000,000,000	-	-
Finance lease liabilities	18	744,891,779	524,822,451	-	-
Employee benefit obligations	22	2,521,712,537	2,099,493,173	1,395,639,438	1,149,589,674
Accrued guarantee deposits	23	3,342,475,313	3,063,985,814	3,220,006,053	2,960,827,295
Deferred tax liabilities	16	15,154,065,090	15,229,399,734	-	-
Other non-current liabilities		276,558,816	199,663,667	30,391,263	-
Total non-current liabilities		178,846,738,234	186,276,164,839	158,867,836,754	165,269,216,969
Total liabilities		292,664,848,545	287,407,200,900	234,959,435,486	234,583,343,186

173

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity <i>(Continued)</i>	Note	2016	2015	2016	2015
(in Baht)					
Equity					
Share capital	24				
Authorised share capital		8,986,296,048	8,986,296,048	8,986,296,048	8,986,296,048
Issued and paid-up share capital		8,983,101,348	8,983,101,348	8,983,101,348	8,983,101,348
Additional paid-in capital	24				
Premium on ordinary shares		1,684,316,879	1,684,316,879	1,684,316,879	1,684,316,879
Retained earnings					
Appropriated					
Legal reserve	25	900,000,000	900,000,000	900,000,000	900,000,000
Unappropriated		35,343,853,721	26,894,168,922	24,392,313,676	18,469,242,171
Other components of equity		(1,668,028,969)	(1,112,145,691)	-	-
Equity attributable to shareholders of the Company		45,243,242,979	37,349,441,458	35,959,731,903	30,036,660,398
Subordinated perpetual debentures	26	9,952,924,500	-	9,952,924,500	-
Equity attributable to equity holders of the Company		55,196,167,479	37,349,441,458	45,912,656,403	30,036,660,398
Non-controlling interests	12	4,407,036,638	4,326,296,038	-	-
Total equity		59,603,204,117	41,675,737,496	45,912,656,403	30,036,660,398
Total liabilities and equity		352,268,052,662	329,082,938,396	280,872,091,889	264,620,003,584

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
		(in Baht)			
Income	4				
Revenue from sale of goods and rendering of services		434,711,870,911	391,817,323,260	256,401,027,194	231,149,386,478
Interest income		229,690,303	204,527,242	308,173,491	147,067,681
Dividend income		163,239	136,044	4,470,886,226	4,475,214,257
Net foreign exchange gain		77,085,537	-	4,254	-
Other income	28	16,920,037,788	13,871,252,023	17,065,679,950	13,986,544,946
Total Income		451,938,847,778	405,893,238,569	278,245,771,115	249,758,213,362
Expenses	4				
Cost of sale of goods and rendering of services	9	339,688,047,959	306,518,667,368	183,850,369,455	166,485,322,136
Selling expenses	9,29	71,190,584,103	62,009,191,729	60,558,714,358	52,536,963,820
Administrative expenses	30	12,475,467,985	11,891,974,440	9,978,606,717	9,721,698,214
Net foreign exchange loss		-	4,181,102	-	1,249,185
Finance costs	33	8,442,319,828	8,585,503,362	8,154,747,068	8,336,387,465
Total expenses		431,796,419,875	389,009,518,001	262,542,437,598	237,081,620,820
Profit before income tax expense		20,142,427,903	16,883,720,568	15,703,333,517	12,676,592,542
Income tax expense	34	3,323,335,940	3,066,214,365	1,604,276,115	1,300,456,502
Profit for the year		16,819,091,963	13,817,506,203	14,099,057,402	11,376,136,040
Profit attributable to:					
Equity holders of the Company		16,676,510,405	13,682,459,324	14,099,057,402	11,376,136,040
Non-controlling interests	12	142,581,558	135,046,879	-	-
Profit for the year		16,819,091,963	13,817,506,203	14,099,057,402	11,376,136,040
Basic earnings per share	36	1.85	1.52	1.57	1.27

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
(in Baht)					
Profit for the year		16,819,091,963	13,817,506,203	14,099,057,402	11,376,136,040
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial losses	22	(172,406,411)	(168,883,812)	(113,993,355)	(116,315,864)
Income tax income of other comprehensive income on actural losses	16, 34	(30,138,265)	(34,059,489)	(22,798,671)	(23,263,173)
		<u>(142,268,146)</u>	<u>(134,824,323)</u>	<u>(91,194,684)</u>	<u>(93,052,691)</u>
<i>Item that is or may be reclassified subsequently to profit or loss</i>					
Currency translation differences from foreign operations		(555,881,507)	205,217,136	-	-
		<u>(555,881,507)</u>	<u>205,217,136</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year, net of income tax income		(698,149,653)	70,392,813	(91,194,684)	(93,052,691)
Total comprehensive income for the year		<u>16,120,942,310</u>	<u>13,887,899,016</u>	<u>14,007,862,718</u>	<u>11,283,083,349</u>
Total comprehensive income attributable to:					
Equity holders of the Company		15,978,592,734	13,753,716,060	14,007,862,718	11,283,083,349
Non-controlling interests		<u>142,349,576</u>	<u>134,182,956</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>16,120,942,310</u>	<u>13,887,899,016</u>	<u>14,007,862,718</u>	<u>11,283,083,349</u>

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries Statement of changes in equity

	Consolidated financial statements											
	Retained earnings			Other components of equity								
Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences from foreign operations	Differences on acquisition of non-controlling interests	Total other components of equity (in BnR)	Equity attributable to shareholders of the Company	Subordinated perpetual debentures	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	8,983,101,348	1,684,316,879	900,000,000	26,894,168,922	30,439,934	(1,142,585,625)	(1,112,145,691)	37,349,441,458	-	37,349,441,458	4,326,296,038	41,675,737,496
37	-	-	-	(8,084,791,213)	-	-	-	(8,084,791,213)	-	(8,084,791,213)	(82,499,566)	(8,167,290,779)
	-	-	-	(8,084,791,213)	-	-	-	(8,084,791,213)	-	(8,084,791,213)	(82,499,566)	(8,167,290,779)
	-	-	-	-	-	-	-	-	-	-	20,890,590	20,890,590
	-	-	-	-	-	-	-	-	-	-	20,890,590	20,890,590
	-	-	-	(8,084,791,213)	-	-	-	(8,084,791,213)	-	(8,084,791,213)	(61,608,576)	(8,146,400,189)
	-	-	-	16,676,510,405	-	-	-	16,676,510,405	-	16,676,510,405	142,581,538	16,819,091,963
	-	-	-	(142,034,393)	(555,883,278)	-	(555,883,278)	(697,917,671)	-	(697,917,671)	(231,982)	(698,149,653)
	-	-	-	16,534,476,012	(555,883,278)	-	(555,883,278)	15,978,592,734	-	15,978,592,734	142,349,576	16,120,942,310
	-	-	-	-	-	-	-	-	9,952,924,500	9,952,924,500	-	9,952,924,500
	8,983,101,348	1,684,316,879	900,000,000	35,343,853,721	(525,443,344)	(1,142,585,625)	(1,668,028,969)	45,243,242,979	9,952,924,500	55,196,167,479	4,407,036,638	59,603,204,117

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries Statement of changes in equity

	Note	Consolidated financial statements						
		Retained earnings		Other components of equity				
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Currency translation differences from foreign operations	Differences on acquisition of non-controlling interests	Total other components of equity
								Equity attributable to equity holders of the Company
								Non-controlling interests
								Total equity
For the year ended 31 December 2015								
Balance at 1 January 2015		8,983,101,348	1,684,316,879	900,000,000	20,532,100,190	(174,726,315)	(1,142,585,625)	(1,317,311,940)
Transactions with equity holders, recorded directly in equity								
Distributions to equity holders								
Dividends	37	-	-	-	(7,186,481,079)	-	-	-
Total transactions with equity holders, recorded directly in equity		-	-	-	(7,186,481,079)	-	-	(7,186,481,079)
Comprehensive income for the year								
Profit		-	-	-	13,682,459,324	-	-	13,682,459,324
Other comprehensive income		-	-	-	(133,909,513)	205,166,249	-	71,256,736
Total comprehensive income for the year		-	-	-	13,548,549,811	205,166,249	-	13,753,716,060
Balance at 31 December 2015		8,983,101,348	1,684,316,879	900,000,000	26,894,168,922	30,439,934	(1,142,585,625)	37,349,441,458
								4,326,296,038
								13,887,899,016
								70,392,813
								13,817,506,203
								41,675,737,496

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries Statement of changes in equity

		Separate financial statements					
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated retained earnings	Subordinated perpetual debentures	Total equity
	Note				(in Baht)		
For the year ended 31 December 2016							
		8,983,101,348	1,684,316,879	900,000,000	18,469,242,171	-	30,036,660,398
Transactions with equity holders, recorded directly in equity							
<i>Distributions to equity holders</i>							
	37	-	-	-	(8,084,791,213)	-	(8,084,791,213)
Total transactions with equity holders, recorded directly in equity							
Comprehensive income for the year							
		-	-	-	14,099,057,402	-	14,099,057,402
		-	-	-	(91,194,684)	-	(91,194,684)
Total comprehensive income for the year							
		-	-	-	14,007,862,718	-	14,007,862,718
Issuance of subordinated perpetual debentures							
		-	-	-	-	9,952,924,500	9,952,924,500
Balance at 31 December 2016							
		8,983,101,348	1,684,316,879	900,000,000	24,392,313,676	9,952,924,500	45,912,656,403

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries Statement of changes in equity

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	Unappropriated retained earnings	
				Legal reserve (in Baht)		
For the year ended 31 December 2015						
Balance at 1 January 2015		8,983,101,348	1,684,316,879	900,000,000	14,372,639,901	25,940,058,128
Transactions with equity holders, recorded directly in equity						
<i>Distributions to equity holders</i>						
Dividends	37	-	-	-	(7,186,481,079)	(7,186,481,079)
Total transactions with equity holders, recorded directly in equity		-	-	-	(7,186,481,079)	(7,186,481,079)
Comprehensive income for the year						
Profit		-	-	-	11,376,136,040	11,376,136,040
Other comprehensive income		-	-	-	(93,052,691)	(93,052,691)
Total comprehensive income for the year		-	-	-	11,283,083,349	11,283,083,349
Balance at 31 December 2015		8,983,101,348	1,684,316,879	900,000,000	18,469,242,171	30,036,660,398

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Cash flows from operating activities					
Profit for the year		16,819,091,963	13,817,506,203	14,099,057,402	11,376,136,040
<i>Adjustments for</i>					
Depreciation	13, 32	7,531,514,686	6,693,940,672	4,695,945,107	4,164,761,000
Amortisation of leasehold rights	32	272,668,676	242,926,202	113,356,105	107,648,525
Amortisation of other intangible assets	15, 32	509,824,680	420,629,456	170,342,502	143,865,215
Interest income		(229,690,303)	(204,527,242)	(308,173,491)	(147,067,681)
Dividend income		(163,239)	(136,044)	(4,470,886,226)	(4,475,214,257)
Finance costs	33	8,442,319,828	8,585,503,362	8,154,747,068	8,336,387,465
Income tax expense	34	3,323,335,940	3,066,214,365	1,604,276,115	1,300,456,502
Provision for employees' severance pay	22	265,437,616	264,185,333	137,295,439	128,389,276
Allowance for losses on slow-moving inventories (reversal of allowance for losses on slow-moving inventories)		(61,448,372)	126,767,275	(23,812,867)	105,110,663
Reversal of impairment for losses on property, plant and equipment	13	(7,230,000)	(3,840,000)	-	-
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)		12,187,265	(5,042,622)	5,265,577	(30,000)
Unrealised (gain) loss on exchange		33,250,913	(1,410,572)	-	-
Gain on disposal of investment properties		(749,056)	-	-	-
Loss on disposal and write-off of property, plant and equipment		29,784,778	46,182,595	29,059,367	27,416,032
Gain on disposal of leasehold rights		(12,522,420)	(4,628,449)	(12,522,420)	(4,628,449)
		36,927,612,955	33,044,270,534	24,193,949,678	21,063,230,331

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Statement of cash flows (Continued)

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2016	2015	2016	2015
		(in Baht)			
Changes in operating assets and liabilities					
Trade accounts receivable		(172,889,978)	62,953,913	(7,687,390)	(5,420,041)
Other accounts receivable		(273,136,719)	(224,916,738)	(392,221,832)	(173,592,467)
Inventories		(1,571,418,745)	(3,030,043,631)	(1,123,249,566)	(484,521,125)
Other current assets		1,068,694,160	220,515,714	1,594,006,710	(64,528,078)
Other non-current assets		(544,558,393)	(22,154,238)	419,113,965	(538,936,484)
Trade accounts payable		4,336,248,197	3,308,483,463	813,712,563	1,591,412,700
Other accounts payable		41,194,763	237,914,993	386,080,733	527,187,063
Other current liabilities		1,267,986,587	919,379,207	704,392,760	677,686,370
Employee benefit obligations paid	22	(16,256,863)	(43,490,301)	(6,558,630)	(17,073,260)
Transferred out of employee benefit obligations	22	632,200	-	1,319,600	(4,670,100)
Accrued guarantee deposits		278,489,499	(206,783,065)	259,178,758	(192,917,064)
Other non-current liabilities		142,384,797	(19,477,142)	30,391,263	-
Cash generated from operating activities		41,484,982,460	34,246,652,709	26,872,428,612	22,377,857,845
Income tax paid		(3,545,531,914)	(2,827,774,017)	(1,710,278,698)	(955,799,363)
Net cash provided by operating activities		37,939,450,546	31,418,878,692	25,162,149,914	21,422,058,482
Cash flows from investing activities					
Interest received		197,872,783	207,701,416	286,930,263	138,318,288
Dividends received		163,239	136,044	4,470,886,226	4,475,214,257
Purchase of current investments	6	(2,757,000,000)	(3,024,000,000)	-	-
Sale of current investments	6	2,783,250,140	2,855,712,331	-	-
Cash outflow on short-term loans to subsidiaries	4	-	-	(1,992,000,000)	(3,870,000,000)
Cash inflow on short-term loans to subsidiaries	4	-	-	67,000,000	970,000,000
Cash outflow on investment in subsidiaries	11	-	-	(2,936,984,000)	(361,800,000)
Cash outflow on investment in related company	4	(10,000,000)	-	(10,000,000)	-
Cash inflow from sale of other long-term investments		-	100,000,000	-	100,000,000

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries Statement of cash flows (Continued)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
		(in Baht)			
Sale of investment properties		1,116,563	-	-	-
Purchase of property, plant and equipment	39	(17,875,623,316)	(16,098,405,116)	(8,214,091,270)	(6,553,348,202)
Sale of property, plant and equipment		284,223,637	95,692,233	89,321,502	70,256,901
Purchase of leasehold rights		(352,577,084)	(891,640,713)	(80,403,438)	(116,948,433)
Sale of leasehold rights		12,793,783	12,092,772	12,793,783	12,092,772
Purchase of other intangible assets	39	(1,079,916,911)	(670,758,945)	(455,484,693)	(283,242,975)
Sale of other intangible assets		1,533,826	4,158,958	-	-
Net cash used in investing activities		(18,794,163,340)	(17,409,311,020)	(8,762,031,627)	(5,419,457,392)
Cash flows from financing activities					
Interest paid		(8,260,805,751)	(8,332,798,805)	(8,021,739,916)	(8,135,430,794)
Dividends paid to equity holders of the Company		(8,084,896,388)	(7,186,360,199)	(8,084,896,388)	(7,186,360,199)
Dividends paid to non-controlling interests		(82,499,566)	(83,520,963)	-	-
Finance lease payments		(146,747,222)	(114,299,309)	-	-
Decrease in short-term borrowings from financial institutions	18	(8,367,065,412)	(2,847,500,861)	(9,000,000,000)	(2,000,000,000)
Proceeds from issue of debentures	18	19,000,000,000	33,000,000,000	19,000,000,000	33,000,000,000
Repayment of debentures	18	(11,841,200,000)	-	(11,841,200,000)	-
Proceeds from long-term borrowings from financial institutions	18	576,507,800	2,000,000,000	-	-
Repayment of long-term borrowings from financial institutions	18	-	(41,215,130,600)	-	(41,215,130,600)
Proceeds from issue of subordinated perpetual debentures	26	9,952,924,500	-	9,952,924,500	-
Cash inflow from non-controlling interests		20,890,590	-	-	-
Net cash used in financing activities		(7,232,891,449)	(24,779,610,737)	(7,994,911,804)	(25,536,921,593)

The accompanying notes are an integral part of these financial statements.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in Baht)</i>					
Net increase (decrease) in cash and cash equivalents		11,912,395,757	(10,770,043,065)	8,405,206,483	(9,534,320,503)
Cash and cash equivalents at 1 January		21,518,251,584	32,204,375,266	15,329,709,033	24,864,029,536
Effect of exchange rate changes on balances held in foreign currencies		12,518,372	83,919,383	-	-
Cash and cash equivalents at 31 December	5	<u>33,443,165,713</u>	<u>21,518,251,584</u>	<u>23,734,915,516</u>	<u>15,329,709,033</u>

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Current investments
7	Trade accounts receivable
8	Other accounts receivable
9	Inventories
10	Other current assets
11	Investments in subsidiaries
12	Non-controlling interests
13	Property, plant and equipment
14	Goodwill
15	Other intangible assets
16	Deferred income tax
17	Other non-current assets
18	Interest-bearing liabilities
19	Trade accounts payable
20	Other accounts payable
21	Other current liabilities
22	Employee benefit obligations
23	Accrued guarantee deposits
24	Share capital
25	Reserves
26	Subordinated perpetual debentures
27	Segment information
28	Other income
29	Selling expenses
30	Administrative expenses
31	Employee benefit expenses

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Note	Contents
32	Expenses by nature
33	Finance costs
34	Income tax expense
35	Promotional privileges
36	Basic earnings per share
37	Dividends
38	Financial instruments
39	Supplemental disclosures of cash flows information
40	Commitments with non-related parties
41	Contingent liability
42	Events after the reporting period
43	Thai Financial Reporting Standards not yet adopted

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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 23 February 2017.

1 General information

CP ALL Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 283 Silom Road, Kwang Silom, Khet Bangrak, Bangkok 10500, Thailand.

The Company was listed on the Stock Exchange of Thailand on 14 October 2003.

The ultimate parent company of the Company and its subsidiaries (together referred to as the “Group”) during the financial year was Charoen Pokphand Group Company Limited which incorporated in Thailand.

The principal businesses of the Group are operating convenience stores, cash and carry, payment centers and the related supporting services.

The Company operates convenience stores under the “7-Eleven” trademark and franchises to other retailers in the territory of Thailand. The number of 7-Eleven convenience stores as at 31 December 2016 was 9,542 stores (2015: 8,832 stores).

	2016	2015
	(number of stores)	
The Company owns and manages convenience stores	4,205	3,908
The Company franchises the license to other retailers under management agreements	4,645	4,257
The Company franchises the license to other retailers under sub-license agreements	692	667
Total	9,542	8,832

Details of the Company’s subsidiaries as at 31 December 2016 and 2015 are given in note 11 to the financial statements.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“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 2016. The initial 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 other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 43 to the financial statements.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis unless otherwise stated in these accounting policies.

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. All financial information has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes to the financial statements:

Notes 13 to 15	Impairment test: key assumptions underlying recoverable amounts
Note 22	Measurement of defined benefit obligations: key actuarial assumptions

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 (CFO).

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable 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 (see note 38 to the financial statements).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is disclosed in note 38 to the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The Group controls an entity when it is exposed to, or has right to, variable return 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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.

Consideration transferred is measured as the fair values of the assets transferred, liabilities incurred by the Group to the previous equity holders of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates ruling on the transaction dates.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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 arising on translation are recognised in other comprehensive income and presented in the currency translation differences reserve in equity until disposed of the investments, 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 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 currency translation differences reserve in equity until disposal of the investment.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

(d) *Hedging*

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates and the forward premium/discount is recorded as income/expense on a straight-line basis over the forward contract period.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) Trade and other accounts receivable

Trade and other accounts receivable 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.

(g) Inventories

Raw materials, work in progress and finished goods

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principal and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, less purchase discount as specified in the contractual agreements. In the case of manufactured finished goods and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance for losses is made for deteriorated, damaged, obsolete and slow-moving inventories and is assessed on analysis of aging of inventory and estimation of shrinkage inventories.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

(h) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments and 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.

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between the 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.

(i) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated impairment losses.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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.

(j) Property, plant and equipment

Recognition and measurement

Owned assets of the Group

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance lease 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and improvements	3 - 40 years
Leasehold improvements	over the lease period
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	2 - 10 years
Others	
- Electricity and water systems	5 - 20 years
- Vehicles	5 years
- Library book	5 years

No depreciation is provided on freehold land and assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

(k) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. intellectual property, business license, etc. are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Computer software	2 - 10 years
Intellectual property and business license	indefinite useful lives
Customer base and other	7 and 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) *Leasehold rights*

Leasehold rights, acquired by the Group, have finite useful lives and are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is recognised in the profit or loss. The Company amortises the cost of leasehold rights on a straight line basis over the periods of the lease agreements between 10 to 31 years.

(m) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Interest-bearing liabilities

Interest-bearing liabilities are recognised as stated in the agreement.

(o) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

(p) Employee benefits

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Post-employment benefit - defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(r) Subordinated perpetual debentures

Subordinated perpetual debentures which are payable upon dissolution are recognised as equity as the Company has the sole right and discretion to early redemption as stipulated in terms and conditions of debentures, and the interest and cumulative interest payment are unconditionally deferred without time and number limitation and payable at the Company's discretion. Accordingly, any interest payments are recognised similar as dividends and directly in equity when payment obligation arises. Interest payments are presented in the statement of cash flows at the same way as dividends paid to ordinary shareholders.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

(s) *Revenues*

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Sales of goods and services rendered

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. The Group will not recognise revenue if there is continuing control or management involvement with the goods sold or there are significant uncertainties regarding the measurement of consideration due and associated costs, or the probable return of goods. Service income is recognised as services are provided.

Initial fees, royalties and exclusivity fees

The Company recognises the initial fee obtained under the Management Agreements of the 7-Eleven convenience stores upon completion of the required services for the franchisees.

The Company recognises the royalty fee arising from the license for operating its 7-Eleven convenience stores over the period of the Management Agreements.

The Company has agreements with the merchandise suppliers to purchase their products to distribute in the 7-Eleven convenience stores. Under the terms of the agreements, the Company is entitled to charge exclusivity fees for the goods as specified in the agreements. In case of violation or cancellation of the agreements by the Company without reasonable cause, the suppliers have rights to a refund of such exclusivity fees according to the valuation of remaining period. But in case of cancellation of the agreements by the merchandise suppliers, such exclusivity fees are non-refundable. The Company recognises the exclusivity fees as income over the periods of agreements.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Customer loyalty programmes

The Group has customer loyalty programmes whereby customers are awarded credits (Points) entitling customers to the right to purchase products from the Group at a discount or qualify for a free gift. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of the sale. The amount allocated to the Points is estimated by reference to the fair value of the right to purchase products at a discount or fair value of the free gift. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the Points are redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed in exchange for discounted products or gift, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the Points will be redeemed.

Other income

Other operating income and interest income are recognised in profit or loss on a accrual basis. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.

204

(i) Finance costs

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 year of time to be prepared for its intended use or sale.

(u) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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.

(v) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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 assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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.

(w) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the years attributable to ordinary shareholders of the Company less cumulative interest payments on subordinated perpetual debentures whether it has been accrued or not by the weighted average number of ordinary shares outstanding during the year.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

(x) *Segment reporting*

Segment results that are reported to the chairman of the executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 **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 other party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the other party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in note 11 to the financial statements. Relationship with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
Charoen Pokphand Group Company Limited	Thailand	Ultimate parent company of the group and 1 common director
True Corporation Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 4 common directors
Charoen Pokphand Foods Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
Cineplex Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
C.P. Trading Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
Panther Entertainment Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Name of parties	Country of incorporation/ nationality	Nature of relationships
SM True Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
True Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
True Money Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 2 common directors
CPF (Thailand) Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
CPF IT Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
CP-Meiji Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Consumer Products Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Merchandising Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Land Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Lifestyle Retail Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Universal Convergence Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
True Internet Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Perfect Companion Group Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
Freewill Solutions Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Name of parties	Country of incorporation/ nationality	Nature of relationships
C.P. Vietnam Corporation	Vietnam	Charoen Pokphand Group Company Limited is a major shareholder and 1 common director
C.P. Tower Growth Leasehold Property Fund	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Chester Food Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
CPF Trading Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Packaging Industry Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True GS Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Distribution and Sales Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Move H Universal Communication Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Leasing Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
True Internet Data Center Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Real Move Co., Ltd.	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
Allianz C.P. General Insurance Public Company Limited	Thailand	Charoen Pokphand Group Company Limited is a major shareholder
C.P. Food Store Co., Ltd.	Thailand	One of the Company's directors is a major shareholder.
Dees Supreme Co., Ltd.	Thailand	One of the Company's directors is a major shareholder.
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Service and other operating income	Contract prices determined by the terms and conditions used in the normal course of business
Interest income	Source of fund costs plus capital management expenses
Dividend income	Right to receive dividends
Purchase of goods and services	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Rental and service fees	Rates advised by the lessors and service providers
Technical service fees	Contract prices determined by the terms and conditions used in the normal course of business
Insurance premiums	Standard rates as specified by the insurers
Interest expense	Agreed rates stipulated in the agreements
Purchase of property, plant and equipment	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies
Purchase of leasehold rights and other intangible assets	Prices determined by the terms and conditions used in the normal course of business comparable to those for non-related companies

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Significant transactions for the years ended 31 December 2016 and 2015 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>For the year ended 31 December</i>	<i>(in million Baht)</i>			
Ultimate parent company				
Administrative expenses	9	9	9	9
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	627	571
Interest income	-	-	178	44
Dividend income	-	-	4,471	4,475
Other income	-	-	1,388	1,172
Selling expenses	-	-	1,284	1,244
Administrative expenses	-	-	2,202	1,956
Purchases of goods and services	-	-	17,868	15,608
Purchases of property, plant and equipment and other intangible assets	-	-	2,843	1,761
Other related companies				
Revenue from sale of goods and rendering of services	1,911	1,560	788	720
Other income	1,943	806	1,915	786
Selling expenses	67	36	-	-
Administrative expenses	570	460	406	330
Purchases of goods and services	34,728	28,004	27,216	23,318
Purchases of property, plant and equipment, leasehold rights and other intangible assets	2	28	-	3
Key management personnel				
Key management benefit expenses				
Short-term employee benefits	633	592	430	393
Severance pay for employees	14	31	8	10
Total key management benefit expenses	647	623	438	403

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Balances as at 31 December 2016 and 2015 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Related companies	160	75	-	-
Less allowance for doubtful accounts	(2)	(2)	-	-
Net	158	73	-	-
Bad and doubtful debts expenses for the year	-	-	-	-

Other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Subsidiaries	-	-	522	374
Other related companies	335	340	311	324
Net	335	340	833	698
Bad and doubtful debts expenses for the year	-	-	-	-

Short-term loans to subsidiaries

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
CPRAM Co., Ltd.	-	-	4,000	2,900
CP Retailink Co., Ltd.	-	-	750	-
Dynamic Management Co., Ltd.	-	-	75	-
Total	-	-	4,825	2,900

All short-term loans to subsidiaries of the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	-	-	2,900	-
Increases	-	-	1,992	3,870
Decreases	-	-	(67)	(970)
At 31 December	-	-	4,825	2,900

As at 31 December 2016 the outstanding balance of short-term loans to subsidiaries was unsecured and at call; and the interest rate was fixed at 4.75% per annum. (2015: 4.75% per annum)

Investment in related company

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
True GS Co., Ltd.	34	24	34	24
Total	34	24	34	24

All investment in related company of the Company as at 31 December 2016 and 2015 was dominated entirely in Thai Baht.

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	24	24	24	24
Increases	10	-	10	-
At 31 December	34	24	34	24

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Prepaid rental and service fees

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Subsidiary				
Panyapiwat Institute of Management				
Current	-	-	30	30
Non-current	-	-	164	194
Total	<u>-</u>	<u>-</u>	<u>194</u>	<u>224</u>

During the year 2008 the Company prepaid the rental and service fees under the terms of lease and service agreements with a local subsidiary (Panyapiwat Institute of Management) for the lease of its building spaces for field consultant conferences, trade shows, franchisee conferences and other activities for a period of 15 years, totaling Baht 450 million. The Company amortises the prepaid rental and service fees as an expense according to the terms of the agreements (15 years).

Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Subsidiaries	-	-	1,506	1,440
Other related companies	6,790	5,593	4,878	4,159
Net	<u>6,790</u>	<u>5,593</u>	<u>6,384</u>	<u>5,599</u>

Other accounts payable

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Subsidiaries	-	-	8,044	7,409
Other related companies	109	69	30	18
Net	<u>109</u>	<u>69</u>	<u>8,074</u>	<u>7,427</u>

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Within one year	51	131	7	104
After one year but within five years	137	101	4	-
After five years	152	180	-	-
Total	340	412	11	104

The Group has lease agreements covering lease of buildings, vehicles and other assets for periods of 3 to 25 years, which will expire between 2017 to 2039.

Significant agreements with related parties

As at 31 December 2016 the Group had the following significant agreements with related parties.

- (a) The Company has a service agreement with Charoen Pokphand Group Company Limited, the ultimate parent company, covering technical advisory, management, technical assistances and right to use the trademark and services of the ultimate parent company for a period of 1 year ending in December 2017. In consideration thereof, the Company agreed to pay a monthly service fee to the ultimate parent company totaling Baht 0.8 million.
- (b) The Company has a cash management agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide cash management services under conditions stipulated in the agreement to the subsidiary. In consideration thereof, the subsidiary agreed to pay a cash management service fee to the Company at the rates stipulated in the agreement, and the Company agreed to pay benefits for cash management to the subsidiary at the rate stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

- (c) The Company has service agreements with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreements, the Company agreed to provide and install the computer system to support bill payment services. In consideration thereof, the subsidiary agreed to pay monthly service fees to the Company in accordance with the types of service stipulated in the agreements.
- (d) The Company has a service agreement with Counter Service Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to be appointed as the agent of the subsidiary for bill payment services under conditions stipulated in the agreement. In consideration thereof, the subsidiary agreed to pay a service fee to the Company at the amount stipulated in the agreement. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 60 days before the expiry date of the agreement.
- (e) The Company has a maintenance service agreement with CP Retailink Co., Ltd., a local subsidiary. Under the terms of the agreement, the subsidiary agreed to provide maintenance of computer hardware and equipment services to the Company for a period of 5 years ending in December 2019. In consideration thereof, the Company agreed to pay an annual service fee to the subsidiary at the amount stipulated in the agreement.
- (f) The Company has a computer service center agreement with Thai Smart Card Co., Ltd., a local subsidiary. Under the terms of the agreement, the Company agreed to provide place for setting up computer center and other facilities to the subsidiary for a period of 3 years ending in September 2017. In consideration thereof, the subsidiary agreed to pay an annual service fee to the Company at the amount stipulated in the agreement.
- (g) The Company and certain local subsidiaries have lease and service agreements with C.P. Tower Growth Leasehold Property Fund, a related company, to lease space in its buildings for offices of the Company and the subsidiaries. In consideration thereof, the Company and the subsidiaries agreed to pay monthly rental and services fees totaling Baht 9.5 million, and placed guarantee deposits with the related company totaling Baht 28.4 million. The guarantee deposits will be refunded to the Company and the subsidiaries upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until July 2019.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

- (h) The Company and certain local subsidiaries have information system services agreements with Gosoft (Thailand) Co., Ltd. (“the service provider”), a local subsidiary. Under the terms of these agreements, the service provider agreed to provide consulting, advisory, development, design, installation, maintenance and supporting services to the Company and its subsidiaries for a period of 1 year ending in December 2017. In consideration thereof, the Company and its subsidiaries agreed to pay service fees to the service provider at the amounts stipulated in the agreements. If either party has intention to terminate the agreement, a written notification must be made to the other party at least 90 days before the expiry date of the agreement.
- (i) The Company has a service agreement with Siam Makro Public Company Limited, a local subsidiary. Under the terms of the agreement, the Company agrees to grant the right to use certain trademarks under conditions stipulated in the agreement. In consideration thereof, the subsidiary is committed to pay a fee calculated as a percentage of its sales to the Company as stipulated in the agreement. This agreement is effective for a period of 1 year and is renewable for additional periods of 1 year each.
- (j) A local subsidiary, Siam Makro Public Company Limited, has lease and service agreements with CP Retailink Co., Ltd, a local subsidiary (“the party”). Under the terms of these agreements, the subsidiary agreed to provide space for trading and related services to the party. In consideration thereof, the party agreed to pay monthly rental and services fees, and placed guarantee deposits with the subsidiary as stipulated in the agreement. The guarantee deposits will be refunded to the party upon the termination of the lease. These agreements are effective for a period of 3 years, and will expire on various dates until December 2019.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Cash on hand	9,321	8,581	7,647	7,087
Cash at financial institutions				
- current accounts	1,779	2,489	1,531	2,275
Cash at financial institutions				
- savings accounts	19,758	9,249	14,557	5,968
Highly liquid short-term investments	2,585	1,199	-	-
Total	33,443	21,518	23,735	15,330

6 Current investments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Cash at financial institutions				
- time deposits	6	22	-	-
Promissory notes	1,370	1,380	-	-
Total	1,376	1,402	-	-

Current investments have interest rates ranging from 0.40% to 2.25% per annum (2015: ranging from 0.85% to 2.25% per annum).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	1,402	1,232	-	-
Increases	2,757	3,024	-	-
Decreases	(2,783)	(2,856)	-	-
Currency translation differences from foreign operations	-	2	-	-
At 31 December	1,376	1,402	-	-

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Related parties	4	160	75	-	-
Other parties		887	800	135	127
Total		1,047	875	135	127
<i>Less</i> allowance for doubtful accounts		(21)	(21)	-	-
Net		1,026	854	135	127
Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the year		1	(6)	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Aging analyses for trade accounts receivable are as follows:

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Related parties					
Within credit terms		107	37	-	-
Overdue:					
Less than 3 months		37	37	-	-
3 - 6 months		9	1	-	-
6 - 12 months		7	-	-	-
Total		160	75	-	-
Less allowance for doubtful accounts		(2)	(2)	-	-
Net	4	158	73	-	-
Other parties					
Within credit terms		711	643	135	127
Overdue:					
Less than 3 months		152	133	-	-
3 - 6 months		6	8	-	-
6 - 12 months		7	6	-	-
Over 12 months		11	10	-	-
Total		887	800	135	127
Less allowance for doubtful accounts		(19)	(19)	-	-
Net		868	781	135	127
Grand total		1,026	854	135	127

The normal credit term granted by the Group ranges from 7 days to 90 days.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

8 Other accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Related parties	4	335	340	833	698
Other parties		1,985	1,713	1,763	1,504
Total		2,320	2,053	2,596	2,202
Less allowance for doubtful accounts		(25)	(19)	(9)	(9)
Net		2,295	2,034	2,587	2,193
Bad and doubtful debts expense for the year		11	1	5	-

Aging analyses for other accounts receivable are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Related parties					
Within credit terms		209	204	705	545
Overdue:					
Less than 3 months		126	135	128	152
3 - 6 months		-	1	-	1
Total	4	335	340	833	698

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Other parties				
Within credit terms	1,267	1,333	1,114	1,178
Overdue:				
Less than 3 months	666	347	636	311
3 - 6 months	8	4	1	1
6 - 12 months	17	7	1	2
Over 12 months	27	22	11	12
Total	1,985	1,713	1,763	1,504
Less allowance for doubtful accounts	(25)	(19)	(9)	(9)
Net	1,960	1,694	1,754	1,495
Grand total	2,295	2,034	2,587	2,193

The normal credit term granted by the Group ranges from 7 days to 90 days.

222

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Finished goods	26,936	25,354	12,201	11,078
Work in progress	114	97	-	-
Raw materials	383	410	-	-
Total	27,433	25,861	12,201	11,078
Less allowance for losses on slow-moving inventories	(728)	(789)	(432)	(456)
Net	26,705	25,072	11,769	10,622

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

The cost of inventories which is recognised as an expense and presented as part of the accounts “Cost of sale of goods and rendering of services” and “Selling expenses” in the statements of income for the year ended 31 December 2016 amounted to Baht 336,802 million (2015: Baht 303,895 million) and Baht 2,097 million (2015: Baht 1,976 million) in the consolidated financial statements, respectively, and Baht 183,850 million (2015: Baht 166,485 million) and Baht 2,088 million (2015: Baht 1,974 million) in the separate financial statements respectively.

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Accrued income	2,983	2,357	1,328	1,066
Prepaid expenses	607	580	340	402
Cash card	563	2,378	563	2,378
Receivable from Revenue Department	476	451	395	371
Other	425	326	82	61
Total	5,054	6,092	2,708	4,278

11 Investments in subsidiaries

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
At 1 January	-	-	202,600	202,238
Increases	-	-	2,937	362
At 31 December	-	-	205,537	202,600

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Details of the additional investments during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Lotus Distribution Investment Limited	-	-	2,907	362
Counter Service Co., Ltd.	-	-	30	-
Total	-	-	2,937	362

Additional investments during the year

At the Board of Directors' meeting of the Company held on 25 November 2015, the Company's Board of Directors approved to increase the authorised share capital of Lotus Distribution Investment Limited by United States Dollars 90 million (increase from United States Dollars 117 million to United States Dollars 207 million). During the fourth quarter of 2015, the subsidiary collected from the called for additional paid-up share capital of United States Dollars 10 million (increase from United States Dollars 116 million to United States Dollars 126 million). During the first quarter of 2016, the subsidiary collected from the called for additional paid-up share capital of United States Dollars 80 million (increase from United States Dollars 126 million to United States Dollars 206 million).

At the Board of Directors' meeting of a local subsidiary (Counter Service Co., Ltd.) held on 30 September 2016, the subsidiary's Board of Directors approved to increase the authorised share capital by Baht 30 million (increase from Baht 70 million to Baht 100 million) and the subsidiary collected from the called for paid-up share capital of Baht 30 million. The subsidiary registered the increase of the authorised share capital with the Ministry of Commerce on 10 October 2016.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015
<i>Local direct subsidiaries</i>										
Suksapiwat Co., Ltd. CPRAM Co., Ltd.	Holding company	Thailand	99.99	99.99	810	810	810	810	-	-
	Frozen food plant and bakery	Thailand	99.99	99.99	600	600	600	600	-	-
Counter Service Co., Ltd	Bill payment Services, e-commerce, distributor of all types of commercial cards and tickets and insurance broker	Thailand	99.99	99.99	100	70	91	61	714	350
CP Retailink Co., Ltd.	Distributor of equipment for retailing and software development	Thailand	99.99	99.99	20	20	20	20	20	100

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Name of parties	Type of business	Country of incorporation	Ownership interests 2016	Separate financial statements						Dividend income 2015
				Paid-up capital		At cost		Dividend income 2016		
				2016	2015	2016	2015			
			(%)	(in million Baht)						
Gosoft (Thailand) Co., Ltd.	Information system design and development services	Thailand	99.99	99.99	20	20	20	20	20	20
All Corporation Limited	Holding company	Thailand	99.99	99.99	13	13	13	13	-	-
Dynamic Management Co., Ltd.	Logistics and distribution of merchandises	Thailand	99.99	99.99	2	2	2	2	-	-
MAM Heart Co., Ltd.	Marketing activities planning services	Thailand	99.99	99.99	1	1	1	1	5	10
Panyatara Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	35
All Training Co., Ltd.	Training center	Thailand	99.99	99.99	1	1	1	1	-	110
OHT Co., Ltd.	Holding company	Thailand	99.99	99.99	12	12	57,754	57,754	989	1,103
24 Shopping Co., Ltd.	Distributor of catalog merchandises and e-commerce	Thailand	99.99	99.99	30	30	30	30	105	-
Thai Smart Card Co., Ltd.	Smart purse card services	Thailand	72.64	72.64	1,600	1,600	1,151	1,151	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Name of parties	Type of business	Country of incorporation	Ownership interests		Paid-up capital		At cost		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015
			(%)				(in million Baht)			
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	49.00	49.00	1,066	1,066	55,490	55,490	951	1,060
Siam Makro Public Company Limited	Cash and carry	Thailand	42.87	42.87	2,400	2,400	82,427	82,427	1,667	1,687
Total					198,411	198,411	198,381	198,381	4,471	4,475

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Name of parties	Type of business	Country of incorporation	Ownership interests (%)	Separate financial statements (Continued)			
				Paid-up capital (in million United States Dollars)		At cost (in million Baht)	
				2016	2015	2016	2015
Foreign direct subsidiaries							
Lotus Distribution	Holding company	British Virgin Islands	100.00	206	126	7,126	4,219
Investment Limited	Holding company	British Virgin Islands	100.00	-*	-*	-	-
Albuera International Limited	Holding company	British Virgin Islands	100.00	-*	-*	-	-
Total				<u>7,126</u>	<u>4,219</u>	<u>-</u>	<u>-</u>
Grand total				<u>205,537</u>	<u>202,600</u>	<u>4,471</u>	<u>4,475</u>

* As at 31 December 2016 Albuera International Limited ("Albuera") had paid-up capital amounting to United States Dollars 1 and the Company invested in Albuera amounting to United States Dollars 1.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Details of the Company's indirect subsidiaries as at 31 December 2016 and 2015 were as follows:

Name of parties	Type of business	Country of incorporation	Ownership interests	
			2016	2015
(%)				
<i>Local indirect subsidiaries</i>				
Panyapiwat Institute of Management Demonstration School	Educational institution	Thailand	99.99	-
Panyapiwat Institute of Management	Educational institution	Thailand	99.99	99.99
Panyapiwat Technological College	Educational institution	Thailand	99.99	99.99
CP Foodlab Co., Ltd.	Research and development service, and microbiologic and scientific laboratory services	Thailand	99.99	-
Siam Food Services Limited	Commercial trading	Thailand	97.88	97.88
Makro ROH Co., Ltd.	Providing technical and supporting services to the Group	Thailand	97.88	97.88
ProMart Co., Ltd.	Trading of non-food products	Thailand	97.88	97.88
Siam Makro Public Company Limited	Cash and carry	Thailand	55.01	55.01
Siam Makro Holding (Thailand) Ltd.	Holding company	Thailand	50.99	50.99

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Name of parties	Type of business	Country of incorporation	Ownership interests	
			2016	2015
			(%)	
<i>Foreign indirect subsidiaries</i>				
Successor Investments Limited	Holding company	Hong Kong Special Administrative Region of the People’s Republic of China	100.00	100.00
Nanjing Zheng Yi Xin Trading Co., Ltd.	Commercial trading	The People’s Republic of China	100.00	100.00
Successor (China) Investments Limited	Holding company	The People’s Republic of China	100.00	100.00
Nanjing Tianqu Investment Management Co., Ltd.	Commercial trading, holding and educational institution	The People’s Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute	Educational institution	The People’s Republic of China	100.00	100.00
Nanjing Tech University Pujiang Institute Education Development Fund	Educational development fund	The People’s Republic of China	100.00	-
Vina Siam Food Co., Ltd.	Commercial trading	Vietnam	97.88	97.88
ARO Company Limited	Providing marketing and consulting services	Republic of the Union of Myanmar	97.88	97.88
Makro (Cambodia) Company Limited	Commercial trading and related business	Cambodia	68.52	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

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:

	31 December 2016				
	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd.	Intra-group eliminations (in million Baht)	Fair value adjustment	Total
Non-controlling interests					
percentage	2.12	27.36			
Current assets	18,529	2,194			
Non-current assets	34,331	209			
Current liabilities	(33,705)	(977)			
Non-current liabilities	(3,413)	(18)			
Net assets	15,742	1,408			
Carrying amount of non-controlling interests	355*	385	(4)	3,671	4,407
Revenue	172,790	415			
Profit	5,412	122			
Other comprehensive income	(10)	-			
Total comprehensive income	5,402	122			
Profit allocated to non-controlling interests	114*	33	2	(6)	143

* The carrying amount of non-controlling interests included non-controlling interests of an indirect subsidiary. This indirect subsidiary is not wholly-owned by the intermediate subsidiary.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

31 December 2016

	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd.	Intra-group eliminations (in million Baht)	Fair value adjustment	Total
Cash flows from operating activities	9,071	173			
Cash flows from investing activities	(5,544)	(60)			
Cash flows from financing activities	(3,124)	-			
Dividends to non-controlling interests	(82)	-			
Net increase (decrease) in cash and cash equivalents	321	113			

31 December 2015

	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd.	Intra-group eliminations (in million Baht)	Fair value adjustment	Total
Non-controlling interests percentage	2.12	27.36			
Current assets	17,326	2,064			
Non-current assets	30,584	177			
Current liabilities	(28,684)	(939)			
Non-current liabilities	(5,019)	(15)			
Net assets	14,207	1,287			
Carrying amount of non-controlling interests	301	352	(6)	3,679	4,326

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

	31 December 2015				
	Siam Makro Public Company Limited	Thai Smart Card Co., Ltd.	Intra-group eliminations (in million Baht)	Fair value adjustment	Total
Revenue	155,917	415			
Profit	5,378	100			
Other comprehensive income	(22)	(1)			
Total comprehensive income	5,356	99			
Profit allocated to non-controlling interests	114	27	-	(6)	135
Other comprehensive income allocated to non-controlling interests	(1)	-	-	-	(1)
Cash flows from operating activities	6,701	234			
Cash flows from investing activities	(6,371)	(176)			
Cash flows from financing activities	(2,581)	-			
Dividends to non-controlling interests	(84)	-			
Net increase (decrease) in cash and cash equivalents	(2,335)	58			

CP ALL Public Company Limited and its Subsidiaries
Notes to the financial statements[illegible]

Consolidated financial statements (Continued)

Accumulated depreciation and impairment losses

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Net book value At 1 January 2015 At 31 December 2015 and 1 January 2016 At 31 December 2016	Consolidated financial statements (Continued)				
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment (in million Baht)	Assets under construction and installation
	38,781	20,216	9,643	4,533	5,160
	40,145	23,378	11,905	5,430	6,255
	41,086	27,010	13,942	7,118	7,250
				1,868	80,201
				2,334	89,447
				2,721	99,127

Separate financial statements

Cost

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

	Separate financial statements					Total
	Land	Buildings, building and leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Assets under construction and installation	Other
				(in million Baht)		
Accumulated depreciation and impairment losses						
At 1 January 2015	-	(5,401)	(5,932)	(7,382)	-	(21,124)
Depreciation charge for the year	-	(1,213)	(1,165)	(1,371)	-	(4,165)
Disposals	-	69	217	304	-	629
At 31 December 2015 and 1 January 2016	-	(6,545)	(6,880)	(8,449)	-	(24,660)
Depreciation charge for the year	-	(1,355)	(1,340)	(1,539)	-	(4,696)
Disposals	-	79	390	656	-	1,173
At 31 December 2016	-	(7,821)	(7,830)	(9,332)	-	(28,183)
Net book value						
At 1 January 2015	2,206	8,737	2,984	3,526	958	20,036
At 31 December 2015 and 1 January 2016	2,620	9,800	3,429	3,778	836	22,441
At 31 December 2016	2,654	10,783	3,887	4,925	1,224	25,639

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2016 the Group had assets under finance leases with a net book value amounted to Baht 789 million (2015: Baht 564 million.)

The gross amount of the Group's and the Company's fully depreciated plant and equipment that were still in use as at 31 December 2016 amounted to Baht 20,711 million (2015: Baht 18,357 million) in the consolidated financial statements and Baht 12,658 million (2015: Baht 11,166 million) in the separate financial statements respectively.

14 Goodwill

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Cost				
At 1 January	126,073	126,073	-	-
At 31 December	126,073	126,073	-	-
Impairment losses				
At 1 January	-	-	-	-
Impairment losses	-	-	-	-
At 31 December	-	-	-	-
Net book value				
At 1 January	126,073	126,073	-	-
At 31 December	126,073	126,073	-	-

Most of the Goodwill arose from the Company's purchase of shares of Siam Makro Public Company Limited both directly and indirectly.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Impairment testing for carrying amount of goodwill and other intangible assets within indefinite useful life

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rate was based on weighted average cost of capital, with average industry cost of debt, risk free rate of 10-year government bond, market risk premium and average industry beta.

Terminal value growth rate

Terminal value growth rate was determined based on average gross domestic product ("GDP") growth rate, inflation rate and historical earnings before income tax, depreciation and amortisation ("EBITDA") growth rate of Siam Makro Public Company Limited.

Budgeted EBITDA

Budgeted EBITDA was based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth level experience over the past five years and estimated number of new stores, sale growth of new stores and sale growth of same stores of Siam Makro Public Company Limited.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

15 Other intangible assets

	Consolidated financial statements			
	Computer software in use and under development	Intellectual property (in million Baht)	Other	Total
Cost				
At 1 January 2015	2,824	46,072	2,231	51,127
Additions	865	-	-	865
Currency translation differences from foreign operations	-	-	52	52
Disposals	(5)	-	(1)	(6)
At 31 December 2015 and 1 January 2016	3,684	46,072	2,282	52,038
Additions	714	-	-	714
Currency translation differences from foreign operations	(2)	-	(81)	(83)
Disposals	(2)	-	-	(2)
At 31 December 2016	4,394	46,072	2,201	52,667
Accumulated amortisation				
At 1 January 2015	(1,217)	-	(245)	(1,462)
Amortisation charge for the year	(257)	-	(164)	(421)
Disposals	2	-	-	2
At 31 December 2015 and 1 January 2016	(1,472)	-	(409)	(1,881)
Amortisation charge for the year	(347)	-	(163)	(510)
At 31 December 2016	(1,819)	-	(572)	(2,391)
Net book value				
At 1 January 2015	1,607	46,072	1,986	49,665
At 31 December 2015 and 1 January 2016	2,212	46,072	1,873	50,157
At 31 December 2016	2,575	46,072	1,629	50,276

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Separate Financial statements

Computer software
in use and under
development
(in million Baht)

Cost

At 1 January 2015

1,436

Additions

305

At 31 December 2015 and 1 January 2016
1,741

Additions

384

At 31 December 2016
2,125

Accumulated amortisation

At 1 January 2015

(726)

Amortisation charge for the year

(144)

At 31 December 2015 and 1 January 2016
(870)

Amortisation charge for the year

(170)

At 31 December 2016
(1,040)

Net book value

At 1 January 2015
710
At 31 December 2015 and 1 January 2016
871
At 31 December 2016
1,085

The gross amount of the Group's and the Company's fully amortised other intangible assets that were still in use as at 31 December 2016 amounted to Baht 1,304 million (2015: Baht 987 million) in the consolidated financial statements and Baht 928 million (2015: Baht 785 million) in the separate financial statements respectively.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

16 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Deferred tax assets	838	731	397	346
Deferred tax liabilities	(15,154)	(15,229)	-	-

Movements in deferred tax assets and liabilities during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements			
	(Charged)/ credited to			
	other			
	At 1	profit or loss	comprehensive	At 31
	January	(Note 34)	income	December
	2016	<i>(in million Baht)</i>		2016
<i>Deferred tax assets (liabilities)</i>				
Trade and other accounts receivable	5	2	-	7
Inventories	221	12	-	233
Property, plant and equipment	67	(14)	-	53
Employee benefit obligations	383	48	30	461
Tax losses	-	15	-	15
Fair value adjustment assets acquired through business combinations	(15,229)	75	-	(15,154)
Other	55	14	-	69
Total	(14,498)	152	30	(14,316)

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

Consolidated financial statements

		(Charged)/ credited to		
			other	
	At 1	profit or loss	comprehensive	At 31
	January	(Note 34)	income	December
	2015	(in million Baht)		2015
Deferred tax assets (liabilities)				
Trade and other accounts receivable	5	-	-	5
Inventories	231	(10)	-	221
Property, plant and equipment	70	(3)	-	67
Employee benefit obligations	314	35	34	383
Fair value adjustment assets acquired through business combinations	(15,304)	75	-	(15,229)
Other	42	13	-	55
Total	(14,642)	110	34	(14,498)

Separate financial statements

		(Charged)/ credited to		
			other	
	At 1	profit or loss	comprehensive	At 31
	January	(Note 34)	income	December
	2016	(in million Baht)		2016
Deferred tax assets				
Other accounts receivable	2	-	-	2
Inventories	91	(5)	-	86
Property, plant and equipment	24	-	-	24
Employee benefit obligations	229	27	23	279
Other	-	6	-	6
Total	346	28	23	397

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

	At 1 January 2015	Separate financial statements (Charged)/ credited to		At 31 December 2015
		profit or loss (Note 34) (in million Baht)	other comprehensive income	
Deferred tax assets				
Other accounts receivable	2	-	-	2
Inventories	70	21	-	91
Property, plant and equipment	24	-	-	24
Employee benefit obligations	185	21	23	229
Total	281	42	23	346

17 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Prepaid rental and service fees	1,530	1,288	1,058	1,020
Guarantee deposit	820	743	1,008	1,465
Other	28	29	2	2
Total	2,378	2,060	2,068	2,487

245

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

18 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Current				
Short-term borrowings from financial institutions				
Promissory notes and bill of exchanges - unsecured	3,080	11,210	-	9,000
Liabilities under trust receipts - unsecured	325	579	-	-
Short-term borrowings - unsecured	111	92	-	-
Total	3,516	11,881	-	9,000
Current portion of debentures	25,937	11,841	25,937	11,841
Total	25,937	11,841	25,937	11,841
Current portion of long-term borrowing from financial institutions	2,000	-	-	-
Total	2,000	-	-	-
Current portion of liabilities under finance leases	101	80	-	-
Total	101	80	-	-
Total current	31,554	23,802	25,937	20,841
Non-current				
Debentures	154,222	161,159	154,222	161,159
Long-term borrowings from financial institutions - unsecured	2,000	4,000	-	-
Long-term borrowings from financial institutions - secured	585	-	-	-
Liabilities under finance leases	745	525	-	-
Total non-current	157,552	165,684	154,222	161,159
Grand total	189,106	189,486	180,159	182,000

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Within one year	31,453	23,722	25,937	20,841
After one year but within five years	84,418	87,668	82,418	83,668
After five years	72,389	77,491	71,804	77,491
Total	188,260	188,881	180,159	182,000

Short-term borrowings from financial institutions

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	11,881	14,726	9,000	11,000
Decreases	(8,367)	(2,848)	(9,000)	(2,000)
Unrealised loss on exchange rates from translation of outstanding borrowing balance of United States Dollars and Vietnamese Dong to Thai Baht	2	3	-	-
At 31 December	3,516	11,881	-	9,000

As at 31 December 2016 the Group had promissory notes and bill of exchanges from local financial institutions denominated in Thai Baht which bear interest at the rates of 1.70% per annum (2015: ranging from 1.65% to 2.51% per annum) and mature at call.

As at 31 December 2016 the Group had liabilities under trust receipts with local financial institutions which bear interest rates ranging from 2.07% to 2.18% per annum (2015: ranging from 2.25% to 2.70% per annum).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2016 the Group had short-term borrowings from foreign financial institutions denominated in United States Dollars and Vietnamese Dong which bear interest rates ranging from 2.90% to 6.65% per annum and mature within June 2017.

As at 31 December 2015 the Group had short-term borrowings from a foreign financial institution denominated in United States Dollars which bear interest rates ranging from 2.60% to 2.98% per annum and mature within June 2016 and had short-term borrowings from another local financial institution denominated in Thai Baht which bear interest at the rate of 2.75% per annum and mature within March 2016.

Debentures

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
At 1 January	173,000	140,000	173,000	140,000
Increases	19,000	33,000	19,000	33,000
Decreases	(11,841)	-	(11,841)	-
At 31 December	180,159	173,000	180,159	173,000

Debentures 1/2013

On 31 October 2013 the Company issued Baht 50,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of short-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 11,841 million, fully repayable on 31 October 2016 and bearing interest at the fixed rate of 4.10% per annum
- Debentures term of 5 years of Baht 12,247 million, fully repayable on 31 October 2018 and bearing interest at the fixed rate of 4.70% per annum
- Debentures term of 7 years of Baht 10,790 million, fully repayable on 31 October 2020 and bearing interest at the fixed rate of 5.10% per annum

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

- Debentures term of 10 years of Baht 15,122 million, fully repayable on 31 October 2023 and bearing interest at the fixed rate of 5.35% per annum

These series of debentures have a credit rating of “A(thai)” latest updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 31 October 2013.

Debentures 1/2014

On 27 March 2014 the Company issued Baht 40,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of short-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 3,736 million, fully repayable on 27 March 2017 and bearing interest at the fixed rate of 3.70% per annum
- Debentures term of 5 years of Baht 11,066 million, fully repayable on 27 March 2019 and bearing interest at the fixed rate of 4.30% per annum
- Debentures term of 7 years of Baht 9,884 million, fully repayable on 27 March 2021 and bearing interest at the fixed rate of 4.85% per annum
- Debentures term of 10 years of Baht 15,314 million, fully repayable on 27 March 2024 and bearing interest at the fixed rate of 5.14% per annum

These series of debentures have a credit rating of “A(thai)” latest updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 27 March 2014.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Debentures 2/2014

On 22 August 2014 the Company issued Baht 40,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 6,351 million, fully repayable on 22 August 2017 and bearing interest at the fixed rate of 3.71% per annum
- Debentures term of 5 years of Baht 9,478 million, fully repayable on 22 August 2019 and bearing interest at the fixed rate of 4.25% per annum
- Debentures term of 7 years of Baht 7,520 million, fully repayable on 22 August 2021 and bearing interest at the fixed rate of 4.75% per annum
- Debentures term of 10 years of Baht 16,651 million, fully repayable on 22 August 2024 and bearing interest at the fixed rate of 5.05% per annum

These series of debentures have a credit rating of “A(thai)” latest updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 22 August 2014.

Debentures 3/2014

On 26 December 2014 the Company issued Baht 10,000 million unsubordinated and secured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 6,000 million, fully repayable on 26 December 2017 and bearing interest at the fixed rate of 3.45% per annum
- Debentures term of 12 years of Baht 4,000 million, fully repayable on 26 December 2026 and bearing interest at the fixed rate of 4.80% per annum

These series of debentures have a credit rating of “A(thai)” latest updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 December 2014.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Debentures 1/2015

On 20 March 2015 the Company issued Baht 20,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 2 years of Baht 9,850 million, fully repayable on 20 March 2017 and bearing interest at the fixed rate of 3.55% per annum
- Debentures term of 5 years of Baht 10,150 million, fully repayable on 20 March 2020 and bearing interest at the fixed rate of 4.10% per annum

These series of debentures have a credit rating of “A-(tha)” latest updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 20 March 2015.

Debentures 2/2015

On 30 June 2015 the Company issued Baht 13,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of long-term borrowings from financial institutions, divided into:

- Debentures term of 3 years of Baht 2,500 million, fully repayable on 30 June 2018 and bearing interest at the fixed rate of 2.98% per annum
- Debentures term of 5 years of Baht 1,500 million, fully repayable on 30 June 2020 and bearing interest at the fixed rate of 3.65% per annum
- Debentures term of 7 years of Baht 3,000 million, fully repayable on 30 June 2022 and bearing interest at the fixed rate of 4.10% per annum
- Debentures term of 10 years of Baht 6,000 million, fully repayable on 30 June 2025 and bearing interest at the fixed rate of 4.45% per annum

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

These series of debentures have a credit rating of “A-(tha)” latest updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 30 June 2015.

Debentures 1/2016

On 18 March 2016 the Company issued Baht 7,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings, divided into:

- Debentures term of 5 years of Baht 1,382 million, fully repayable on 18 March 2021 and bearing interest at the fixed rate of 2.95% per annum
- Debentures term of 7 years of Baht 937 million, fully repayable on 18 March 2023 and bearing interest at the fixed rate of 3.40% per annum
- Debentures term of 10 years of Baht 2,074 million, fully repayable on 18 March 2026 and bearing interest at the fixed rate of 4.00% per annum
- Debentures term of 12 years of Baht 2,607 million, fully repayable on 18 March 2028 and bearing interest at the fixed rate of 4.15% per annum

These series of debentures have a credit rating of “A-(tha)” updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 18 March 2016.

Debentures 2/2016

On 26 August 2016 the Company issued Baht 12,000 million unsubordinated and unsecured debentures in registered name form, which had the objective to repayment of borrowings, divided into:

- Debentures term of 3 years of Baht 5,901 million, fully repayable on 26 August 2019 and bearing interest at the fixed rate of 2.49% per annum

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

- Debentures term of 7 years of Baht 500 million, fully repayable on 26 August 2023 and bearing interest at the fixed rate of 3.25% per annum
- Debentures term of 10 years of Baht 748 million, fully repayable on 26 August 2026 and bearing interest at the fixed rate of 3.68% per annum
- Debentures term of 12 years of Baht 4,851 million, fully repayable on 26 August 2028 and bearing interest at the fixed rate of 4.00% per annum

These series of debentures have a credit rating of “A-(tha)” updated by Fitch Ratings (Thailand) Limited on 23 September 2016 and were registered with the Thai Bond Market Association and the Stock Exchange of Thailand on 26 August 2016.

The Company must comply with the specific covenants such as to maintain net debt to equity ratio in the annual consolidated financial statements through the terms of debentures, and to pledge Siam Makro Public Company Limited shares, etc.

Siam Makro Public Company Limited shares as at 31 December 2016, which were pledged in accordance with the conditions stipulated in the bond issuance, totaled 3,295 million shares. The fair value of those shares totaled Baht 115,339 million.

Long-term borrowings from financial institutions

Movement during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	4,000	43,215	-	41,215
Increases	577	2,000	-	-
Decreases	-	(41,215)	-	(41,215)
Currency translation differences from foreign operations	8	-	-	-
At 31 December	4,585	4,000	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2016 the Group had unsecured long-term borrowings agreements with a local branch of a foreign financial institution and had a secured long-term borrowings agreement with a foreign financial institution. Details are as follows:

Borrowing agreement	Approved credit facilities	Balance of borrowings as at 31 December 2016	Interest rate (% per annum)	Term of payment
The first agreement	Baht 1,000 million	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2017
The second agreement	Baht 1,000 million	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in December 2017
The third agreement	Baht 1,000 million	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in October 2018
The fourth agreement	Baht 1,000 million	Baht 1,000 million	Fixed interest rate as stipulated in the agreement	Entire principal of borrowing in November 2018
The fifth agreement	China Renminbi 450 million (or equivalent to approximately Baht 2,383 million)	China Renminbi 114 million (or equivalent to approximately Baht 585 million)	Floating interest rate as stipulated in the agreement	Entire principal of borrowing in May 2026

In this regard, certain foreign subsidiaries issued the letters of guarantee for the fifth long-term borrowing agreement

In this regard, the Group must comply with the specified covenants in each long-term borrowings agreements, such as to maintain debt to equity ratio, total debts to total assets ratio and the shareholdings of the Company in a local subsidiary as stipulated in the agreements, etc.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Finance lease liabilities

Details of finance leases liabilities as at 31 December 2016 and 2015 were as follows:

Consolidated financial statements						
	2016			2015		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in million Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	167	(66)	101	131	(51)	80
After one year but within five years	534	(179)	355	441	(130)	311
After five years	498	(108)	390	251	(37)	214
Total	1,199	(353)	846	823	(218)	605

As at 31 December 2016 the Group entered into finance lease contracts. Under the terms of the contracts, the Group must comply with certain conditions as stipulated in the agreements.

Unutilised credit facilities

As at 31 December 2016 the Group had unutilised credit facilities totaling Baht 932 million (2015: Baht 957 million).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

19 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Related parties	4	6,790	5,593	6,384	5,599
Other parties		60,169	57,031	27,237	27,208
Total		66,959	62,624	33,621	32,807

20 Other accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Related parties	4	109	69	8,074	7,427
Other parties		2,935	3,574	844	1,342
Total		3,044	3,643	8,918	8,769

21 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>(in million Baht)</i>				
Accrued personnel expenses	2,164	2,154	1,433	1,275
Accrued royalties and other accrued expenses	2,038	1,398	692	590
Accrued interest expense	1,939	1,820	1,924	1,796
Deferred royalties income	1,243	1,185	1,243	1,185
Accrued advertising and sale promotion expenses	691	490	538	346
Accrued utilities expenses	677	689	496	473
Advance receipts from customers	400	514	-	-
Accrued rental fees	114	116	113	113
Other	1,932	1,564	866	730
Total	11,198	9,930	7,305	6,508

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

22 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
As at 31 December				
Statement of financial position				
Obligations for:				
Defined benefit plans	2,522	2,099	1,396	1,150
Total	2,522	2,099	1,396	1,150
Year ended 31 December				
Statement of income				
Recognised in profit or loss:				
Defined benefit plans	266	264	137	128
Total	266	264	137	128
Statement of comprehensive income				
Recognised in other comprehensive income:				
Defined benefit plan actuarial losses recognised in the year	172	169	114	116
Total	172	169	114	116

The Group operates a defined benefit plans which have characteristics as follows:

Pension fund benefit

Certain local subsidiaries operate a pension scheme for employees who joined before the 1st of January 2003 and choose to retain the benefits of the original scheme. Employees, upon resignation or retirement after having completed 3 years of service, shall be entitled to receive cash payment equivalent to their prevailing salary multiplied by the number of years of service, but not exceeding the equivalent of 10 months of the final salary.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Severance benefit

Under Thai Labour Protection Act B.E 2541 (1998) and the Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 55 and 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 300 days of the final salary.

Additional benefit related to provident fund

A local subsidiary operates an employee benefit scheme under which employees who are members of the Company's provident fund, being a defined contribution plan, for at least 9 years are entitled to receive additional contribution from the subsidiary on their resignation or retirement from employment. Employees, who are a member of the provident fund for at least 9 years, shall be entitled to receive an additional 50% of the contributions made by the subsidiary on their behalf.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and turnover rate risk.

Movements in the present value of the defined benefit obligations are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	2,099	1,710	1,150	927
Included in profit or loss:				
Transitional obligation recognised	-	38	-	14
Current service costs	195	158	96	76
Interest on obligation	71	68	41	38

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Included in other comprehensive income:				
Defined benefit plan actuarial losses	172	169	114	116
Other				
Benefits paid by the plan	(16)	(44)	(6)	(17)
Transfer employee benefits obligations to subsidiaries	1	-	1	(4)
Defined benefit obligations at 31 December	2,522	2,099	1,396	1,150

Actuarial gains and losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Demographic assumptions and financial assumptions	97	159	78	116
Experience adjustments	75	10	36	-
Total	172	169	114	116

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.20 - 2.72	2.80 - 3.60	2.72	3.57
Retirement age (year)	55 and 60	55 and 60	55 and 60	55 and 60
Future salary growth	4.0 - 8.0	4.0 - 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 2016, the weighted-average duration of the defined benefit obligations were 10 to 18 years (2015: 10 to 23 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.

	Consolidated financial statements		Separate financial statements	
	<i>(in million Baht)</i>			
Defined benefit obligation 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(224)	262	(132)	155
Future salary growth (1% movement)	241	(211)	148	(129)
Turnover rate (1% movement)	(211)	230	(132)	155

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Defined benefit obligation 31 December 2015	Consolidated financial statements		Separate financial statements	
	(in million Baht)			
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(185)	217	(108)	126
Future salary growth (1% movement)	202	(177)	122	(106)
Turnover rate (1% movement)	(178)	183	(111)	125

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.

23 Accrued guarantee deposits

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Guarantee deposits payable to franchisees	3,297	3,046	3,220	2,961
Other accrued guarantee deposits	45	18	-	-
Total	3,342	3,064	3,220	2,961

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

24 Share capital

	<i>Par value per share (in Baht)</i>	Consolidated financial statements/ Separate financial statements			
		2016		2015	
		Number of shares	Baht (in million)	Number of shares	Baht
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	8,986	8,986	8,986	8,986
At 31 December					
- ordinary shares	1	8,986	8,986	8,986	8,986
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	8,983	8,983	8,983	8,983
At 31 December					
- ordinary shares	1	8,983	8,983	8,983	8,983

Share premium

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

25 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Legal reserve as at 31 December 2016 and 2015 was higher than 10% of the registered authorised capital.

Other components of equity

Currency translation differences from foreign operations

The currency translation differences from foreign operations recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

Differences on acquisition of non-controlling interests

Differences on acquisition of non-controlling interests recognised in equity relate to difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

26 Subordinated perpetual debentures

On 30 November 2016 the Company issued unsecured, unconvertible and subordinated perpetual debentures in registered name form (“Debentures”) of Baht 10,000 million which are payment upon dissolution of the Company or upon the exercise of the Company’s early redemption right per condition as stipulated in the terms and conditions of debentures. These debentures bear interest which is calculated based on 5-year government bond yield adjusted with initial credit spread and coupon rate as stipulated in the terms and condition of the debentures and are paid on a semi-annual basis. In this regard, the Company has the sole right to unconditionally defer interest and cumulative interest payments without time and number limitation based on the Company’s discretion. If the Company defers interest and cumulative interest payment, the Company shall not perform as follows:

- (a) declare or pay any dividend; and
- (b) pay any interest or distribute any assets to any holder of Parity Securities or Junior Securities; and
- (c) redeem, reduce, cancel, acquire, or buy-back any of any securities issued by the Company which rank pari passu or junior to these debentures.

These Debentures of Baht 9,953 million, net of issuance cost of Baht 47 million, are recognised as a part of equity in the consolidated and separate financial statements for the year ended 31 December 2016.

27 Segment information

The Group has 3 reportable segments which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, 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: Convenience stores
- Segment 2: Cash and carry
- Segment 3: Other

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Other operations include bill payment services, frozen food plant and bakery, and distributor of retailing equipment and educational institutions. None of these segments meets the quantitative thresholds for determining reportable segments in 2016 and 2015.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax expense, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before income tax expense 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.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Revenue and results, based on segments, in the consolidated financial statements for the years ended 31 December 2016 and 2015 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>									
Revenue from sale of goods and rendering of services	256,401	231,149	172,093	155,217	31,800	27,709	(25,582)	(22,258)	434,712	391,817
Interest income	308	147	10	19	89	84	(177)	(45)	230	205
Dividend income	4,471	4,475	-	-	50	-	(4,521)	(4,475)	-	-
Net foreign exchange gain	-	-	-	-	97	-	(20)	-	77	-
Other income	17,066	13,987	689	678	665	495	(1,500)	(1,289)	16,920	13,871
Total revenues	278,246	249,758	172,792	155,914	32,701	28,288	(31,800)	(28,067)	451,939	405,893
Cost of sale of goods and rendering of services	183,850	166,485	153,722	137,937	24,411	21,363	(22,295)	(19,266)	339,688	306,519
Selling expenses	60,559	52,537	10,121	9,241	2,423	2,085	(1,912)	(1,854)	71,191	62,009
Administrative expenses	9,979	9,722	2,394	2,073	2,923	2,502	(2,820)	(2,405)	12,476	11,892
Net foreign exchange loss	-	1	5	(4)	15	7	(20)	-	-	4
Finance costs	8,155	8,336	279	237	112	30	(104)	(18)	8,442	8,585
Total expenses	262,543	237,081	166,521	149,484	29,884	25,987	(27,151)	(23,543)	431,797	389,009
Profit before income tax expense	15,703	12,677	6,271	6,430	2,817	2,301	(4,649)	(4,524)	20,142	16,884

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

Financial position, based on segments, in the consolidated financial statements as at 31 December 2016 and 2015 were as follows:

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(in million Baht)</i>									
Investment properties	-	-	333	333	-	-	-	-	333	333
Property, plant and equipment	25,639	22,441	58,513	55,409	15,294	11,800	(319)	(203)	99,127	89,447
Goodwill	-	-	125,936	125,936	137	137	-	-	126,073	126,073
Leasehold rights	354	401	2,656	2,558	300	325	-	-	3,310	3,284
Other intangible assets	1,085	871	47,796	47,899	1,531	1,504	(136)	(117)	50,276	50,157
Other assets	253,794	240,907	19,262	17,664	22,505	18,604	(222,412)	(217,386)	73,149	59,789
Segment assets as at 31 December	280,872	264,620	254,496	249,799	39,767	32,370	(222,867)	(217,706)	352,268	329,083
Segment liabilities as at 31 December	234,959	234,583	52,280	48,932	21,351	17,725	(15,925)	(13,833)	292,665	287,407

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

	Convenience stores		Cash and carry		Other		Eliminate		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Capital expenditure	8,477	7,089	5,620	6,208	5,718	4,820	(998)	(335)	18,817	17,782
Depreciation	4,696	4,165	2,018	1,877	1,118	896	(300)	(244)	7,532	6,694
Amortisation - leasehold rights	113	108	155	132	5	3	-	-	273	243
Amortisation - other intangible assets	170	144	307	235	64	68	(31)	(26)	510	421
Loss on disposal and write-off of property, plant and equipment	29	27	23	16	(22)	3	-	-	30	46
Gain on disposal of leasehold rights	(13)	(5)	-	-	-	-	-	-	(13)	(5)

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

28 Other income

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Sale promotion income	9,751	7,681	9,693	7,619
Income on royalties and other fees relating to licenses income	1,931	1,772	1,931	1,772
Other	5,238	4,418	5,442	4,596
Total	16,920	13,871	17,066	13,987

29 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Convenience store management fees	15,955	14,017	15,955	14,017
Employee benefit expenses	14,616	12,768	10,973	9,560
Advertising and sale promotion expenses	11,720	9,056	10,767	8,153
Utilities expenses	6,773	6,501	5,538	5,334
Depreciation and amortisation	6,082	5,408	4,041	3,549
Rental fees	6,028	5,257	5,571	4,962
Other	10,017	9,002	7,714	6,962
Total	71,191	62,009	60,559	52,537

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

30 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Employee benefit expenses	7,691	7,129	5,952	5,464
Rental fees	939	890	817	771
Depreciation and amortisation	979	790	516	465
Utilities expenses	273	287	174	156
Other	2,593	2,796	2,520	2,866
Total	12,475	11,892	9,979	9,722

31 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Salaries, wages and bonus		25,756	23,045	16,969	15,081
Staff welfares		664	579	260	235
Contribution to social security fund		608	545	403	359
Severance pay for employees	22	266	264	137	128
Contribution to provident fund		230	206	125	117
Training expenses		101	98	1,042	951
Other		100	84	39	30
Total		27,725	24,821	18,975	16,901

The Company and its local subsidiaries have jointly established a contributory registered provident fund to which the Company, subsidiaries and employees each contribute monthly at the rates ranging from 2% to 3% of the employees' basic salaries. The Company's and the subsidiaries' contributions to the provident fund are recorded as expenses in the statement of income as incurred. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

32 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature are as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in million Baht)			
Changes in inventories of finished goods and work in progress		(1,598)	(2,959)	(1,123)	(485)
Purchase of finished goods		318,072	290,542	175,869	160,852
Raw materials and consumables used		7,010	6,305	-	-
Depreciation	13	7,532	6,694	4,696	4,165
Amortisation - leasehold rights		273	243	113	108
Amortisation - other intangible assets	15	510	421	170	144
Employee benefit expenses	31	27,725	24,821	18,975	16,901
Convenience store management fees		15,955	14,017	15,955	14,017
Advertising and sale promotion expenses		14,705	9,143	13,656	8,153
Utilities expenses		7,588	7,291	5,828	5,604
Rental fees		7,134	6,342	6,457	5,816
Other		18,448	17,560	13,792	13,469
Total cost of sales of goods and rendering of services, selling expenses and administrative expenses		423,354	380,420	254,388	228,744

33 Finance costs

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in million Baht)			
Finance costs paid to:				
Financial institutions	8,381	8,537	8,155	8,336
Other parties under finance lease	61	49	-	-
Total	8,442	8,586	8,155	8,336

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

34 Income tax expense

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Current tax					
Current year		3,490	3,180	1,632	1,342
Over provided in prior year		(15)	(4)	-	-
		<u>3,475</u>	<u>3,176</u>	<u>1,632</u>	<u>1,342</u>
Deferred income tax					
Movements in temporary differences		(152)	(110)	(28)	(42)
	16	<u>(152)</u>	<u>(110)</u>	<u>(28)</u>	<u>(42)</u>
Total		<u>3,323</u>	<u>3,066</u>	<u>1,604</u>	<u>1,300</u>

Income tax recognised in other comprehensive income

	Consolidated financial statements					
		2016		2015		
	Before tax	Tax income	Net of tax	Before tax	Tax income	Net of tax
			<i>(in million Baht)</i>			
Defined benefit plan actuarial losses	172	(30)	142	169	(34)	135
Total	<u>172</u>	<u>(30)</u>	<u>142</u>	<u>169</u>	<u>(34)</u>	<u>135</u>

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

	Separate financial statements					
	Before tax	2016 Tax income	Net of tax (in million Baht)	Before tax	2015 Tax income	Net of tax
Defined benefit plan actuarial losses	114	(23)	91	116	(23)	93
Total	114	(23)	91	116	(23)	93

Reconciliation of effective tax rate

Applicable tax rate (%)	Consolidated financial statements			
	0%	20%	Other (in million Baht)	Total
2016				
Accounting profit (loss) before income tax expense	92	20,220	(170)	20,142
Income tax at the applicable tax rates	-	4,044	-	4,044
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(706)	-	(706)
Over provided in prior year	-	(15)	-	(15)
Net	-	3,323	-	3,323
2015				
Accounting profit (loss) before income tax expense	37	17,042	(195)	16,884
Income tax at the applicable tax rates	-	3,408	-	3,408
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	-	(338)	-	(338)
Over provided in prior year	-	(4)	-	(4)
Net	-	3,066	-	3,066

273

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Applicable tax rate (%)	Separate financial statements	
	20% 2016	20% 2015
	<i>(in million Baht)</i>	
Accounting profit before income tax expense	15,703	12,677
Income tax at the applicable tax rates	3,141	2,535
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit	(1,537)	(1,235)
Net	1,604	1,300

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

35 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, a local subsidiary has been granted privileges by the Board of Investment relating to the production of ready-to-serve foods or semi ready-to-serve foods, bakery, and chill. The privileges granted include:

- an exemption from payment of import duty on machinery approved by the Board of Investment;
- an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificates;
- an exemption from payment of import duty on necessary raw materials and supplies to be used in the production for export sales for a period of 1 year from the first import date;
- an exemption from the payment of import duty on imported goods with the re-export condition for a period of 1 year from the first import date;

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

- (e) an exemption to include the dividend income from the promoted business in the computation of corporate income tax throughout the period the Company being granted exemption; and
- (f) a permission to deduct 25% of installation costs or construction costs of assets necessary for the Company's operation besides a deduction of their normal depreciation.

Revenue from sales of goods under the promoted business of the subsidiary for the years ended 31 December 2016 and 2015 were as follows:

	Consolidated financial statements	
	2016	2015
	<i>(in million Baht)</i>	
Export sales	-	29
Domestic sales	5,634	6,907
Total	5,634	6,936

As a promoted company, the subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

36 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 are based on the profit for the years attributable to ordinary shareholders of the Company less cumulative interest payment on subordinated perpetual debentures and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht/million shares)</i>			
Profit for the year attributable to shareholders of the Company	16,677	13,682	14,099	11,376
Less: cumulative interest payment on subordinated perpetual debentures	(35)	-	(35)	-
Profit used in calculation of basic earnings per share	16,642	13,682	14,064	11,376
Weighted average number of ordinary shares outstanding during the year	8,983	8,983	8,983	8,983
Basic earnings per share (in Baht)	1.85	1.52	1.57	1.27

37 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2016, the Company's shareholders approved the appropriation of 2015 annual dividends of Baht 0.90 per share for 8,983,101,348 ordinary shares, totaling Baht 8,085 million. The dividends were paid to the Company's shareholders on 19 May 2016.

At the annual general meeting of the shareholders of the Company held on 23 April 2015, the Company's shareholders approved the appropriation of 2014 annual dividends of Baht 0.80 per share for 8,983,101,348 ordinary shares, totaling Baht 7,186 million. The dividends were paid to the Company's shareholders on 20 May 2015.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

38 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. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Company's shareholders and benefits to other stakeholders. The management sets strategies to support the Company's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to change in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group manages the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depend on the market situation.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

The effective interest rates of financial assets as at 31 December and the periods in which the financial assets mature were as follows:

Consolidated financial statements					
	Effective Interest rate Per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2016					
Current					
- Time deposits	0.40 - 2.25	6	-	-	6
- Debt securities	1.15 - 1.50	1,370	-	-	1,370
Total		1,376	-	-	1,376
2015					
Current					
- Time deposits	0.85 - 2.25	22	-	-	22
- Debt securities	1.60 - 1.75	1,380	-	-	1,380
Total		1,402	-	-	1,402
Separate financial statements					
	Effective Interest rate Per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2016					
Current					
Short-term loans to subsidiaries	4.75	4,825	-	-	4,825
Total		4,825	-	-	4,825
2015					
Current					
Short-term loans to subsidiary	4.75	2,900	-	-	2,900
Total		2,900	-	-	2,900

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

The effective interest rates of interest-bearing liabilities as at 31 December and the periods in which interest-bearing liabilities mature were as follows:

		Consolidated financial statements			
	Effective Interest rate Per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2016					
Current					
- Promissory notes and bill of exchanges	1.70	3,080	-	-	3,080
- Liabilities under trust receipts	2.07 - 2.18	325	-	-	325
- Short-term borrowings from financial institutions	2.90 - 6.65	111	-	-	111
- Current portion of debentures	3.45 - 3.71	25,937	-	-	25,937
- Current portion of long-term borrowings from financial institutions	Interest rate as stipulated on agreement	2,000	-	-	2,000
- Current portion of liabilities under finance leases	9.00	101	-	-	101
Total		31,554	-	-	31,554
Non-current					
- Debentures	2.49 - 5.35	-	82,418	71,804	154,222
- Long-term borrowings from financial institutions	Interest rate as stipulated on agreement	-	2,000	585	2,585
- Liabilities under finance leases	9.00	-	355	390	745
- Guarantee deposits payable to franchisees	1.38 - 2.00	-	77	3,220	3,297
Total		-	84,850	75,999	160,849

279

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

		Consolidated financial statements			
	Effective Interest rate Per annum (%)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2015					
Current					
- Promissory notes and bill of exchanges	1.65 - 2.51	11,210	-	-	11,210
- Liabilities under trust receipts	2.25 - 2.70	579	-	-	579
- Short-term borrowings from financial institutions	2.60 - 2.98	92	-	-	92
- Current portion of debentures	4.10	11,841	-	-	11,841
- Current portion of liabilities under finance leases	9.00	80	-	-	80
Total		23,802	-	-	23,802
Non-current					
- Debentures	2.98 - 5.35	-	83,668	77,491	161,159
- Long-term borrowings from financial institutions	Fixed rate as stipulated on agreement	-	4,000	-	4,000
- Liabilities under finance leases	9.00	-	311	214	525
- Guarantee deposits payable to franchisees	1.37 - 2.00	-	85	2,961	3,046
Total		-	88,064	80,666	168,730

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

	Effective Interest rate Per annum (%)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in million Baht)	After 5 years	
2016					
Current					
- Current portion of debentures	3.45 - 3.71	25,937	-	-	25,937
Total		25,937	-	-	25,937
Non-current					
- Debentures	2.49 - 5.35	-	82,418	71,804	154,222
- Guarantee deposits payable to franchisees	1.38	-	-	3,220	3,220
Total		-	82,418	75,024	157,442
2015					
Current					
- Bill of exchanges	1.65 - 1.70	9,000	-	-	9,000
- Current portion of debentures	4.10	11,841	-	-	11,841
Total		20,841	-	-	20,841
Non-current					
- Debentures	2.98 - 5.35	-	83,668	77,491	161,159
- Guarantee deposits payable to franchisees	1.37 - 1.50	-	-	2,961	2,961
Total		-	83,668	80,452	164,120

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Foreign currency risk

The Group is exposed to foreign currency risk relating to borrowings from financial institutions, purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales of goods, denominated in foreign currencies, for the subsequent period.

At 31 December 2016 and 2015 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
Foreign currency		2016	2015	2016	2015
(in million Baht)					
Cash and cash equivalents					
Foreign currency	China Renminbi	2,572	1,179	-	-
	United States Dollars	106	24	-	-
	Vietnamese Dong	11	5	-	-
	Hong Kong Dollars	1	-	-	-
Other investments					
Foreign currency	United States Dollars	4	19	-	-
	Hong Kong Dollars	-	1	-	-
Trade and other accounts receivable					
Foreign currency	United States Dollars	57	46	-	-
	Vietnamese Dong	29	24	-	-
	China Renminbi	18	31	-	-
	Swiss Franc	3	4	-	-
Forward currency	United States Dollars	26	26	-	-
contracts - to buy	Swiss Franc	6	6	-	-
and sell	Pound Sterling	-	8	-	-

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in million Baht)</i>			
Other current assets					
Foreign currency	China Renminbi	271	99	-	-
	Vietnamese Dong	2	5	-	-
	Myanmar Kyat	1	1	-	-
Short-term borrowings from financial institutions					
Foreign currency	United States Dollars	107	67	-	-
	Vietnamese Dong	3	-	-	-
Trade and other accounts payable					
Foreign currency	United States Dollars	660	575	-	-
	Euro	165	139	-	-
	Yen	43	204	-	-
	Pound Sterling	31	13	-	-
	Australian Dollars	27	56	-	-
	China Renminbi	21	61	-	-
	Vietnamese Dong	3	4	-	-
	Swiss Franc	1	-	-	-
	New Zealand Dollars	-	3	-	-
Forward currency contracts – to buy and sell	United States Dollars	308	1,070	-	-
	Euro	115	113	-	-
	Yen	84	916	-	-
	Australian Dollars	15	4	-	-
	Pound Sterling	-	22	-	-
Other current liabilities					
Foreign currency	China Renminbi	547	490	-	-
	Vietnamese Dong	3	3	-	-
	United States Dollars	1	-	-	-

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Credit risk

Credit risk is the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying 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. 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.

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>					
31 December 2016					
<i>Financial assets and financial liabilities not measured at fair value</i>					
<i>Current</i>					
Debentures	25,937	-	26,114	-	26,114
Long-term borrowings from financial institutions	2,000	-	2,019	-	2,019
Finance lease liabilities	101	-	162	-	162

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
Non-current					
Debentures	154,222	-	160,183	-	160,183
Long-term borrowings from financial institutions	2,585	-	2,603	-	2,603
Finance lease liabilities	745	-	847	-	847
Accrued guarantee deposits	3,342	-	2,764	-	2,764
31 December 2015					
Financial assets and financial liabilities not measured at fair value					
Current					
Debentures	11,841	-	12,050	-	12,050
Finance lease liabilities	80	-	128	-	128
Non-current					
Debentures	161,159	-	170,106	-	170,106
Long-term borrowings from financial institutions	4,000	-	4,056	-	4,056
Finance lease liabilities	525	-	607	-	607
Accrued guarantee deposits	3,064	-	2,522	-	2,522
	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
31 December 2016					
Financial assets and financial liabilities not measured at fair value					
Current					
Debentures	25,937	-	26,114	-	26,114

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
		<i>(in million Baht)</i>			
Non-current					
Debentures	154,222	-	160,183	-	160,183
Accrued guarantee deposits	3,220	-	2,642	-	2,642
31 December 2015					
Financial assets and financial liabilities not measured at fair value					
Current					
Debentures	11,841	-	12,050	-	12,050
Non-current					
Debentures	161,159	-	170,106	-	170,106
Accrued guarantee deposits	2,961	-	2,412	-	2,412

286

As at 31 December 2016 and 2015 the Group had total forward currency contracts as follow:

		Consolidated financial statement	
		2016	2015
		<i>(in million)</i>	
Forward currency contracts	Yen	270.4	3,026.3
- to buy	United States Dollars	8.5	29.5
	Euro	3.0	2.8
	Australian Dollars	0.6	0.2
	Pound Sterling	-	0.4
Forward currency contracts	United States Dollars	0.7	0.7
- to sell	Swiss Franc	0.2	0.2
	Pound Sterling	-	0.2

Fair value of forward currency contracts - to buy and forward currency contracts - to sell amounting to Baht 518 million and Baht 31 million, respectively. (2015: Baht 2,114 million and Baht 40 million, respectively).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets and liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Financial instruments not measured at fair value

Fair value for trade debentures have been determined base on quoted selling price from the Thai Bond Market Associated at the close of the business on the reporting date.

Fair value of forward currency contracts are derived from financial institutions as at the reporting date which calculated from financial models with reference to market input parameter.

Fair value for finance lease liabilities, long-term borrowing from financial institutions and accrued guarantee deposits were calculated by using discounted cash flow method.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

39 Supplemental disclosures of cash flows information

Property, plant and equipment and other intangible assets purchased during the years ended 31 December 2016 and 2015 are detailed as follows:

Property, plant and equipment

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Increase during the year	13	17,750	16,024	8,011	6,668
Add (less) - payables		453	205	203	(115)
- assets under finance leases		(327)	(131)	-	-
Purchase and paid by cash		17,876	16,098	8,214	6,553

Other intangible assets

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in million Baht)</i>			
Increase during the year	15	714	865	384	305
Add (less) - payables		366	(194)	71	(22)
Purchase and paid by cash		1,080	671	455	283

40 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Contracted but not provided for (construction cost of new plants and installation cost of machinery, and computer system development costs)	421	1,671	-	-
Total	421	1,671	-	-

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Within one year	5,481	4,979	4,947	4,548
After one year but within five years	7,988	7,070	6,253	5,672
After five years	6,660	6,270	2,226	2,219
Total	20,129	18,319	13,426	12,439

The Group has lease agreements covering lease of land, buildings, vehicles and other assets for periods of 1 to 31 years, which will expire between 2017 and 2046.

Other commitments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Unused lettes of credit for purchase of goods and supplies	322	1,000	-	-
Total	322	1,000	-	-

Letters of guarantee

As at 31 December 2016 the Group has commitments under letters of guarantee with financial institutions, principally guarantee for utilities, rental agreements and others totaling Baht 1,273 million and United States Dollars 0.3 million (2015 : Baht 1,147 million and United States Dollars 0.3 million).

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

Significant agreements

As at 31 December 2016 the Group had the following significant agreements.

- (a) The Company has an area license agreement with 7-Eleven, Inc., which was incorporated in the United States of America, to acquire a license to use the systems and trademarks of 7-Eleven, Inc. in connection with the operations of 7-Eleven convenience stores or franchising of such operations to other retailers in Thailand. The Company has also obtained certain services from 7-Eleven, Inc. in relation to training and technical assistance. In consideration thereof, the Company is committed to pay royalties to 7-Eleven, Inc. calculated as percentages of total sales of the 7-Eleven convenience stores that are operating in Thailand.
- (b) The Company has management agreements with local companies for their management of the Company-owned 7-Eleven convenience stores. Under the terms of the agreements, the Company is committed to pay management fees to those licensees calculated as percentages of gross operating profits of these convenience stores. The Company is entitled to receive the initial payments and royalties from those licensees in connection with the licenses granted for operating these 7-Eleven convenience stores. These initial payments and royalties are not refundable to the licensees in any case. The initial payments include deposits to guarantee the licensees' compliance with the agreements and any damage and/or liability that might be caused by the licensees. In consideration thereof, the Company pays interest on the deposits calculated at the time deposit rates announced by a local financial institution. These deposits will be refunded to the licensees upon termination of the agreements.
- (c) The Company has sub-area license agreements for operating 7-Eleven convenience stores and franchising such operations to other retailers ("licensees"). Under the terms of the agreements, the Company will provide certain technical assistance and related services to the sub-area licensees. In consideration thereof, the Company is entitled to receive royalties from the sub-area licensees as percentages of total sales of the 7-Eleven convenience stores operating in the licensed areas.
- (d) A local subsidiary, Gosoft (Thailand) Co., Ltd., has service agreements with local companies ("the parties"), whereby the latter parties provide the installation and development of systems as stipulated in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods of 6 months, and will expire on various dates until December 2017.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

- (e) A local subsidiary, Counter Service Co., Ltd., has service agreements with government entities and state enterprises (e.g., utilities, telephone expenses, etc.), and other local companies (e.g., hire purchase, life insurance premium, etc.) (“the parties”). Under the terms of the agreements, the subsidiary is committed to operate payment centers to collect customer payments on behalf of the parties then remits funds to the parties as the agreed procedures. The subsidiary can collect service income from customers or local companies as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to November 2021. If either of the parties has an intention to terminate the agreement, a written notification must be made to the other party at least the number of day stipulated in the agreement before the expiry date of the agreement.
- (f) A local subsidiary, Counter Service Co., Ltd., has service agreements with certain individuals and local companies (“the parties”), whereby the latter parties are appointed as agents of the subsidiary for receipts of customers’ bills as specified in the agreements. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are effective for periods over 1 to 5 years, and will expire on various dates up to June 2021. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.
- (g) A local subsidiary, CP Retailink Co., Ltd., has repair and maintenance management service agreements with local companies (“the parties”), whereby the latter parties agree to install and repair and maintenance of computer equipment and software, utility systems, electric appliances and other equipment used for operations in retail stores. Under the terms of the agreements, the subsidiary is committed to pay a service fee to the parties as stipulated in the agreements. These agreements are for a period of 1 year and are renewable for additional periods of 1 year. If either of the parties has no intention to renew the agreement, a written notification must be made to the other party at least 30 days before the expiry date of the agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

41 Contingent liability

As at 31 December 2016 the Company had contingently liable to a legal case with a fund (“the plaintiff”), which the Company is a defendant in a lawsuit involving the compliance with Tender Offer Rule. The court of first instance had a judgement on 24 February 2015 and ruled the Company to pay the claimed damages amounting to Baht 104.7 million including interest at the rate of 7.5% per annum starting from 2 August 2013 up to the settlement of claimed damages will be completed. Consequently on 19 June 2015 the Company appealed the court’s judgement; and on 16 November 2015 the plaintiff filed against an appeal to the court.

Subsequently, on 13 July 2016 the civil court read the appeal court’s judgment on the legal case. The appeal court dismissed the claim according to the Company did not commit a wrongful act against the plaintiff. Therefore, the Company does not have a liability to pay the claimed damages in accordance to the first instance court’s judgment. Accordingly, no provision has been made in the financial statements for the year ended 31 December 2016.

On 14 November 2016 the Company and the plaintiff filed the petition with the supreme court. Both are presently on the process of providing against a petition to the court.

42 Events after the reporting period

42.1 At the Board of Directors’ meeting held on 8 August 2016 of a local subsidiary (Siam Makro Public Company Limited (“Siam Makro”)), the subsidiary’s Board of Directors approved Siam Food Services Limited (“Siam Food”), a wholly-owned subsidiary of Siam Makro, the following resolutions:

- to enter into a sale and purchase agreement dated 31 October 2016 with the sellers who are not related persons of Siam Makro (the “Agreement”) for an acquisition of a 80% interest in certain companies engaged in food services business, namely Indoguna (Singapore) Pte Ltd (a company incorporated in Singapore), Indoguna Dubai LLC (a company incorporated in the United Arab Emirates), Lordly Company Limited (a company incorporated in Hong Kong), and Just Meat Company Limited (a company incorporated in Hong Kong), with a total transaction value of approximately SGD 110.58 million or equivalent to approximately Baht 2,743.4 million (Currency Rate of Baht 24.81: SGD 1). The subsidiary has accomplished the terms according to the sale and purchase agreement and the share transfer has been completed on 26 January 2017. However, within 90 days from transaction date, it may be subject to increase or decrease in the value of the transaction based on the terms of sale and purchase agreement.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

- to increase Siam Food's authorised share capital of Baht 3,138 million (increase from Baht 45 million to Baht 3,183 million) by issue 31,380,000 new ordinary shares with the par value of Baht 100 per share and to call for paid-up share capital at 90% of Baht 2,824 million. In this regard, Siam Makro has a 99.99% shareholding in the subsidiary's paid-up share capital. The registration of the increase authorised share capital with the Ministry of Commerce was completed on 1 February 2017.
- 42.2 At the Board of Directors' meeting of a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")) held on 8 November 2016, the subsidiary's Board of Directors approved to set up a foreign subsidiary, CP Wholesale India Private Limited (registered in India), which is owned 99.99% by Makro ROH Co., Ltd. (99.99% owned by Siam Makro). The main business of this subsidiary is wholesale and related businesses. The subsidiary would have the authorised share capital of Rupee 100 million. The incorporation was completed in January 2017.
- 42.3 At the Board of Directors' meeting of a local subsidiary (Siam Makro Public Company Limited ("Siam Makro")) held on 21 February 2017, the subsidiary's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2016 of Baht 0.49 per share for 4,800 million ordinary shares, totaling Baht 2,352 million. The declaration of dividend payment must be approved by the shareholders' meeting of the subsidiary.
- 42.4 At the Board of Directors' meeting of the Company held on 23 February 2017, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2016 of Baht 1 per share for 8,983 million ordinary shares, totaling Baht 8,983 million. The declaration of dividend payment must be approved by the shareholders' meeting of the Company.

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

43 Thai Financial Reporting Standards not yet adopted

A number of new and revised Thai Financial Reporting Standards (“TFRS”) have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group’s operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 27 (revised 2016)	Separate Financial Statements
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets

CP ALL Public Company Limited and its Subsidiaries Notes to the financial statements

TFRS	Topic
TAS 40 (revised 2016)	Investment Property
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions involving the Legal Form of a Lease
TSIC 31 (revised 2016)	Revenue - Barter Transactions involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities

CP ALL Public Company Limited and its Subsidiaries

Notes to the financial statements

TFRS	Topic
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 21 (revised 2016)	Levies
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and expects that there will be no material impact on the consolidated financial statements and separate financial statements in the year of initial application.





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