



Every Mouthful is Meaningful
Annual Report 2017



Message from Executives



Mr. Sooksunt Jiumjaiswanglerg
Chief Executive Officer
Agro Industrial Business
and Co-President



Mr. Dhanin Chearavanont
Chairman
of the Board of Directors



Mr. Sukhawat Dansermsuk
Chief Executive Officer
Food Business
and Co-President

The Company places utmost importance to be “Innovative Organization” to drive business according to the strategic direction of “Sustainable Growth, Aiming for Excellence, and Building Solid Foundation”

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



FTSE4Good

Member of FTSE4Good Emerging Index
by FTSE Russell



“Excellent” rating on
Corporate Governance
by the Thai Institute of Directors Association

The dynamic of global economy and geosocial to the transformation to “New Normal” has been a challenging time for the Company to adapt to the rapid and complex changes of surrounding and competitive landscape.

We observe the shift of world economy from developed countries (G7) to emerging countries (E7), the change of population structure towards aging society, the proliferation of digital technology, climate change, and the change in consumption behavior and consumers’ lifestyle. Hence, in order to drive business according to the strategy of **“Sustainable Growth, Aiming for Excellence, and Building Solid Foundation”**, the Company places utmost importance to be **“Innovative Organization”** in process, product and service, organizational management, and business platform that is readily adaptable to technology and changing trends. At the same time, the Company prioritizes its business expansion to be in line with rising opportunities, human resource development and retention to support growth, and **social investment that focuses on creating shared value.**

Revenues from Sales

501,507

Million Baht

Increased from 2016 by

8%

In 2017, the Company successfully delivered business growth as planned, with revenues from sales of 501,507 million Baht, increased by 8% from 2016, and net profit of 15,259 million Baht. The improvement in performance was mainly attributed to overseas business expansion according to the expansion strategy to potential countries. However, the consumption demand in Asia did not meet the Company's expectation, which resulted in the oversupply of swine and the declining swine price particularly in Vietnam, Thailand and Cambodia. As a result, the profitability of farm business was lower than previous year.

The Board of Directors has passed its resolution to propose to the shareholders' Annual General Meeting of 2018, for shareholders' approval of 2017 dividend payment at 0.75 Baht per share (interim dividend already paid to shareholders at 0.50 Baht per share and annual dividend to be paid on 23 May 2018 at 0.25 Baht per share).

The Company operates its business on the principle of **Corporate Social Responsibility towards Sustainability under 3 pillars - "Food Security, Self-Sufficient Society and Balance of Nature"**, which supports UN Global Compact's principle and Sustainable Development Goals (SDGs). In 2017, the Company determined to uplift food quality and safety, resulting in the Company's broiler production being certified with food quality and safety standard (QS Standard) from Germany. The Company is the only company outside of the European Union to earn this stringent standard. At the same time, the Company has expanded its **Supply Chain Sustainability** to overseas operations such as Vietnam, India, the Philippines, **supported job creation with stable income to farmers and small entrepreneurs, and promoted innovations to maximize resources efficiency as well as mitigate environmental impacts.**



191st of 2000 World's Best Employers
by Forbes Global 2000, Year 2017



Member of Thailand's Private Sector
Collective Action Coalition Against
Corruption (CAC)

In addition, with determination to **promote animal welfare**, the Company announced its global vision for antimicrobial use and animal welfare policy, together with setting long term target for the expansion of breeder sow husbandry from individual crate to group gestation pen to cover Thailand operation by 2020 and to cover overseas operations by 2028. The Company will also develop layer chicken husbandry in Thailand operation towards Cage-Free, so that swine and layer chicken are free to move and better express their natural behavior. Poultry Welfare Officers in layer chicken business will be trained for operations in all countries by 2020, while all broiler chicken husbandry in Thailand has adopted international standard on animal welfare since year 2000.

As a result of driving business with principle of sustainable development under **good corporate governance**, in 2017, the Company have been a member of DJSI Emerging Markets for three consecutive years, and a member in FTSE4Good Emerging Index for the first year. The Company retained the Excellent rating for Corporate Governance from Thai Institute of Directors Association, and was ranked 191st Best Employer of 2,000 companies Worldwide by Forbes magazine.

We were accepted to be a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). In addition, we received CDP Hong Kong and South East Asia Awards 2017 in the category of Best Performance across programs from the excellent evaluation results from CDP Climate, CDP Water, and CDP Forest, in addition to the recognitions for labor, safety, and social responsibility at national and international level.

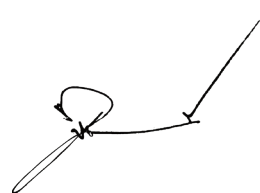
Finally, on behalf of the Board of Directors, executives, and all employees, we would like to thank you to shareholders, communities, business partners, suppliers, farmers, financial supporters, private organizations, government sectors, and all relevant stakeholders for your participation and support of the Company sustainable growth, so that it has continuously added economic value, benefited to society, and maintained balance of nature. The Company commits to conduct businesses under good corporate governance and balance of society and environment, to become a sustainable organization, standing side by side with the Country and people as **"Kitchen of the World"** going forward.



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and Co-President



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Food Business
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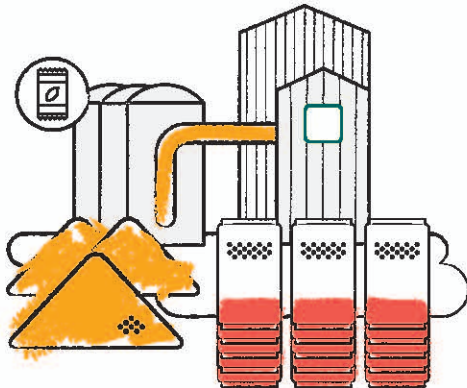
Business Model

The Company has been developed **integrated agro-industrial and food business in Thailand**, including **swine, broiler, layer, duck, shrimp and fish**. The businesses are classified into 3 categories, namely **Feed, Farm and Food**. The Company also operates food retail outlets.

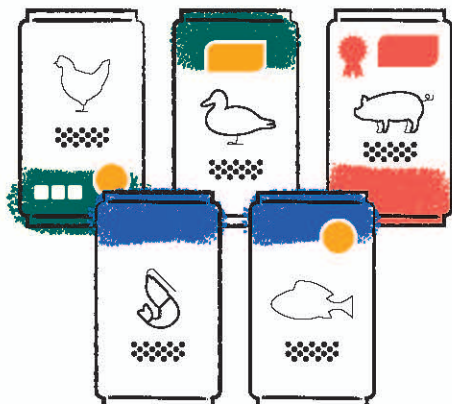
The Integrated food process involves advanced production technology, qualified international standard chemical-free production, safe with hygiene, while being environmentally friendly, and systematically traceable throughout the whole food chain.

Feed Business

Feed Manufacturing and Distribution

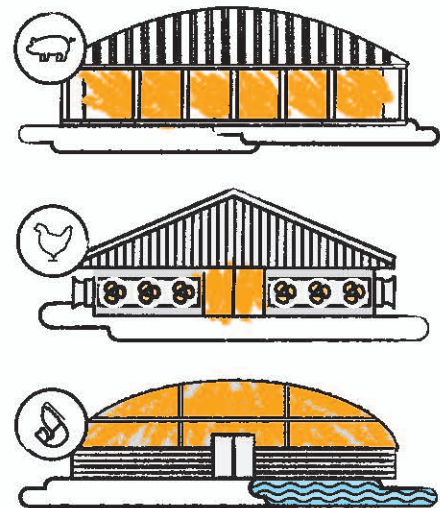


Feed Products

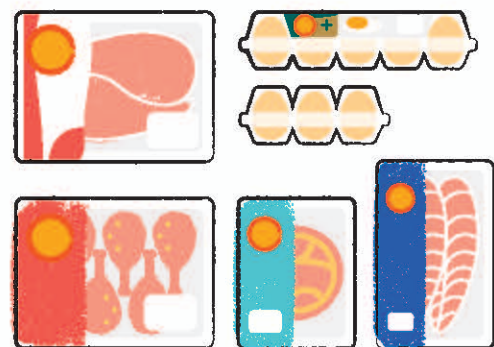


Farm Business

Breeding & Animal Farming

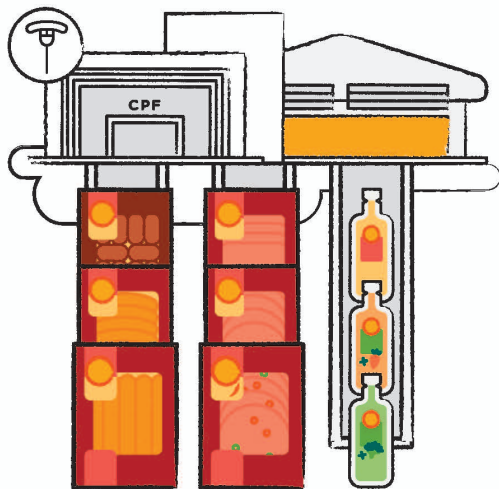


Primary Processed Products



Food Business

Production of Processed & Ready Meal

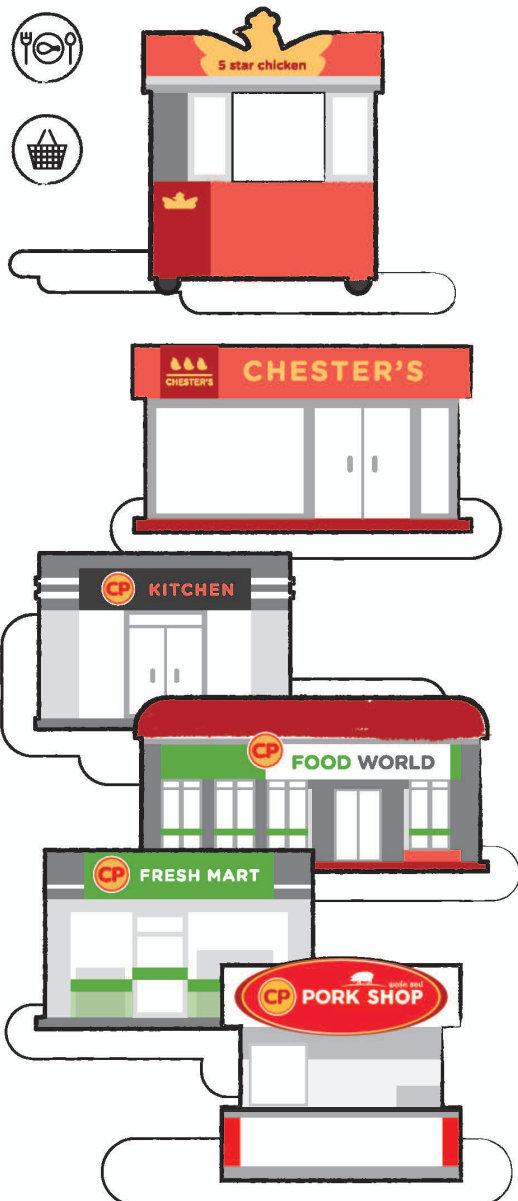


Cooked and Ready Meal Products



Food Retail Outlets

Expansion of Distribution Channels



Geographical Footprint

As of 31 December 2017

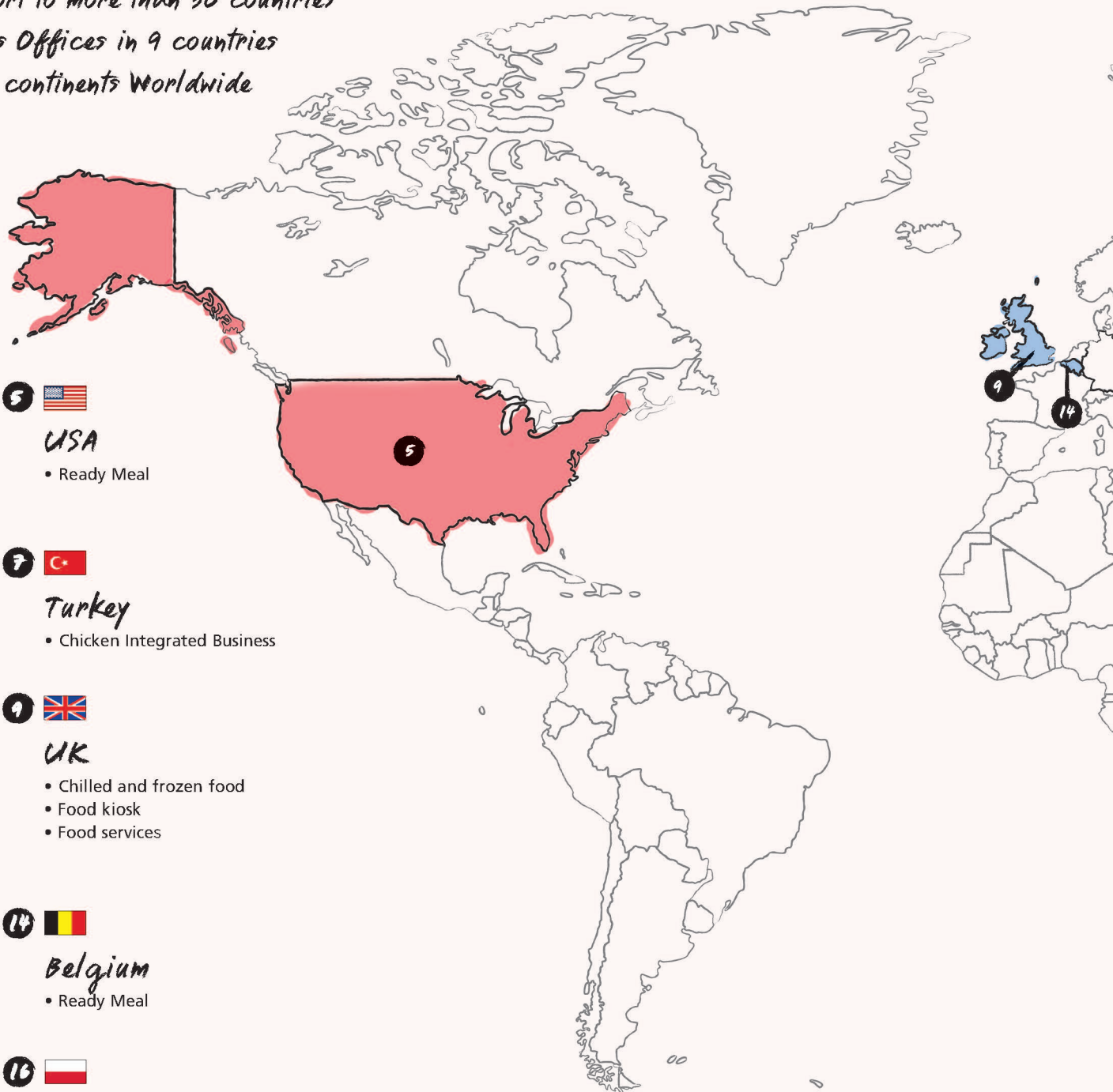
CPF expands its business to other countries. The business in each country depends on opportunity and potential of industry at the time in which the Company invested.

Cover 16 countries

Export to more than 30 countries

Sales Offices in 9 countries

In 5 continents Worldwide



Remark : Countries are ranked by Revenues



Taiwan

- Livestock Integrated Businesses



Russia

- Livestock Feed
- Swine Farming
- Chicken Integrated Business



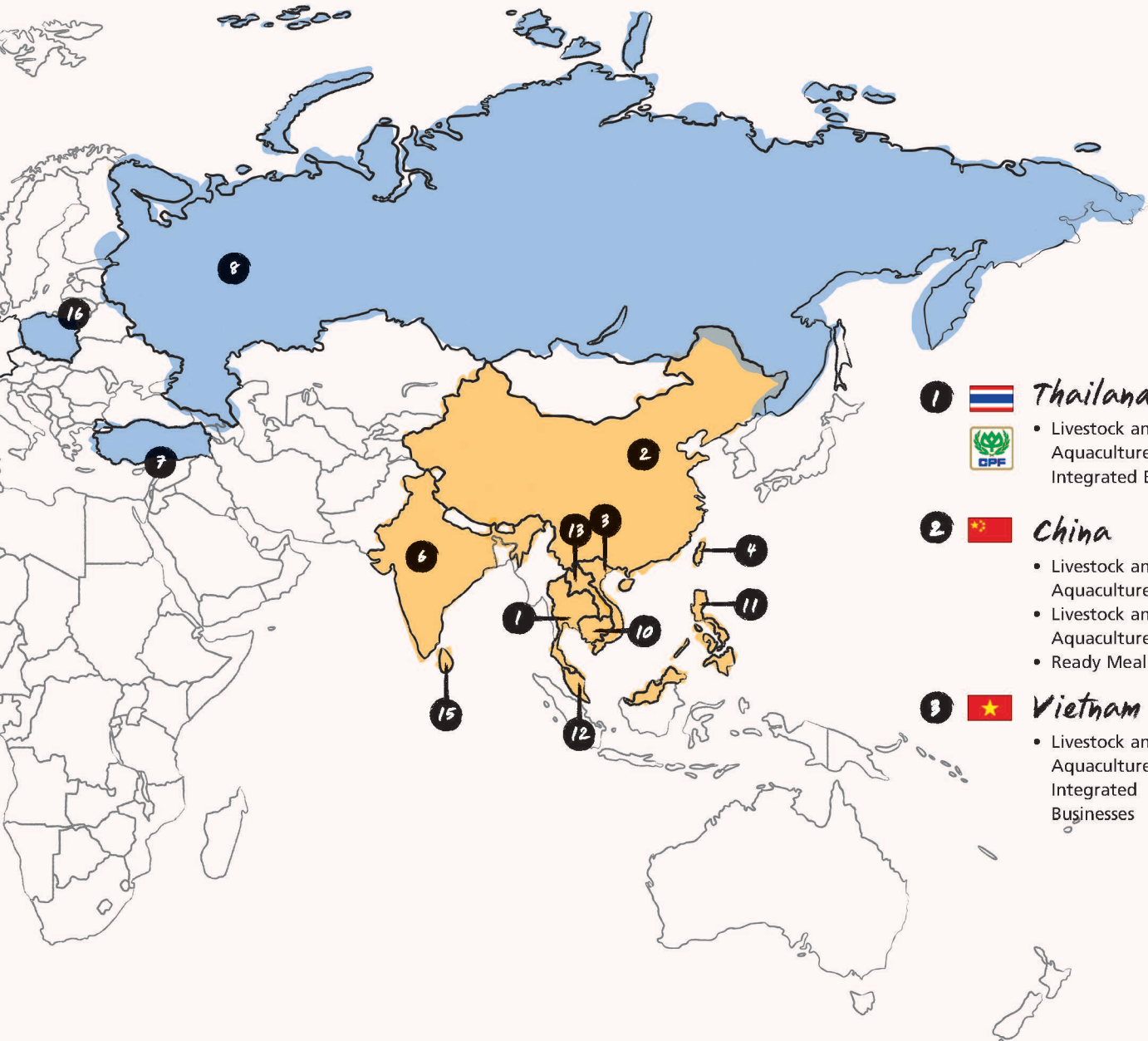
Philippines

- Livestock and Aquaculture Feed and Farming



Laos

- Livestock Integrated Businesses



Thailand

- Livestock and Aquaculture Integrated Businesses



China

- Livestock and Aquaculture Feed
- Livestock and Aquaculture Farming
- Ready Meal



Vietnam

- Livestock and Aquaculture Integrated Businesses



India

- Chicken Integrated Business
- Aquaculture Feed



Cambodia

- Livestock Integrated Businesses



Malaysia

- Livestock and Aquaculture Integrated Businesses



Sri Lanka

- Ready Meal

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Attachment 2 Report of the Audit Committee

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Attachment 4 Report of the Corporate Governance Committee

Attachment 5 Report of the Corporate Social Responsibility and Sustainable Development Committee

Attachment 6 Report of the Board of Directors' Responsibility on the Financial Statements

Attachment 7 Financial Statements for the Year 2017

Definition : "The Company" mentioned in Part 1-3 refers to Charoen Pokphand Foods Plc. ("CPF") and its subsidiaries (companies which CPF has direct and indirect control)

Investors may see more information of the Company in Annual Registration Statements (Form 56-1)
on www.sec.or.th or www.cpfworldwide.com



Charoen Pokphand Foods Public Company Limited

Part 1

Business Operation

1. Business Overview

1.1 Vision, Goal and Business Strategies

With the vision of becoming the “Kitchen of the World,” the Company continuously develops and operates its agro-industrial and food businesses, with its objectives to offer products of high quality in terms of nutritional value, taste, and traceability. The Company strives to operate businesses that focuses on modern production process, conforms with international standards, efficiently uses natural resources, environmental friendly and able to compete in the front line of the food industry. The Company takes into account the interests of all stakeholders to ensure sustainable growth, while being able to continuously generate appropriate return to shareholders.



To push forward the Company's vision and aforementioned mission to fulfill its goals, the Company has defined 3 main strategies - “Sustainable growth, Aiming for excellence, and Building solid foundation,” along with building a corporate value called the “CPF Way” under good management framework, including corporate governance structure, internal audits and enterprise-wide comprehensive risks management.

The Company believes in the potential of growth and development of the agro-industrial and food industry worldwide as well as consumption growth in a long term. Therefore, the Company has set the strategy to expand businesses to countries outside Thailand by bringing expertise in advanced fully integrated agro-industry to invest in other countries. At the same time, in order to respond to changes in consumer behavior, the Company has set the strategy to add value in its business such as producing ready-to-eat and processed foods under the CP Brand and other brands of the Company, as well as expanding distribution channels and export base. The Company creates innovation to enhance efficiency, strives to develop and foster its people, and manages its business with good corporate governance, in order to promote the Company's sustainable growth.

1.2 History and Key Milestones

History

CPF was registered as a limited company on January 17, 1978 under the name “Charoen Pokphand Feedmill Company Limited”, with initial registered capital of Baht 5 million, engaging in livestock feed and livestock farming business in Thailand. Then, in December 1987, CPF was listed on the Stock Exchange of Thailand with stock code “CPF”. The Company



has expanded its business to integrated shrimp farming business in 1988 and converted to a public company limited in January 1994.

In 1998, CPF acquired the agro-industry and meat processing companies from Charoen Pokphand Group to be under CPF umbrella; whereas, the business acquisitions were completed in early 1999. CPF then renamed as “Charoen Pokphand Foods Public Company Limited” and announced the vision to become “Kitchen of the World” for its integrated agro-industry business operation to produce meat products and quality food products to consumers around the world. After that the Company has continuously expanded its businesses and investment internationally. In 2005, the Company has started to use  brand for its basic processed meat products and entered into ready-to-eat food business under the said brand for distribution in Thailand and for export as well as expanded the product distribution channels to retail and food outlets.

In 2012, CPF and CPF Investment Limited (“CPFI”), a wholly owned subsidiary of CPF, acquired shares in C.P. Pokphand Co., Ltd. (“CPP”), which is a company listed in the Stock Exchange of Hong Kong under the Stock Code 00043 from existing shareholders resulting that CPP and its subsidiaries became indirect subsidiaries of CPF. CPP Group is a leading feed producer in China and a leader in the integrated livestock business with a growing aquaculture business in Vietnam. Therefore, upon completion of the transaction, the Company is able to broaden geographical its business base to China and Vietnam, two of the highest growth markets for meat consumption with a large population base in Asia and CPF would be the largest listed livestock and aquaculture company in Asia-Pacific (by both market capitalization and by revenue).

As of December 31, 2017, CPF had paid-up capital of Baht 8,611,242,385, comprising of 8,611,242,385 shares, and its market capitalization was Baht 206,670 million.

Key milestones in 2017

- Investment in UK company which engages in the sale of meat and ready-to-eat products business

In April 2017, CPF Investment Ltd. (“CPFI”), a wholly owned subsidiary of CPF, acquired the entire interests in Westbridge Food Group Limited (“WFGL”). WFGL Group engages in the sales of meat and ready-to-eat products to customers which are retails, food services and food manufacturers in the United Kingdom and countries in the European Union. WFGL also invests in companies in the United Kingdom and the Netherlands which have import quota licenses for the import of poultry meats and other poultry products to the European Union. Upon the completion of the transaction, WFGL and its subsidiaries became indirect subsidiaries of CPF.

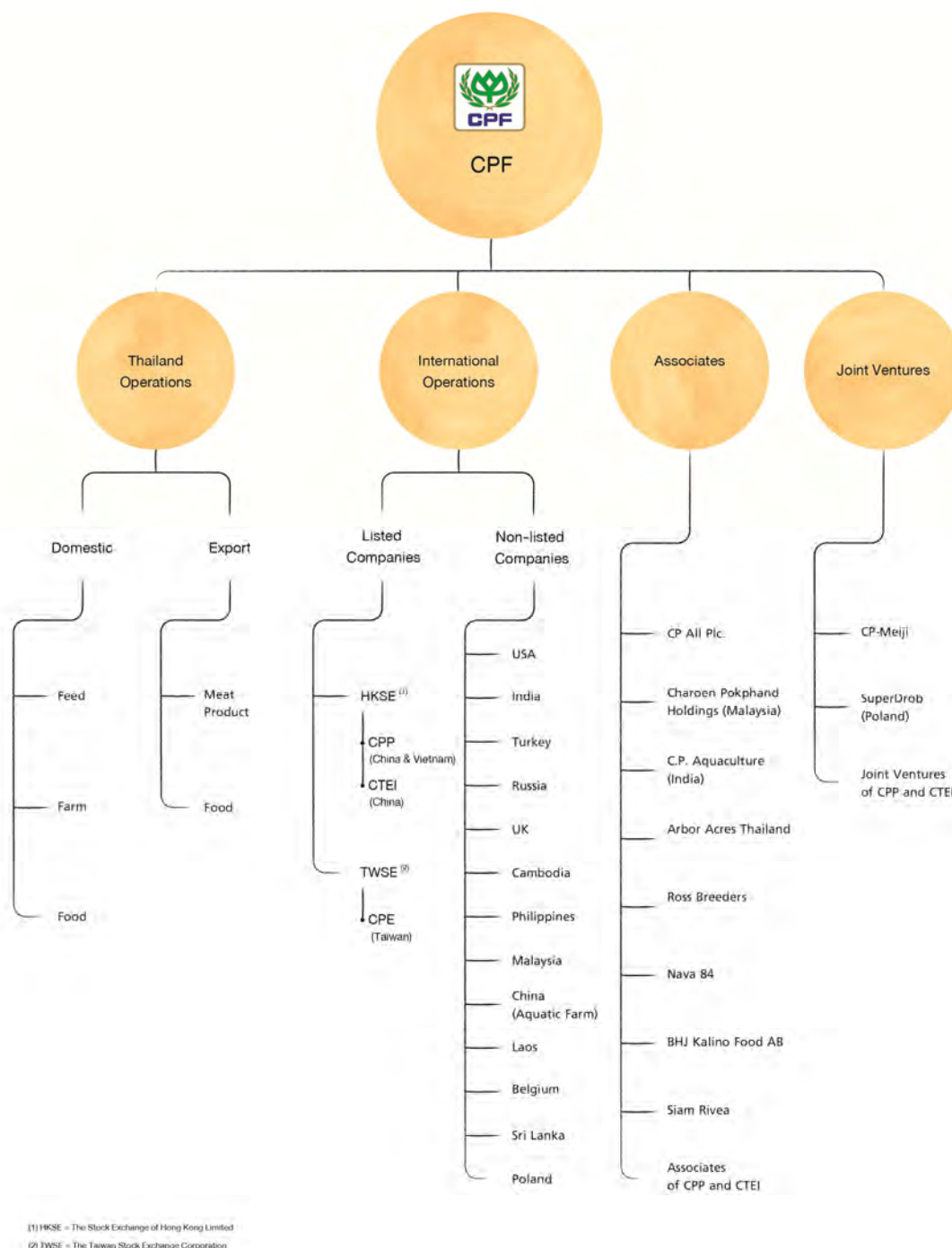
- Investment in German company which engages in the sale of meat business

In October 2017, CPF Europe S.A. (“CPF EU”), a 99.99% indirectly owned subsidiary of CPF, acquired 95% of total issued shares of Paulsen Food GmbH (“PF”). PF Group principally engages in the sale of meat to customers which are food services and food manufacturers in Germany and other countries in the European Union and invest in companies which have import quota licenses for the import of poultry meat and other poultry products to the European Union. Upon the completion of the transaction, PF and its subsidiaries became indirect subsidiaries of CPF.

- Increase of registered capital and newly issued ordinary shares offering

During July - August 2017, CPF had increased its registered capital from Baht 7,742,941,932 to Baht 9,291,530,318, by issuing 1,548,588,386 new ordinary shares, with a par value of Baht 1 per share and offered to the existing shareholders of CPF in the proportion to their respective shareholdings for 5 existing ordinary shares to 1 newly issued ordinary share at the offering price of Baht 25 per share. Upon the completion of share subscription period (July 24-31, 2017), there were 868,300,453 ordinary shares subscribed, resulting in the increase of paid-up capital from Baht 7,742,941,932 to Baht 8,611,242,385, comprised 8,611,242,385 shares, with a par value of Baht 1 per share with the remaining unsubscribed ordinary shares from the subscription and rounding off of 680,287,933 shares. In this regards, CPF will proceed with the decrease of registered capital by cancelling such remaining shares according to Section 140 of the Public Limited Companies Act B.E. 2535.

1.3 Overview of Business Operation and Shareholding Structure of the Group as of December 31, 2017



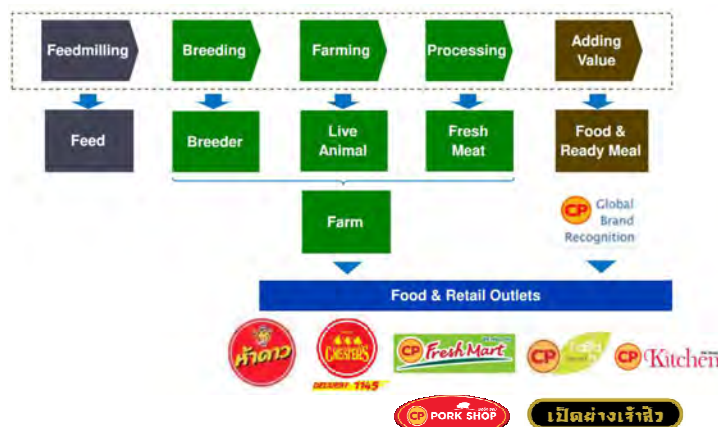
The scope of business operations can be divided into 2 main parts: (1) Thailand operations and (2) International operations, as briefly elaborated as follows:

1) Thailand operations involve agro-industrial and food business operations for domestic distribution and export. The products include meat, processed meat and ready-to-eat food which will be distributed and exported covering more than 30 countries across 5 continents.

The Company's Thailand operations cover livestock and aquaculture including swine, broilers, layers, ducks, shrimps and fish. Its integrated production process starts from production of animal feed, animal breeding, animal farming,


processing of meat, production of semi-cooked or cooked meat products and ready-to-eat products with food retail and food outlets as the Company's distribution channels.

Integrated Business Structure in Thailand



2) International operations involve agro-industrial and food business operated by its subsidiaries in 15 countries i.e. China, Vietnam, Taiwan, USA, India, Turkey, Russia, United Kingdom, Cambodia, the Philippines, Malaysia, Laos, Belgium, Sri Lanka and Poland.

The Company has expanded its production bases in the countries with business opportunities by bringing its expertise in integrated and modern agro-industrial technology from its Thailand operation to apply in the countries with high potential in development of farming standards and commercial farming efficiency in order to promote the production of meats and foods that meet the international food safety standards. At the same time, the Company has expanded processed meat business, ready to eat food business, and food distribution channel in those countries while adjusting work process, production process, and products to suit the geosocial of each country.

The Company's products can be classified into three categories, 1) Feed 2) Farm, including animal breed, commercial animal, and primary processed meat, and 3) Food Products, such as processed semi-cooked and cooked meat, and ready-to-eat food products under  brand, other Company's brands and customers' brands.

Scope of business operations both Thailand and International operations is as follows

Country	Business	Feed	Farm			Food
			Swine	Poultry	Shrimp	
Thailand		•	•	•	•	•
China		•		•	•	•
Vietnam		•	•	•	•	•
Taiwan		•	•	•		•
India		•		•	•	•
USA						•
Turkey		•		•		•
Russia		•	•	•		
United Kingdom						•
Cambodia		•	•	•		•
the Philippines		•	•	•	•	
Malaysia		•	•		•	•
Laos		•	•	•		•
Belgium						•
Sri Lanka						•
Poland				•		•

**Investment of CPF Group****Subsidiaries**

As of December 31, 2017, there were 267 companies¹ which CPF has direct and indirect control with detail as follows:

Subsidiaries with Thailand operations and businesses related to operations in Thailand**Livestock Business**

Direct Subsidiaries	Type of Business	Registered Capital	Interest (%)
1. Bangkok Produce Merchandising Plc. Bangkok, Thailand Tel. 66-2-766-8000	Animal feed raw materials distribution	Baht 600,000,000	99.44
2. Chester's Food Co., Ltd. Bangkok, Thailand Tel. 66-2-641-1333	Restaurant	Baht 80,000,000	99.99
3. CPF (Thailand) Plc. Bangkok, Thailand Tel. 66-2-766-8000	Agro-industrial and integrated food	Baht 10,512,375,000	99.98
4. C.P. Merchandising Co., Ltd. Bangkok, Thailand Tel. 66-2-766-8000	Investment and international trading	Baht 9,000,000,000	99.99

Indirect Subsidiaries	Type of Business	Registered Capital	Interest (%)
5. CPF Trading Co., Ltd. Bangkok, Thailand Tel. 66-2-694-4466	Wholesale and retail food products	Baht 800,000,000	99.97
6. CPF Denmark A/S Denmark Tel. 45-7526-1330	Importer and distributor of processed meat and ready meals	EUR 500,000	52.00
7. CPF Europe S.A. Belgium Tel. 32-2357-5380	Importer and distributor of processed meat and ready meals	EUR 36,800,000	99.99
7.1 CP Chozen Ltd. United Kingdom	Investment	GPB 700,000	71.50
7.1.1 Chozen Holdings Ltd. United Kingdom Tel. 44-1905-732100	Restaurant	GBP 30	71.50
7.1.2 Chozen Noodle Trading Ltd. United Kingdom Tel. 44-1905-732100	Property lease-out	GBP 10	71.50
7.2 Tops Foods NV Belgium Tel. 32-1428-5560	Production and distributor of ready meals	EUR 3,940,000	84.08

¹ Excluding the companies which are in the process of liquidation and/or wound up its operations i.e. C.P. Aquaculture (Hainan) Co., Ltd., Shanghai C.P. Industrial Trading Co., Ltd., Charoen Pokphand (USA), Inc., Charoen Pokphand Foods Kenya Co., Ltd., CPF Tanzania Ltd., Wignall Holdings Limited, Chia Tai (Hainan) Agro-Industry Co., Ltd., Fujian Longzeji Feed Co., Ltd., Jinan Chia Tai Co., Ltd., Shanghai Han Tong International Trading Co., Ltd., Bellisio Parent, LLC. and The All American Gourmet Company



Indirect Subsidiaries	Type of Business	Registered Capital	Interest (%)
8. CPF Food Trading Co., Ltd. China Tel. 86-21-6106-2651	Importer and distributor of processed meat and ready meals	USD 4,000,000	100.00
9. CPF Japan Co., Ltd. (formerly CPF Tokyo Co., Ltd.) Japan Tel. 813-5401-2231	Importer and distributor of processed meat and ready meals	JPY 200,000,000	99.99
10. CP Foods (UK) Ltd. United Kingdom Tel. 44-1299-253131	Importer and distributor of processed meat and ready meals	GBP 271,200	57.52
10.1-10.60 are subsidiaries of CP Foods (UK) Ltd. ² United Kingdom	Importer and distributor of processed meat and ready meals	GBP 1	57.52

Aquaculture Business

Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
11. C.P. Food Products, Inc. USA Tel. 1-410-505-5017	Importer and distributor of seafood products	USD 7,500,000	100.00

Other Businesses

Direct Subsidiary	Type of Business	Registered Capital	Interest (%)
12. CPF Training Center Co., Ltd. Bangkok, Thailand Tel. 66-2-766-8000	Training center service provider	Baht 20,000,000	99.99
13. CPF IT Center Co., Ltd. Bangkok, Thailand Tel. 66-2-766-8000	Information technology service provider	Baht 250,000,000	99.99
14. CPF Food Research and Development Center Co., Ltd. Bangkok, Thailand	Food research and development	Baht 500,000,000	99.99

² 60 subsidiaries of CP Foods (UK) Ltd. were as follows:

- | | | | | |
|----------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------------|
| 1. Fusion Abbey Park Ltd. | 2. Fusion Alfrick Ltd. | 3. Fusion Bracewell Ltd. | 4. Fusion Bransford Ltd. | 5. Fusion Broadway Ltd. |
| 6. Fusion Brothwood Ltd. | 7. Fusion Calis Ltd. | 8. Fusion Carnoustie Ltd. | 9. Fusion Charlton Ltd. | 10. Fusion Crowle Ltd. |
| 11. Fusion Dalaman Ltd. | 12. Fusion Defford Ltd. | 13. Fusion Dormington Ltd. | 14. Fusion Driscoll Ltd. | 15. Fusion Dumbleton Ltd. |
| 16. Fusion Eastoe Ltd. | 17. Fusion Elmbridge Ltd. | 18. Fusion Everton Ltd. | 19. Fusion Exning Ltd. | 20. Fusion Fethiye Ltd. |
| 21. Fusion Gatley Ltd. | 22. Fusion Gocek Ltd. | 23. Fusion Gray Ltd. | 24. Fusion Harper Ltd. | 25. Fusion Hartford Ltd. |
| 26. Fusion Hawstead Ltd. | 27. Fusion Head Street Ltd. | 28. Fusion Heath Ltd. | 29. Fusion Irvine Ltd. | 30. Fusion Kaitaia Ltd. |
| 31. Fusion Kroma Ltd. | 32. Fusion Krone Ltd. | 33. Fusion Lineker Ltd. | 34. Fusion Littleworth Ltd. | 35. Fusion Madeley Ltd. |
| 36. Fusion McMahon Ltd. | 37. Fusion Mountfield Ltd. | 38. Fusion Moyes Ltd. | 39. Fusion Newlands Ltd. | 40. Fusion Niamh Ltd. |
| 41. Fusion Pershore Ltd. | 42. Fusion Priest Lane Ltd. | 43. Fusion Ratcliffe Ltd. | 44. Fusion Reid Ltd. | 45. Fusion Richardson Ltd. |
| 46. Fusion Samui Ltd. | 47. Fusion Sharp Ltd. | 48. Fusion Sheedy Ltd. | 49. Fusion Soham Ltd. | 50. Fusion Southall Ltd. |
| 51. Fusion Stevens Ltd. | 52. Fusion Thetford Ltd. | 53. Fusion Turgay Ltd. | 54. Fusion Uzumlu Ltd. | 55. Fusion Van Den Hauwe Ltd. |
| 56. Fusion Wadborough Ltd. | 57. Fusion Wellington Ltd. | 58. Fusion Whistler Ltd. | 59. Fusion Wright Ltd. | 60. Fusion Yamac Ltd. |


International Operations

Direct Subsidiary	Type of Business	Registered Capital	Interest (%)
15. CPF Investment Ltd. British Virgin Islands	Investment	USD 1,520,000,000	100.00
16. CPF Netherlands B.V. Netherlands	Investment	USD 350,000,000	99.99
17. C.P. Aquaculture (Beihai) Co., Ltd. China Tel. 86-779-208-4362	Production and sale of animal feed	USD 17,500,000	100.00
18. C.P. Aquaculture (Dongfang) Co., Ltd. China Tel. 86-898-3696-3979	Shrimp hatchery business	RMB 148,000,000	100.00
19. C.P. Aquaculture (Zhanjiang) Co., Ltd. China Tel. 86-898-3696-3979	Shrimp hatchery business	USD 12,000,000	100.00
20. C.P. Foods Holdings Ltd. British Virgin Islands	Investment	USD 1,000,000	100.00
21. C.P. Foods International Ltd. British Virgin Islands	Investment	USD 100,000,000	100.00
22. C.P. Foods International Ltd. British Virgin Islands	Investment	PLN 3,000,000	66.67
23. Bellisio Investment, LLC USA	Investment	USD 585,000,000	100.00
23.1 Bellisio Foods, Inc. USA	Production and distributor of ready meals	N/A	100.00
23.2 Bellisio Foods Canada Corp. Canada	Production and distributor of ready meals	N/A	100.00
23.3 Overhill Farms, Inc. USA	Production and distributor of ready meals	N/A	100.00

Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
24. Charoen Pokphand Foods Philippines Corp. Philippines Tel. 63-45-963-6510	Production and sale of animal feed, farming and shrimp hatchery business	PHP 6,300,000,000	99.99
24.1 A.P.P. Enterprise, Inc. Philippines Tel. 63-45-963-6510	Property lease-out	PHP 5,000	39.60



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
25. Charoen Pokphand Foods (Overseas) LLC. Russia Tel. 7-496-634-1963	Animal feedmill and livestock farming	RB 4,200,446,418.5	99.99
25.1 CPF Agro LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 1,153,061,000	99.99
25.2 CPF Foods LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 480,010,000	99.99
25.3 CPF Ryazan LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 87,238,163.21	99.99
25.4 CPF Serebryanie Prudy LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 130,759,706.53	99.99
25.5 CPF Trading LLC. Russia Tel. 7-496-634-1963	Importer and distributor of meat products	RB 3,276,036.05	99.99
25.6 CPF Zaraysk LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 79,503,577.84	99.99
26. Chia Tai Enterprises International Ltd. Bermuda	Investment	USD 78,738,922	50.43
26.1 C.P. Enterprises Ltd. Hong Kong	Investment	HKD 28,000,000	50.43
26.2 Chia Tai Huazhong Biochemistry Ltd. Hong Kong	Investment	HKD 10,000	50.43
26.3 Chia Tai Pucheng Biochemistry Ltd. Hong Kong	Investment	USD 100,000	50.43
26.4 ECI Machinery Co., Ltd. British Virgin Islands	Investment	USD 50,000	50.43
26.5 Golden Industrial Investment Ltd. Hong Kong	Investment	HKD 10,000	50.43
26.6 Pucheng Chia Tai Biochemistry Ltd. China Tel. 86-108-508-9000	Production and sale of chlortetracycline	RMB 189,890,000	35.17
26.7 Zhumadian Huazheng Property Co., Ltd. China Tel. 86-396-212-7539	Real estate property	RMB 72,000,000	35.17
27. C.P. Standart Gida Sanayi ve Ticaret A.S. Turkey Tel. 212-274-8536	Agro-industrial and integrated food	TL 203,965,500	100.00



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
28. C.P. Pokphand Co., Ltd. Bermuda	Investment in agro-industrial and food business	USD 600,000,000	50.43
28.1 Beijing CP Consultation Services Co., Ltd. China Tel. 86-108-508-9000	Provision of consulting service on economic and trade	RMB 150,000	50.43
28.2 C.P. Aquaculture (Yangjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 19,700,000	50.43
28.3 C.P. Food Enterprises (Ningbo) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	RMB 60,000,000	50.43
28.4 C.P. Food (Hengshui) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 192,000,000	50.43
28.5 C.P. Food (Kaifeng) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 52,000,000	50.43
28.6 C.P. Food (Nantong) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 10,730,000	50.43
28.7 C.P. Food (Xiangyang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 380,000,000	50.43
28.8 C.P. Food (Xuzhou) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	RMB 342,680,000	50.43
28.9 C.P. Food (Zhanjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 78,500,000	50.43
28.10 C.P. Premix (Guanghan) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 818,250.95	45.89
28.11 C.P. Premix (Hangzhou) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 10,000,000	50.43
28.12 C.P. Premix (Liuzhou) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 6,700,000	50.43
28.13 C.P. Premix (Nantong) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 3,000,000	30.26
28.14 C.P. Premix (Shenyang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 24,900,000	50.43



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
28.15 C.P. Premix (Tianjin) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 23,812,500	50.43
28.16 C.P. Standard Resources Ltd. Hong Kong	Investment	N/A	50.43
28.17 C.P. Vietnam Corp. Vietnam Tel. 84-61-383-6251-9	Production and sale of animal feed, farming and food processing plant	VND 1,741,792,000,000	64.89
28.18 C.T. Progressive (H.K.) Ltd. Bermuda	Investment	HKD 1,000,000	50.43
28.19 Changsha Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 134,000,000	50.43
28.20 Charoen Pokphand (China) Investment Ltd. British Virgin Islands	Investment	USD 56,000,000	50.43
28.21 Chengdu Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,300,000	35.30
28.22 Chia Tai (Beijing) Investment Management Co., Ltd. China Tel. 86-108-508-9000	Rendering management and advisory service	RMB 670,000,000	50.43
28.23 Chia Tai (China) Investment Co., Ltd. China Tel. 86-108-508-9000	Investment and trading	USD 196,695,333	50.43
28.24 Chia Tai Feed (Hefei) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 57,124,826	50.43
28.25 Chia Tai Feed (Helin) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 66,000,000	50.43
28.26 Chia Tai Feed (Harbin) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 5,000,000	50.43
28.27 Chia Tai Feed (Hengshui) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 44,860,000	50.43
28.28 Chia Tai Feed (Qian Jiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 32,000,000	50.43
28.29 Chia Tai Feed (Yiwu) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 57,000,000	27.74



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
28.30 Chia Tai Feed (Yushu) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 36,000,000	50.43
28.31 Chia Tai Feed (Zhanjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 31,110,000	50.43
28.32 Chia Tai Food Enterprise (Qingdao) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 85,700,000	50.43
28.33 Chia Tai Food (Suqian) Co., Ltd. (Formerly known as COFCO Meat (Suqian) Co., Ltd.) China Tel. 86-108-508-9000	Poultry farming, production and sale of chicken meat products	RMB 596,298,060	50.43
28.34 Chia Tai Yongji Enterprise Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,062,018	50.43
28.35 Chia Tai Yueyang Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 9,550,000	50.43
28.36 Chongqing Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,920,000	30.26
28.37 Chongqing Shuangqiao Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,520,000	35.30
28.38 Chuzhou Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,648,500	50.43
28.39 CP China Investment Ltd. Cayman Islands	Investment	USD 129,750,000	50.43
28.40 CP Food Enterprise (Qinhuangdao) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 117,460,000	50.43
28.41 CP Food Investment Ltd. Hong Kong	Investment	HKD 1	50.43
28.42 CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,000,000	50.43
28.43 Dali Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 37,000,000	50.43
28.44 Fujian Baojiashun Food Development Co., Ltd. China Tel. 86-108-508-9000	Production of processed poultry meat	RMB 180,000,000	35.30



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
28.45 Fujian Chia Tai Food Co., Ltd. China Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 218,000,000	35.30
28.46 Fujian Hetai Agro-Industry Co., Ltd. China Tel. 86-108-508-9000	Farming and trading of poultry	RMB 50,000,000	35.30
28.47 Fuzhou Da Fu Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 9,139,297	50.43
28.48 Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 93-1575-0941	Providing financial guarantee services	RMB 100,000,000	50.43
28.49 Ganzhou Chia Tai Industrial Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 18,000,000	40.34
28.50 Guang An Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 24,500,000	30.26
28.51 Guangdong Chia Tai Biotechnology Co., Ltd. China Tel. 86-108-508-9000	Production and sale of probiotics	RMB 10,500,000	50.43
28.52 Guangxi Chia Tai Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
28.53 Guilin Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,720,000	42.86
28.54 Guiyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 33,000,000	50.43
28.55 Hannick Ltd. Hong Kong Tel. 852-252-01601	Property investment	N/A	50.43
28.56 Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
28.57 Hefei Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 125,000,000	50.43



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
28.58 Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
28.59 Huai Hua Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,900,000	50.43
28.60 Hubei Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed and breeding and processed food	RMB 280,000,000	50.43
28.61 Huludao Chia Tai Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 28,100,000	50.43
28.62 Inner Mongolia Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 8,190,700	45.48
28.63 Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
28.64 Jiangsu Huai Yin Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,621,000	44.38
28.65 Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
28.66 Jilin Chia Tai Food Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	RMB 240,000,000	50.43
28.67 Jiujiang Chia Tai Feedstuff Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,000,000	30.26
28.68 Kaifeng Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 10,000,000	50.43
28.69 Kunming Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,405,300	46.59
28.70 Lanzhou Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 14,953,000	45.70
28.71 Longyan Baotai Agro-Industry Co., Ltd. China Tel. 86-108-508-9000	Farming and sale of poultry	RMB 60,000,000	35.30



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
28.72 Mianyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,000,000	40.34
28.73 Modern State Investments Ltd. British Virgin Islands	Investment	USD 120,000,000	50.43
28.74 Nanchang Chiatai Livestock Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,120,200	50.43
28.75 Nanning C.P. Food Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 136,680,000	50.43
28.76 Nanning Chia Tai Animal Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,774,500	46.21
28.77 Nantong Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 50,060,025	30.26
28.78 Nantong Chia Tai Feedmill Co., Ltd. (Formerly known as Nantong Chia Tai Feed Co., Ltd.) China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 60,000,000	30.26
28.79 Nanyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 50,000,000	45.89
28.80 Neijiang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,900,000	35.30
28.81 Ningbo Chia Tai Agriculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,415,300	35.30
28.82 Pingdingshan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 2,761,321	35.30
28.83 Qingdao Chia Tai Agricultural Developement Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 12,025,800	50.43
28.84 Shaanxi Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,729,100	48.41
28.85 Shanxi Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 11,673,200	30.21
28.86 Shenyang Chia Tai Livestock Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,600,000	50.43



	Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
28.87	Shijiazhuang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 22,000,000	50.43
28.88	Shuangliu Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,000,000	35.30
28.89	Tai Zhou Chia Tai Feed Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 8,451,051	48.41
28.90	Tianjin Chia Tai Agro-Industrial Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 65,540,000	50.43
28.91	Urumqi ChiaTai Animal Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,250,000	47.11
28.92	Weinan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 69,000,000	50.43
28.93	Wuhan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,750,000	50.43
28.94	Wuhan Chia Tai Aquaculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 62,000,000	50.43
28.95	Wuxuan Chia Tai Animal Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,640,000	42.86
28.96	Xiamen Chia Tai Agriculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,400,000	30.26
28.97	Xiamen Sumpo Food Trading Co., Ltd. China Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 30,000,000	35.30
28.98	Xiangyang Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 97,900,000	50.43
28.99	Xuzhou Chia Tai Feed Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 16,000,000	32.78
28.100	Yi Chang Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	USD 18,090,000	50.43



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
28.101 Yinchuan Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 6,000,000	42.86
28.102 Yongan Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 27,000,000	50.43
28.103 Zhangjiakou Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 60,000,000	30.26
28.104 Zhoukou Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 50,000,000	50.43
28.105 Zhumadian Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 28,060,000	30.76

Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
29. C.P. Cambodia Co., Ltd. Cambodia Tel. 24-397-339	Production, sale of animal feed, livestock farming and food processing plant	USD 67,402,000	100.00
29.1 Cambodia Property and Trading Co., Ltd. Cambodia Tel. 24-397-339	Property lease-out	KHR 20,000,000	49.00
30. C.P. Laos Co., Ltd. Laos Tel. 856-21-453508-10	Animal feedmill and livestock farming	USD 15,000,000	99.99
31. Charoen Pokphand Foods Canada Inc. Canada Tel. 905-604-4993	Import and export food products	CAD 1,000,000	70.00
32. Charoen Pokphand Foods (Malaysia) Sdn. Bhd. Malaysia	Investment in aquaculture integration business and swine business	RM 420,000,000	99.99
32.1 Asia Aquaculture (M) Sdn. Bhd. Malaysia Tel. 603-4027-1800	Shrimp farming and processing plant	RM 520,000,000	99.99
32.2 Makin Jernih Sdn. Bhd. Malaysia	Investment	RM 50,000,000	99.99
32.2.1 AA Meat Shop Sdn. Bhd. Malaysia Tel. 603-6091-7340	Livestock processing retailer	RM 5,000,000	99.99
32.2.2 Chau Yang Farming Sdn. Bhd. Malaysia Tel. 605-3771-331	Livestock farming	RM 25,000,000	99.99
32.2.3 Tip Top Meat Sdn. Bhd. Malaysia Tel. 603-6091-7340	Livestock processing plant	RM 25,000,000	99.99



Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
32.3 Star Feedmills (M) Sdn. Bhd. Malaysia Tel. 603-4027-1800	Aquatic feed production and distribution	RM 100,000,000	99.99
33. CPF (INDIA) Private Ltd. India Tel. 91-44-265-68406	Production and sale of animal feed, farming and food processing plant	RS 4,888,500,000	99.99
34. Charoen Pokphand Enterprise(Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Chicken integration and livestock farming	NTD 3,579,000,000	32.68
34.1 Arbor Acres (Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Livestock farming	NTD 32,000,000	16.34
34.2 Charoen Pokphand (Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Importer and distributor of feedstuff additives and animal vaccines	NTD 32,000,000	29.41
34.3 Chia Tai Lianyungang Co., Ltd. Hong Kong	Investment	HKD 1,000,000	32.68
34.4 Lianyungang Chia Tai Agro-Industry Development Co., Ltd. China Tel. 86-182-051-31077	Production and sale of animal feed	USD 5,400,000	22.88
34.5 Plenty Type Ltd. Cayman Islands	Investment	USD 22,261,488	32.68
34.6 Rui Fu Foods Co., Ltd. Taiwan Tel. 86-182-051-31077	Layer chicken business	NTD 100,000,000	16.67
34.7 Rui Mu Foods Co., Ltd. Taiwan Tel. 86-182-051-31077	Layer chicken business	NTD 150,000,000	16.99
35. Russia Baltic Pork Invest ASA Norway	Investment	NOK 510,063,200	75.82
35.1 Farm Construction LLC. Russia Tel. 8-831-211-3011	Swine farm construction	RB 100,000	75.82
35.2 Finagro ASP Denmark Tel. 45-7658-5005	Financial service	DK 550,000	75.82
35.3 Kornevo LLC. Russia Tel. 8-401-230-7700	Livestock farming	RB 203,010,000	75.82
35.4 Management Company RBPI Group LLC. Russia Tel. 8-401-230-7700	Property lease-out	RB 10,000	75.82
35.5 NNPP LLC. Russia Tel. 8-831-211-3011	Livestock farming	RB 483,040,562.83	75.82



Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
35.6 NNPP-2 LLC. Russia Tel. 8-831-211-3011	Livestock farming	RB 600,000,000	75.82
35.7 Pravdinsk Pig Production CJSC Russia Tel. 8-401-230-7700	Livestock farming	RB 160,000,000	75.82
35.8 Pravdinsk Pig Production-2 LLC. Russia Tel. 8-401-230-7700	Livestock farming	RB 1,010,000,000	75.82
35.9 Rechnoe LLC. Russia Tel. 8-401-230-7700	Biological waste management services provider	RB 49,999,998	75.82
36. Stesha LLC. Russia	Investment	RB 11,922,108,924	99.99
36.1 Poultry Parent Stock Production Woyskovitsy CJSC Russia	Livestock farming and breeding	RB 196,500,735	79.99
36.2 Poultry Production Severnaya CJSC Russia	Animal feedmill, livestock farming and food processing plant	RB 1,129,937,718	79.99
37. Bright Excel Investments Ltd. British Virgin Islands	Investment	USD 50,000	100.00
38. Charoen Pokphand (Taiwan) Investment Ltd. Bermuda	Investment	USD 12,000	100.00
39. Coinaton Investments Ltd. British Virgin Islands	Investment	USD 50,000	100.00
39.1 Chun Ta Investment Co., Ltd. Taiwan	Investment	NTD 50,000,000	100.00
40. CPVN Ltd. British Virgin Islands	Investment	USD 1,000,000	100.00
41. Forward Pass Ltd. British Virgin Islands	Investment	USD 50,000	100.00
41.1 Ta Chung Investment Co., Ltd. Taiwan	Investment	NTD 100,000,000	100.00
42. New Splendid Holdings Ltd. British Virgin Islands	Investment	USD 50,000	100.00
43. Norfolk Foods (Private) Limited Sri Lanka Tel. 9-411-285-7340	Production and sale of ready meal	LKR 246,500,000	80.00
44. Paulsen Food GmbH Germany	Distributor of processed meat and investment	EUR 25,000	95.00
45. The Foodfellas Ltd. United Kingdom Tel. 9-411-285-7340	Import food raw materials and food products	GBP 15,567	34.51



Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
46. Wesbridge Food Group Limited United Kingdom	Investment	GBP 88.96	100.00
46.1 Westbridge Foods (Thailand) Ltd. Bangkok, Thailand Tel. 66-2-726-9890	Provision and development for Asian food product	Baht 31,325,600	99.99
46.2 Food Trac Ltd. United Kingdom	Distribution of meat products	GBP 100	100.00
46.3. Wesbridge Foods Ltd. United Kingdom	Importer and distributor of meat and processed foods	GBP 100	100.00
46.4 Wesbridge Foods (France) SARL France	Distribution of meat products	EUR 100	100.00
46.5 Wesbridge Foods (Haydock) Ltd. United Kingdom	Distribution of meat products	GBP 252,855	100.00
46.6 Wesbridge Group License Companies United Kingdom	Importer of poultry meat products		100.00
46.7 Wesbridge Holding B.V. Netherlands	Investment	EUR 18,000	100.00
46.8 Wesbridge (Qingdao) Trading Co., Ltd. China	Provision and development for Asian food product	USD 100,000	100.00

Associates

As of December 31, 2017, CPF had 14 associates as follows:

Associates	Type of Business	Registered Capital	Interest (%)
1. CP All Plc. ³ Bangkok, Thailand Tel. 66-2-677-9000	Convenience store business in Thailand, under "7-Eleven" trademark and franchises to other retailers in the territory of Thailand	Baht 8,986,296,048	34.28
2. Nava 84 Co., Ltd. ⁴ Bangkok, Thailand	Investment in economic crop plantation companies in Thailand	Baht 1,500,000,000	25.00
3. Ross Breeders Siam Co., Ltd. Bangkok, Thailand Tel. 66-2-988-0700	Chicken breeding and distribution	Baht 70,000,000	49.99
4. Siam Rivea Co., Ltd. Bangkok, Thailand	Restaurant	Baht 5,000,000	29.99
5. Arbor Acres Thailand Co., Ltd. Bangkok, Thailand Tel. 66-2-988-0700	Chicken breeding and distribution	Baht 4,000,000	49.98
6. BHJ Kalino Food AB Sweden Tel. 46-4620-5260	Trading of chilled and frozen meat and food	SEK 1,000,000	15.08
7. C.P. Aquaculture (India) Private Ltd. ⁵ India Tel. 9144-2491-7790	Aquatic feedmill and shrimp hatchery in India	Rs 250,000,000	31.70



Associates	Type of Business	Registered Capital	Interest (%)
8. Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. ⁶ Malaysia	Investment in livestock feedmill and livestock farming companies in Malaysia	RM 50,000,000	49.75
9. Chia Tai (Cixi) Investment Management Ltd. China	Provision of consulting service on economic and trade	RMB 2,000,000	25.21
10. Conti Chia Tai International Ltd. Hong Kong Tel. 852-282-36171	Production and sale of animal feed	HKD 3,122,000	25.21
11. Ningxia Xiao Ming Animal Husbandry Co., Ltd. Hong Kong Tel. 852-282-36171	Production and sale of commercial layer chicks	RMB 68,253,000	8.34
12. Qingdao Yi Bang Bio-Engineering Co., Ltd. China Tel. 86-532-854-3936	Production and and sale of animal vaccines	RMB 28,409,090	6.05
13. Zhan Jiang Deni Carburetor Co., Ltd. China Tel. 86-759-315-0934	Motorcycle carburetor and auto parts production and distribution	USD 21,250,000	14.12
14. Cixi Zhudu Investment Center (Limited Partnership) China Tel. 86-108-508-9093	Investment	RMB 9,995,000	0.50

³ CPG and its related person held 2.53% stake

⁴ CPG held 25.00% stake

⁵ CPG and its related person held 43.30% stake and related person of Chearavanont family held 25.00% stake

⁶ Related person of CPG held 49.00% stake

There was one associate which CPF held interest less than Charoen Pokphand Group Co., Ltd. ("CPG") and its related person namely C.P. Aquaculture (India) Pte. Ltd. ("CPA India"). Upon its establishment, CPF held 19.20% stake in CPA India. Then in 2003, existing shareholders of CPA India sold their 12.50% stake in CPA India to CPF. As a result, CPA India became associate of CPF. In case that the Company enters into related transactions with CPA India, the transactions which are in ordinary course of business or supporting an ordinary course of business shall be conducted on arm's length basis and in accordance with the principle approved by the Board of Directors. However, the transactions which are not the ordinary course of business or supporting an ordinary course of business must be considered and approved by the Board of Directors prior to the transaction engagement, upon the review by the Audit Committee to ensure the highest benefit of the Company and no conflict of interest. In this case, the Audit Committee may employ the independent appraiser or financial advisor to assess the value of such related transaction for comparative purpose. During 2017, there were no transactions with CPA India which are not the ordinary course of business.

**Joint Ventures**

As of December 31, 2017, CPF had 8 joint ventures as follows:

Joint Ventures	Type of Business	Registered Capital	Interest (%)
1. CP-Meiji Co., Ltd. Bangkok, Thailand Tel. 66-2-664-5309	Manufacturing and distribution of milk products and healthy dairy products	Baht 500,000,000	59.99
2. Beijing Chia Tai Feedmill Co., Ltd. China Tel. 86-106-941-2811	Production and sale of animal feed	USD 5,000,000	25.21
3. ECI Metro Investment Co., Ltd. British Virgin Islands Tel. 852-252-01601	Investment and trade of machinery and spare parts	USD 12,000,000	25.21
4. Handan Chia Tai Feed Co., Ltd. China Tel. 86-310-638-6570	Production and sale of animal feed	RMB 11,200,000	25.21
5. Henan East Chia Tai Co., Ltd. China Tel. 86-379-678-51191	Production and sale of animal feed	USD 5,400,000	25.21
6. Jilin Chia Tai Enterprise Co., Ltd. China Tel. 86-431-829-90255	Production and sale of animal feed	RMB 70,000,000	25.21
7. SuperDrob Zakłady Drobiarsko-Mięsne S.A. Poland Tel. 48-22-7790600	Agro-industrial and integrated food	PLN 16,428,000	33.00
8. Westbridge Foods Holding B.V. Netherlands Tel. 86-431-829-90255	Importer and distributor of processed foods	EUR 18,000	50.00

Company which CPF holds stake more than 10.00% but less than 20.00%⁷

As of December 31, 2017 there was 1 company which CPF held stake more than 10.00% but less than 20.00% with detail as follows:

Company	Type of Business	Registered Capital	Interest (%)
1. Kinghill Limited ⁸ Cayman Islands	Investment in company that manage shopping center, "Super Brand Mall" in China	USD 680,000,000	13.96

⁷ Excluding the company that already fully recorded the asset impairment

⁸ Related person of CPG held 64.86% stake

**Companies which CPF holds 10.00% stake or less**

As of December 31, 2017, there were 5 companies which CPF held 10.00% stake or less with detail as follows:

Company	Type of Business	Registered Capital	Interest (%)
1. Chia Tai (Jilin) Co., Ltd. ⁹ Hong Kong	Investment in livestock feedmill and livestock farming companies in China	USD 1,800,000	10.00
2. CPPC Plc. ¹⁰ Bangkok, Thailand Tel. 66-2-766-8090	Production and sale of plastic	Baht 1,950,000,000	6.58
3. C.P. Land Plc. ¹¹ Bangkok, Thailand Tel. 66-2-766-7000	Property development	Baht 3,630,310,000	6.49
4. Zhejiang Huatong Meat Products Co., Ltd. China	Production and sale of animal feed, farming and basic processing plant	RMB 178,666,700	3.74
5. True Corporation Plc. ¹² Bangkok, Thailand Tel. 66-2-643-1111	Information & Communication Technology	Baht 133,474,621,856	2.22

⁹ Related person of CPG held 90.00% stake

¹⁰ CPG and its related person held 37.80% stake and Chearavanont family and its related person held 37.91% stake

¹¹ CPG and its related person held 47.51% stake and Chearavanont family held 18.89% stake

¹² CPG and its related person held 48.02% stake

1.4 Relationship with Business of Major Shareholder

Charoen Pokphand Group Co., Ltd. ("CPG"), major shareholder of CPF, is major shareholder of a number of companies with business in various countries. The principal businesses in Thailand includes (1) Agro-industrial and integrated food businesses (2) Retail business and (3) Telecommunication business. In addition, CPG also invests in other businesses such as automotive and industrial business and property development.

CPG has sold some feed additives and provided technical services related to the development of raw material ingredients for the production of animal feeds to CPF, the major agro-industrial and integrated food company, as well as granted the Company the right to use trademarks which were supporting ordinary course of business transaction in accordance with the principle of the process of those transactions subjected to section 89/12(1) of Securities and Exchange Act B.E. (No.4) 2008 approved by the Board in 2008.



2. Nature of Business Operations

Since the Company has been operating its business, it places its importance into research and development, including the production of feed, raising of animals, production of food products for consumption, work process and social projects, in order to invent the innovation that creates more value, by not stopping in pursuing and further developing new technologies to overcome limits and achieve better quality and efficiency. At the same time, the Company transfers and exchanges knowledge between the Company and stakeholders, in order to take a step towards collaborative success securely and sustainably, on the principle of environment and corporate social responsibility throughout the value chain under good corporate governance.

In 2017, the Company reached its total revenue of Baht 515,197 million, 10% growth from 2016. Revenue structure of CPF and Subsidiaries as per consolidated financial statement as of December 31, 2015, 2016, and 2017 are as follows:

	2015		2016		2017	
	Baht Million	%	Baht Million	%	Baht Million	%
1. Thailand Operations						
Feed ⁽¹⁾	50,287	11	49,165	11	50,684	10
Farm ⁽²⁾	74,686	17	86,255	18	82,480	16
Food ⁽³⁾	42,074	10	43,162	9	45,239	8
<i>Total Revenues from Thailand Operations</i>	<i>167,047</i>	<i>38</i>	<i>178,582</i>	<i>38</i>	<i>178,403</i>	<i>34</i>
2. International Operations						
Feed ⁽⁴⁾	167,008	39	171,315	36	174,832	34
Farm ⁽⁵⁾	79,158	18	101,327	22	102,506	20
Food ⁽⁶⁾	8,142	2	13,241	3	45,766	9
<i>Total Revenues from International Operations</i>	<i>254,308</i>	<i>59</i>	<i>285,883</i>	<i>61</i>	<i>323,104</i>	<i>63</i>
Total Revenue from Sale of Goods	421,355	97	464,465	99	501,507	97
Other Income	12,838	3	5,705	1	13,690	3
Total Income	434,193	100	470,170	100	515,197	100

Remarks ⁽¹⁾ Operated by CPF, BKP, CPM, CPFT, CPFTH, CPFP, CP LAOS and CPF Canada

⁽²⁾ Operated by CPF, CPM, CPFT, CHESTER, CPFTH, CPF PRODUCTS, CPFP, CPFFT, CPF EU, CPF UK, CPF Japan, CPF DM, AA, CPF OVERSEAS, CPF Canada, Foodfellas, CPE and Westbridge

⁽³⁾ Operated by CPF, CPM, CPFT, CHESTER, CPFTH, CPF PRODUCTS, CPFP, CPE, CPFFT, CPF EU, CPF UK, CPF Japan, CPF DM, CP LAOS, CPF Canada, CPF OVERSEAS, RBPI, TOP FOODS, Foodfellas and Westbridge

⁽⁴⁾ Operated by CPB, SFM, AA, CPFP, CPE, CPF OVERSEAS, CP LAOS, CP INDIA, CPFTZ, CPS, CPP, Severmaya, CTEI and CPC

⁽⁵⁾ Operated by CPF PRODUCTS, CPD, CPFP, CPE, CPFA, AA, MJSB, CPF UK, CPF Japan, CPF DM, CPF OVERSEAS, CP LAOS, CP INDIA, CPS, CPF TZ, CPP, RBPI, CP CHOZEN, Woyskovitsy, Severmaya, Foodfellas, CPF Canada, CPC, Westbridge and Paulsen Food

⁽⁶⁾ Operated by CPF PRODUCTS, CPB, CPD, CPE, AA, MJSB, CPF UK, CPF Japan, CPF DM, CP LAOS, CP INDIA, CPS, CPP, CPFP, CP CHOZEN, RBPI, TOP FOODS, CPF OVERSEAS, Woyskovitsy, Severmaya, CPFA, Foodfellas, CPC, Norfolk, CPF Canada, Bellisio, Westbridge and Paulsen Food

2.1 Nature of Products

2.1.1 Feed Business

	2017	
	millions THB	Change
Revenue from Thailand Operations	50,684	+3.1%
Revenue from International Operations	174,832	+2.1%
Total	225,516	+2.3%

The major products of feed business includes swine feed, chicken feed, duck feed, shrimp feed and fish feed, both in the form of concentrated feed and complete feed in powder and pellets. The Company realizes that “the quality of production process with efficiency that keeps pace with technology” is crucial in making the Company’s feed products part of the development of commercial farming in both in Thailand and other countries where the Company’s investments are located.

To maintain its position as one of the leading animal feed manufacturers and be prepared to the changing trends in the present and in the future, the Company places its importance starting from the beginning of the production process by **choosing location in production area, sourcing high quality raw materials, going through analysis and quality control process in laboratories certified with the ISO/IEC 17025 international standards.** The data from the central laboratory and branches laboratories in Thailand and overseas has been linked together to support information in terms of nutritional value and safety of raw materials, in order to be used as a database to formulate the feed suitable for the needs of different types of animals according to their breed and age as well as safe for consumption. The Company has been **using computerized system to control its production process for over 40 years, as well as adapting international standards,** which have been continuously certified by 3rd party agencies. These standards include ISO 9001, Good Manufacturing Practice: GMP, Hazard Analysis and Critical Control Point: HACCP, Best Aquaculture Practice (BAP), International Fishmeal and Fishoil Organization’s Responsible Supply Chain of Custody (IFFO RS CoC), and QS standards. These standards are met to ensure the consistent quality and highest safety for animals and consumers. Further, the Company **utilizes automation process, robotics,** specially designed and developed by in-house engineering department, to be used exclusively in the Company’s production process especially in the area with potential health risk to employees, in order to enhance the efficiency of its operations.

In addition to the quality of raw materials and products, the Company strives to “**Sustainable Raw Materials Sourcing.**” This means **key raw materials used in feed production come from responsible source in terms of environment and labor** according to the Sustainable Sourcing Policy and Supplier Guiding Principle for suppliers of its Thailand operation. Along with that, the Company has the policy to **firstly procure local raw material,** especially in areas where feedmills are located, so as to promote local farmers and to reduce the distance and energy used in transportation. On the condition that the amount for local raw material is not enough, or quality does not satisfy the standards, raw material will be imported. In 2017, Thailand operations imported raw materials contributing to 44% of raw material that are purchased for feed production.

Aside from this, the Company intends to procure **the substitute raw materials,** as a way to diversify raw materials to reduce the risk of insufficient certain raw material at certain periods of time, in order to maintain its production capabilities of the Company and of its suppliers effectively and continuously. At the same time, the Company has placed an important **on the efficiency of animal feed according to the needs of animals and the farming system** before it develops and improves feed formulas to support growth of the animal at different breed and age. The research covers nutrient requirement, raw material, feed additive, and feed innovation that answer to customers need and changing trend, in order to take part in building a long term food security.

The manufacturing of feed requires heat energy, which mostly come from burning fossil fuels from coal and oil. The burning process has an effect on the level of greenhouse gases. The Company’s feedmills are equipped with boilers that use biomass such as husk, corn cobs, palm and firewood instead of fossil fuels, in order to mitigate the effect on the environment. Moreover, the Company installed dust filters and ozone technology to reduce dust and odor from the production process that may impact surrounding community near the Company’s facilities.

The Company has constantly improved its climate change management. It has been evaluated by CDP (Carbon Disclosure Project), covering the Company’s climate change management in 4 main categories - Governance and Strategy, Risk and Opportunity Management, Emissions Management and 3rd Party Verification

The Company has been categorized into a group of companies that demonstrate their environmental and climate change management performance at B level, which is higher than industry average, proving that the Company paid much attention on the integrated climate change management for the whole organization.

2.1.2 Farm Business

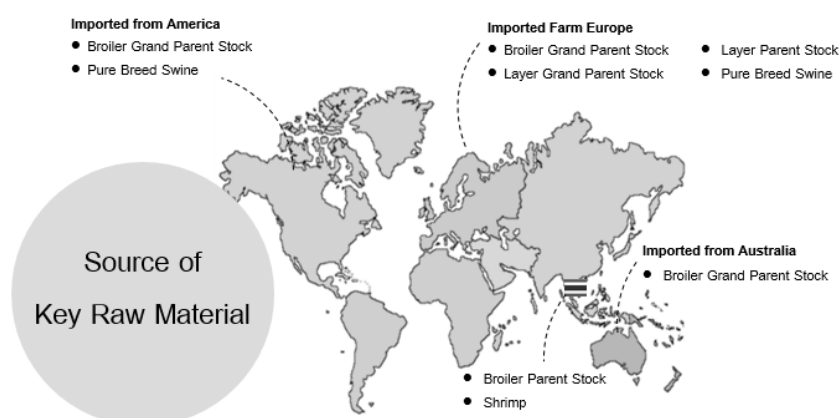
	2017	
	millions THB	Change
Revenue from Thailand Operations	82,480	-4.4%
Revenue from International Operations	102,506	+1.2%
Total	184,986	-1.4%

Major types of animal for farming business include swine, broiler, layer, duck, shrimp and fish. Two main types of products include 1) animal breeders and 2) commercial animal and products from animal, including preliminary processed meats. Key factors to the success of sustainable farming are the quality of animal feed, animal breed, farm management technology and effective bio-security to prevent diseases outbreak.

With its ambition to promote access to protein source and safe and quality foods for consumers worldwide especially in developing countries, to support rapidly growing population, and to adapt to the changing trends, the Company places great importance in every step of its operations starting from breeding, farming and processing as follows:

Animal Breeding:

The Company gives importance to the research and development of improving animal breeds by natural genetic selection, as a way to derive animal breeds that have quality suitable for consumption, and are suitable for farming conditions in each country. Comprehensive research and development has resulted in the better growth of animal within shorter time periods, better Feed Conversion Ratio (amount of feed consumed per animal weight gained over the husbandry period), and higher survival rates. This is suitable to be used as raw material to creating safe and high quality foods for consumers.



Animal Farming:

The Company identifies location of its farms by taking into account the ability to manage the risks associated with infrastructure needed to raise the animals, such as having sufficient water supplies, the ability to manage the effects on the surrounding environment and community, and the distance from farms to slaughterhouses to ensure the efficiency of transportation and product quality. Furthermore, the Company has continuously developed animal farming technology, and has adopt good production standards from the Ministry of Agriculture and international standards such as the Good Agricultural Practice: GAP, Global Good Agricultural Practice (Global G.A.P.), Code of Conduct: CoC, as follows:

- **Livestock:** Employs fully enclosed animal housing with **Evaporative Cooling System**. Automatic feeding and watering has been provided with lighting appropriate for each type of animals. The Company's animal houses are free of transmission or spreading of diseases from animals and insects and controlled by computerized system throughout the period of animal husbandry.

- Aquatic Animals: Focuses on **Probiotic Farming technology**, which avoids the use of drug and chemicals and environmental friendly, as well as using technologies to prevent diseases.

The Company develops animal farming system under animal welfare standard together with efficiency per farming area. The Company's animal farming system is free growth hormone. The animal farming research team has developed animal farming method on the basis of understading animal's behavior, using sturdy breed, and providing feed that is nutritious and and suitable for each age group. The animal must be free of distress. The Company ensures that wounded or sick animal will be treated or cured by veterinarians of the farms who shall check the health condition of animals during the animal husbandry period. Since 2003, broiler chicken farm under Thailand operation is accredited with Red Tractor Assurance (RTA), a British standard relating to management of poultry animal welfare for food processing. In addition, the Company received the British Genesis Assured Duck Production (ADP) standard, and the Agricultural Labeling Ordinance (ALO) standard of Switzerland.

In addition to the Company's own farm, the Company has also a project to promote animal farming to farmers in Thailand. The Company shall select farmers who have their own farming areas and equipment. The selected farmers shall be provided with the Company's support in terms of animal breeds, feed, other necessary supplies and technical knowledge on animal farming to the same standard as the Company's own farm. Therefore, the farmers can select feed appropriate to each animal type and breed. The Company also help improve farmer's efficiency while concerning the cost and the quality of the animal according to the consumer's need. This results in famers having higher yield and earn more income. This project creates jobs, build careers, uplifts living standards of farmers to become business partners growing sustainably together with the Company.

Preliminary Processing: The Company gives meticulous attention to the slaughtering process as it is one of the important steps to obtain key raw material which will directly impact the quality of safe foods free of residual. CPF complies with animal welfare standards, starting from gently catching of chicken, duck, swine, and aquatic animals. The animals shall be transported by specific vehicles and equipment that cause no harm during transportation. The number of animal being transported is controlled to prevent crowdedness. When the transport vehicle arrives at slaughtering plant, it must rest in the appropriate area to comfort the animal and reduce stress. Afterwards, the animal will be processed and packaged to maintain its freshness and cleanliness.

As farming business may cause odor from animal waste, most of the Company's farms are located outside populated communities and far away from concentrated farming areas. At the same time, swine waste occurring daily has direct impact to the increase of greenhouse gases and global warming. The Company has therefore defined procedures and good management, including effcient management of resource usage, waste management, taking care of the surrounding within production site under the basis of bio-diversity, and using animal wastes to produce biogas to generate electricity for in-farm usage. In addition, the Company has encouraged its customer farmers to use the biogas system extensively, which does not only mitigate the impact of farming towards the environment in terms of wastes and air pollution, but also helps the Company and farmers reduce the electricity cost in doing business.



2.1.3 Food Business

	2017	
	millions THB	Change
Revenue from Thailand Operations	45,239	+4.8%
Revenue from International Operations	45,766	+245.6%
Total	91,005	+61.3%

The Company is committed to the health and wellbeing of consumers, and strives to “Fulfill a Good Life” for people of all ages. It thus gives importance to research and development of products and food innovation that responds to the changing lifestyles of consumers in each age group, bringing about products of quality and diversity, which are safe and nutritious. The Company offers varieties for consumers to choose products that are fresh, processed and cooked under  brand, Kitchen Joy, 5-Star, BK and BKP for Thailand operations, and  brand, 5-Star, Taste Inc and Michelina's for International operations. CP's brands have diversity in style, taste, size and nutritional value. The Company also produces products under customer's brands.

Food security is one of the main challenges in the food industry, and key factors to support sustainable growth are quality and food safety, products for better health and environmental friendly, as well as the use of technology and biological technology creatively.

Safety, health and nutrition are the ingredients of attention to all food products that the Company offers to more than 3 billion consumers worldwide. **The Company strives to develop quality and safety in the whole production process, by utilizing technology and robotics together with international management standards**, such as, ISO 9001, Good Manufacturing Practices - GMP, Hazard Analysis and Critical Control Point - HACCP. **International standards that target the needs of specific customers group are also applied**, such as British Retail Consortium: BRC, Halal, and Best Aquaculture Practices Standards: BAP. These standards have been regularly certified and audited by external auditors and auditors. At the same time, **the Company's food products are traceable back to sources of raw materials**. The Company has continually give importance to improving the traceability of its food products. In 2014, the Company has developed the digital trace back system to be rapid and accurate, starting from feed, farm, food and distribution. This system has been applied for the whole integrated broiler business in 2017 and is expanding to other businesses in Thailand such as swine, ready meal, egg, shrimp and fish business within 2018 while the international operations will be the next step.

The Company has **regularly invented new products that are catered towards the better health of consumers of all different ages**. For example, in Thailand there has been the development of omega plus chicken eggs, for children who are focused on growth, and the group of products known as CP Balance and CP Smart Meal, both of which contain low cholesterol, low saturated fat, and have high nutrient and fiber, in order to satisfy the needs of health conscious working-age and elderly people. CPF also continually introduces new products with quality and variety. In 2016, Thailand operations have presented newly-innovated products, such as chicken-cheese double burgers, ham-cheese cocktail sausages, beef burgers, peeled boiled eggs, sun-dried chicken with sticky rice, smoked chicken wings, spicy chicken steaks, smoked sausages, pork and omelet burgers and salmon burgers.

In 2012, the Company launched “CPF's Product Sustainability” project, which applies Product Live Cycle Assessment and Eco-Efficiency Analysis to design, develop, and control production process along the supply chain according to sustainable management methodology from upstream to downstream. The Company places its importance on creating product value in 4 dimensions, such as Economics, Environment, Society and Quality and Food safety. In 2013, DNV-GL, a global certification body, certified CPF's chicken products as the world's first sustainable chicken products.

In 2017, the Company launched “CPF Green Revenue” project to continuously develop sustainable products with its objective to generate the Company's revenue from Green Products category, including sustainable products, products with carbon footprint label, and products with carbon reduction label, which have been certified by Thailand Greenhouse Gas Management Organization (Public Organization). The Company aims to reduce Green House Gas emission and co-operate

with government agencies such as Department of Underground Resource, Ministry of Natural Resource and Environment, the Federation of Thai Industries, to develop a prototype of Thailand to use water efficiently, under evaluation of underground water usage throughout the product life cycle or Water Footprint, in order to strive to develop products while creating sustainable economy.

In addition, the Company participated in the “Global Warming Reduction Label Project”, whereby 3 chicken products received Global Warming Reduction Label. The products include day-old-chick, live chicken, and fresh chicken meat, as well as shrimp wonton. The production process of fresh chicken products of the Company could reduce greenhouse gas emission by 50% compared to the average of Thailand chicken industry. The production process of shrimp wonton, the first shrimp product in Thailand to receive Global Warming Reduction Label, could reduce greenhouse gas emission by 23%.

To provide consumers with more convenience to access its products, the Company has invested to expand its distribution channels, which can be categorized into 6 following types:

(A) **5-Star Business** - is the management of 5-Star sale points in franchise format, in order to create jobs and build careers to individuals who wants to operate their own business. There are 6 types of products under the 5-star business, namely, grilled chicken, fried chicken, hainanese chicken rice, shrimp wonton with noodles, ready meals and sausages. Further, the Company has expanded its 5-Star business to Vietnam, India, Laos and Cambodia.

(B) **Chester Restaurant** - is a quick service restaurant business. The restaurants are operated by the Company or by franchisees.

(C) **CP Kitchen** - is a fast serve restaurant business under a Fresh, Full and Fair food concept.

(D) **CP Fresh Mart Retail Store** - are retail stores that focus on products relating to cooking. CP Freshmart sells fresh food products, cooked and ready-to-eat products, and dry foods under standard of CP Brand, CP Fresh Mart brand, and other leading retail brand. CP Fresh Mart is an embodiment of food products that are fresh, clean, safe and high quality. In 2017, CP Fresh Mart launched new store called Mini Super, which focuses on building convenience in accessing foods that are good in quality and fair in prices for all communities. This has given Thai people access to foods that have diversity and are healthy.

(E) **CP Food World** - is a food court with a variety of food outlets owned by the Company and food outlets from outside. CP Food World has become a leading player in the food court business and a center of quality food outlets emphasizing on tasty of foods and professional services, attention to consumers’ demands and accessibility to all age and gender groups of customers.

In addition to the strong points of food quality, CP Food World is also a food court with standard of cleanliness of equipment, including sanitation of service-providing employees and with all aspects of quality under modern atmospheres to become one of the food court for young generations. Currently, CP Food World are located in university and hospitals. In addition, CP Food World has also expanded its businesses in full-scale catering service channels, divided into 2 channels, as follows:

- **Catering services** such as meal boxes and snack boxes as well as integrated catering services
- **Food services for patients:** CP Food World has the nutrition department under the supervision of professional chefs who shall supervise all menus of foods with good quality, safety, good tastes and all working processes in accordance with international standards such as JCI and HACCP to strive towards the goal of becoming professional service teams in hospitals.

(F) **Community Refrigerator** - is another channel for the community to have access to foods that are fresh, clean, safe and high quality. It is also a business that builds careers to generate income for entrepreneurs.

(G) **Jaosua Roasted Duck** – is the food business that encourages new generation who wish to be a business owner by operating a franchise to distribute quality and great taste roasted duck with the concept “Low investment, Self-employed, Realizable profit”.

2.2 Agricultural Economic Review of Main Products in 2017 and Outlook in 2018

Broiler Chicken (Source: *Thai Broiler Processing Exporters Association and USDA*)

In 2017, the quantity of global broiler chicken production was 90.2 million tons or increased by 1.2% when compared to those of 2016. Major broiler chicken producing countries included USA (18.6 million tons) followed by Brazil (13.2 million tons), EU (11.7 million tons), China (11.6 million tons) and India (4.4 million tons). In 2017, the production of broiler chicken in Thailand was totally 2.6 million tons or increased by 3% from those of 2016, and continued to increase according to the increasing demand of export markets.

In 2018, it was predicted that the global production of broiler chicken would be 91.3 million tons or increased by 1.2%; whereas, USA, Brazil and EU would have the increasing broiler chicken products, except for China of which production of broiler chicken was expected to slow down due to problem of layer breeders. Meanwhile, in Thailand, it was expected that the quantity of broiler chicken production would increase by 2-3% to 2.6 million tons in 2018.

Major global broiler chicken exporting countries in 2016 included Brazil (4 million tons) followed by USA (3 million tons), EU (1.2 million tons) and Thailand (the world's fourth largest exporter of broiler chicken with the export quantity of 0.8 million tons and the export value of Baht 101,000 million). Thailand's major export markets included Japan and EU. In 2017, Thailand has exported 422,000 tons of broiler chicken to Japan with the value of Baht 60,000 million, and has exported 273,000 tons of broiler chicken to EU with the value of Baht 31,000 million, and has exported 95,000 tons of broiler chicken to other markets with the value of Baht 10,000 million.

In 2018, it was predicted that Thailand's export of broiler chicken would continue to increase, and it was expected that the quantity of Thailand's export of broiler chicken would be 810,000 tons which amounted to Baht 104,000 million or increased by 2.5% when compared to those of the previous year. Positive factors were the continuous growth of Asian markets, particularly Japanese and Korean markets that required products from Thailand due to confidence in the product quality; meanwhile, it was predicted that EU markets continued to remain unchanged because of having import quota and strict inspection of imported goods; meanwhile, potential negative factors included Thai currency appreciation when compared to major competitors such as Brazil, and such appreciation of Thai currency may have impacts on Thailand export of broiler chicken.

Swine (Source: *United States Department of Agriculture : USDA and Swine Raisers Association of Thailand*)

In 2017, United States Department of Agriculture (USDA) has summarized the quantity of global pork production of totally 111 million tons or increased by 2% when compared to those of 2016; and it was predicted that, in 2018, the quantity of global pork production would be approximately 113.5 million tons or increased by 2% when compared to those of 2017; and China had the quantity of pork production of approximately 55 million tons or increased by 2% when compared to those of 2017, and USA had the quantity of pork production of approximately 12 million tons or increased by 4% when compared to those of 2017. In 2018, it was predicted that the quantity of global pork export would be approximately 8.5 million tons or increased by 3% when compared to those of 2017, resulting from the increasing weight of swine sent to slaughterhouses and the trend of increasing quantity of breeding swine that delivered more baby swine. Major pork exporting countries included EU, USA and Canada, and major pork importing countries included China, Japan and Mexico.

According the data of the Swine Raisers Association of Thailand, it was specified that in 2017, there were totally 1.1 million breeding swine in Thailand and the production of 20 million finishing swine or increased by 11% when compared to the prediction in 2016 resulting from the continuously profitable pork production business from 2013 until midyear of 2017; as a result, the prices of domestic pork products tended to decrease, particularly in late 2017.

Therefore, in 2018, the swine business may be affected by the declines of swine prices for certain period of time due to the huge quantity of domestic pork production. Therefore, all sectors in the industry should discuss and prescribe strategies to create the balance of quantity of production and consumption of domestic pork and to promote more export of pork.

Shrimp (Source: *Thai Shrimp Association*)

In 2017, it was estimated that Thailand would have the total shrimp products of approximately 300,000 tons which were close to those of the previous year (30% were shrimp products from the Lower South; 29% were from the Eastern Region; 26% were from the Upper South; and 15% were from the Central Region) thus resulting from inclement weather, heavy rain and flood in several areas but with guidelines for problem solving of Early Mortality Syndrome (EMS) by means of farm improvement and effective shrimp culture management, farmers could reduce damage from epidemics. In overview of this year, it was regarded that farmers were successful in shrimp culture with increasing productivity per rai, resulting from the development of shrimp culture system to solve problem of Early Mortality Syndrome (EMS) and good and fast-growing shrimp breeds and stable shrimp prices. The problem solving was based on guidelines of shrimp culture called “3 elements of hygiene”, i.e., hygienic baby shrimps, hygienic ponds, and hygienic water, and was regarded as being in the right way. However, farmers need to adjust the shrimp culture to the potentials and preparedness of each area. Meanwhile, it was estimated that the global shrimp products in 2017 would be approximately 2.8 million tons, increased by 5% from those of 2016, and China was the world’s largest shrimp producer with the quantity of shrimp products of approximately 525,000 tons, followed by India, Vietnam and Thailand, respectively.

Regarding the quantity of shrimp export of Thailand, in 2017, it was estimated at 200,000 tons or increased by 0.4% from those of 2016. Due to the epidemic problem of Early Mortality Syndrome (EMS) and the decreasing shrimp culture areas, Thailand has not been one of the leading shrimp producers and exporters in the world market. Meanwhile, other shrimp producing countries have developed their potentials and received practical promotion from the public sector. Therefore, Thai shrimp industry needed to develop the quality of Thai shrimp products to be more outstanding than those of its competitors in terms of quality of products and quality of production standard.

In 2018, the Thai Shrimp Association has predicted that the global shrimp products would not be much different from those of 2017 because major shrimp producing countries such as Ecuador and India encountered problems of shrimp diseases and were unable to solve those problems effectively; meanwhile small-scale shrimp producing countries such as Saudi Arabia, Guatemala, Peru, etc., tended to rapidly increase their production of shrimp products but it would not significantly affect the increase of the overall quantity of global shrimp products. In Thailand, it was predicted that the shrimp products in 2018 tended to increase to approximately 330,000 tons or increased by 10% from those of 2017, resulting from effective shrimp culture, including higher skills, knowledge, abilities, experiences and willingness to learn and accept changes of Thai shrimp farmers, as well as technical assistance, promotion and other support relating to the shrimp culture and management and practical solutions on shrimp diseases from related agencies including the private sector, the public sector and educational institutions.

2.3 Environmental Impact

The environmental impact of the Company’s production processes can be divided as follows:

(1) Animal Feed Factories and Meat Processing Factories

Animal feed production may cause the emission of dust and smell and may cause troubles to nearby residents; therefore, the Company has realized the issue and has installed the dust filters and odor eliminators to prevent the emission of dust and smell from the production processes and out of the production areas; whereas, all livestock and aquatic feed factories have used the ozone system to eliminate smells from vapour stack of animal feed drying machines, resulting in the effective removal of odor; therefore, this problem has not been found in the Company’s animal feed factories.

Regarding water used in the production in the meat processing factories, the Company has constructed the wastewater treatment system for conditioning of water prior to the release into public water sources, and has measured the quality of water prior to the release outside the factories.

For the Company’s factories located in Thailand, including terrestrial animal factories and aquatic animal factories as per the Ministerial Regulations No.2 (B.E.2535) issued in accordance with the Factory Act B.E.2535, the Department of Industrial Works, Ministry of Industry, has required that such factories must control the release of wastes, pollutions or any

objects which may cause the environmental impact such as waste, filth, wastewater, polluted air and noise pollution as per the criteria and methods for each type of factories throughout the period of such factory business operation; whereas, during the past 3 years, the Company's factories in Thailand have supervised and controlled the environmental impact in accordance with those prescribed by laws.

The Company has its strict quality control standards for all steps of production processes in factories, and has given utmost importance to the improvement of the production processes to be in accordance with the generally-accepted international quality control standards such as ISO, HACCP, GMP and ISO 14001 standards. Moreover, the Company has applied CPF SHE&En Standard (safety, health, environment and energy standard), starting from the determination of policies, assessment of environmental impacts, provision of implementation plan for reduction and control, provision of follow-up of the environmental operating results, and continuous improvement, and the Company has given the importance to the strict compliance with the environmental laws of all organizations.

Activities and projects for environmental quality development regularly implemented by the Company such as:

- (1) Improvement of the wastewater treatment system of the meat processing factories from open to closed type anaerobic ponds, and use of methane obtained from wastewater fermentation as furnace oil substitute fuel in order to reduce the problem of global warming and to improve the efficiency of sewage treatment in totally 8 factories, including terrestrial animal processing factories and aquatic animal processing factories.
- (2) Change of fuel for heating of boilers in animal feed factories and meat processing factories by using fuels with low pollution emission such as rice husk, corn cob, firewood, LPG, NGV, which are suitable to the existing sources of raw materials; provided that, in case, any factory has no such source of fuels with low pollution emission, equipment for reduction of pollution emitted from combustion of furnace oil such as the micro-emulsion system, which can effectively reduce the total suspended particulates (TSP).
- (3) Improvement of the wastewater treatment system and reuse of the treated water; whereas, factories shall determine the goal of reduction of water use and the reuse of the treated water; as a result, the quantity of pollution emitted from factories has been reduced.
- (4) Promotion of use of sludge from the wastewater treatment system of which properties have been examined, as compost, in order to reduce the quantity of wastes and impacts and to make use of wastes.

(2) *Animal Husbandry Farms*

The animal husbandry may cause odor from animal droppings; therefore, the majority of the Company's animal husbandry farms are located in the provinces outside the community areas and far from dense areas of animal husbandry with the evaporative cooling system; moreover, rice husk has been laid as subbase of animal husbandry buildings, which shall not only benefit the growth of animals but also help eliminate odor and shall be convenient for clearance and use as fertilizer in agricultural soil conditioning; moreover, the Company has grown golden teak in empty spaces between farm houses and buildings. The Company has committed to developing the alternative energy by using swine feces for production of biogas as electricity generating fuel and for prevention of problems relating to smells and environmental pollution and for reduction of import of fuel of the country. Moreover, the Company has realized the benefits of this biogas production system and has therefore promoted farmers in the projects and farms of its business partners for widespread use of this system; and since 2013, the Company has improved swine farms of the Company as "green farms".

In addition to the measures and activities as above-mentioned, the Company has also provided environmental personnel to be stationed at all units as prescribed by law and has regularly improved the environmental quality better than those prescribed by law by applying the CPF SHE&En Standard (safety, health, environment and energy standard) according to CPF's announcement No. JorPorOr 029/2015 Re: Safety, Health, Environment and Energy Vision, Mission and Policy. Moreover, the Company has also prescribed the standard in monitoring the amendments of laws, local regulations and other regulations to ensure that all activities, services and products of the Company shall be regularly in accordance with the regulations as prescribed by law and the environmental impacts shall be reduced as much as possible; and during the past 3 years, the Company had no disputes or litigation involving the environmental issues; whereas, the CPF SHE&En Standard has prescribed the significant mechanism of management, as follows:

- (1) SHE&En Committee shall be established and stationed at all factories or workplaces of the Company;
- (2) All workplaces of the Company shall have SHE&En personnel though some units of the Company are not required by law to have environmental personnel;
- (3) The environmental impact assessment shall be provided before the commencement of significant activities or implementation of a new project or upon any changes; and the top management shall be reported prior to such changes;
- (4) All workplaces of the Company shall provide short-term and long-term plans for prevention and reduction of environmental impacts;
- (5) The amendments of laws and actions in accordance with the law shall be monitored on a monthly basis and shall be reviewed by the management on a yearly basis;
- (6) SHE&En Committee's meetings shall be organized on a monthly basis to follow up the problems occurred and the solutions thereof, and shall be reviewed by the management on a yearly basis;

Under the CPF SHE&En Standard, all business units shall be obliged to comply with all 6 significant issues as above-mentioned of the performance standard; as a result, the Company is confident that its environmental management has been in compliance with the legal requirements at all times. The Company also established the transparent and efficient procedure for the management of complaint and severe argument relating to safety, health, environment and energy by both internal and external stakeholders with an annual audit and accreditation procedure by second party audit and third party audit. Moreover, the Company has developed the auditors of CPF SHE&En Standard from those who have knowledge and expertise. CPF SHE&En Standard has been enforced for all units of feed, farm and food businesses in Thailand which was expected to be audited and accredited by 2018. The performance according to CPF SHE&En Standard shall be proposed to CPF SHE&En Management Committee every 6 months.

In order to promote the implementation of Safety, Health, Environment and Energy Policy, the Company formed Environmental Sustainability Sub-Committee, responsible for monitoring, evaluation and reporting of progress and problems to the SHE&En Management committee. The Environmental Sustainability Sub-Committee set sustainable long-term target for environment including reduction of energy consumption, GHG Emissions, water withdrawal and Waste Disposed by Landfill (within 2020) to be referred as the framework for annual target setting of each business unit. The actual performance shall be reported, in form of CPF SHE&En KPIs, to CPF SHE&En Management Committee every 6 months.

In 2017, the Company, in collaboration with Department of Alternative Energy Development and Efficiency, participated in "Improving energy efficiency of industry's air conditioning and cooling system support" project to boost the energy efficiency within the Company's operation. There were 11 units of meat processing business joined this project, it was expected that the project will reduce energy and GHG emission of 8 million kilowatt and 4.6 tons of carbon dioxide equivalent per year, respectively.

The Company also considered the possibility to use the solar power as the alternative source of energy for the Company's operations with 34 business units able to be installed the solar rooftop. It was expected that the project could generate electricity of 74 million units per year and reduce GHG emission of 36,000 tons of carbon dioxide equivalent per year.

The Company has organized employee training courses relating to the environment and use of resources as prescribed by laws and in conformity with the Company's policies, totally 13 courses; and in 2017, the Company has organized training courses to more than 2,600 employees, and has also organized Five-Minutes meetings and on-the-job training on the issues of environment and energy in order to provide knowledge and communication to employees within each unit from time to time.

3. Risk Factors

In the previous year, the global economy tended to recover more clearly, particularly economy of main industrial countries such as USA and EU countries where consumption in the private sector has increased due to the labour market recovery. Meanwhile, the Japanese economy has still been supported by the expansionary monetary policy which resulted in economic recovery. The development of economic condition of these main industrial countries has created positive driving force towards the Chinese and Asian economic groups respectively. Meanwhile, the Thai economy has clearly expanded similarly to the global economy and was satisfactorily able to cope with fluctuations of the global economy, with main driving factors from the export sector, tourism sector and private consumption sector, including spending of the public sector in mega project investment.

Though the overall global economy has been in positive directions, risk factors have also increased, particularly issues of political stability of main industrial countries, monetary fluctuation, including geopolitical problems in the Korean Peninsula in the midst of fluctuation of the global economy, as well as factors with more variety, complexity and severity, which may affect the attainment of objectives and goals of the Company. Therefore, the Company has given the importance to the risk management continuously, as evidenced by the establishment of the risk management subcommittee, including the provision of risk management framework to ensure that the Company shall be able to manage its risks efficiently and effectively.

CPF Risk Management Framework:

The Company has prescribed its enterprise risk management framework for use in operation by referring to international standards as per the following details:

1. Principle

The Company has managed its risks in an integrated manner and throughout the organization and in conformity with acceptable levels of risks which were regarded as part of all main business processes and were duties of personnel at all management and operational levels, and were part of the organizational culture that the Company has committedly adhered to.

2. Structure, Duties and Responsibilities

The Company has appointed the Risk Management Subcommittee responsible for consideration of the overall risk factors of the Company as well as prescribing guidelines for risk management in cooperation with all related units in the capacity of risk owners in supervising and managing risks under their responsibilities within risk appetite of the Company.

The Risk Management Subcommittee, consisting of representatives of executives from main line functions including the top management of significant support functions, shall organize meetings on a quarterly basis to consider risk factors and to follow up progresses of measures of risk management and to report to the Executive Committee and the Board of Directors, respectively.

3. Risk Management Process

The Company has provided the risk management process in the Risk Management Manual, which can be divided into 4 main processes, i.e., risk identification, risk assessment, determination of residual risk management measures and follow-up and reporting of risk assessment to the Executive Committee and the Audit Committee for at least once a year.

Provided that, regarding the risk management of the Company for the time being, there is risk assessment both at the organizational level and at the business line level by taking account of relation of risk factors; as a result, the Company has been aware of causes of risks and has been able to prescribe guidelines for risk management as per the direct causes thereof more increasingly.

4. Creation of Organizational Culture on Risk Management

The Company has realized that the organizational culture on risk management is a key factor to its success in risk management; therefore, the Company has prescribed the risk management as part of its corporate strategies, provision of risk management structure chart, including the provision of knowledge to executives in order to create understanding and awareness, as well as transfer of knowledge and role models to personnel within the organization through seminars on risk management for the top management of the Thai Institute of Directors (IOD). Moreover, the Company has used the risk management as part of the working process in terms of design of process and operation, including support of each business line for provision of agenda of risks in its meetings for mutual management between executives and operators which shall lead to continuous communication on risks.

Significant Risks and Risk Management Strategies

1. Emerging Risks

1.1 Disruptive Innovation

Technological advancement or radical innovation may change guidelines for business operation, working lifestyles, including the global economy and may create new business patterns or may result in disappearance of certain businesses such as release of new patterns of goods or services into the markets. Therefore, the giving of importance to technology or innovation to reduce costs, to improve efficiency or quality of goods or services may help the Company grow for a certain period of time but the Company needs to follow up and develop new technologies or innovation for its sustainable growth.

Risk Management

Throughout the period of business operation, the Company has given the importance to its research and development in all areas in order to obtain innovation which enhances the value and creates the added value and to its continuous follow-up and enlargement to its creation of new technologies to go beyond limitations and to access better quality and efficiency. The Company has promoted all personnel in the organization to create or use innovation to drive the organization by creating the awareness to its employees relating to the creation of innovation through communication of the importance thereof, campaigns, contests, etc., in order to urge the creation, development, including presentation of new ideas to meet the demand of customers or consumers by means of integrating technologies and the society and economic drives.

However, such operation may take time and may use creative thinking rather than creation and development of innovation on reduction of expenses or improvement of quality of goods and services; therefore, the Company needed to promote various patterns of thinking to obtain ideas such as lateral thinking, consideration of pain points, etc., for further development so that the Company can make difference and meet consumers' demand.

1.2 Cybercrime

Computer systems and networks, including Internet services, have been used as tools of business operation and database, sending and receiving of data within and outside the organization, and have also been used as channels of communication with stakeholders for different purposes such as communication with customers or consumers on products, advertising, including channels of sale of goods, communication with the society for recognition of guidelines for business operation of the Company, etc. It was obvious that the majority of business activities were operated on computer and Internet networks; therefore, cyber criminals had channels for threatening systems and networks and for seeking benefits. At present, cybercrimes may be found in various patterns including causing of suspension of work systems or reduction of the system efficiency, deception, stealing and fraud, etc., and such threats may affect the business operation of the Company.

Risk Management

The Company has been aware of the variety and more severe impacts of cyber threats and has therefore taken actions to reduce impacts thereof and opportunities of threats to the Company's computer and Internet networks, starting from promulgating the policy and standard of information security operation so that the Company's personnel shall be able to communicate about its policy and practices continuously through internal media, including organization of training and test of understanding. Regarding the work systems and preparedness of the systems, the Company had its criteria for selection and

development of work systems by taking account of the overall safety of systems and had the system administration unit that was accredited under an international standard and used such standard to set up systems, to fix and operate all networks of the Company, including continuous review or audit thereof by joint operation between IT personnel of the Company and external consulting companies.

2. Strategic Risks

2.1 Climate Variability

At present, natural resources have been tremendously damaged in terms of rapid decrease in quality and quantity resulting from utilization of natural resources exceeding the potentials of natural succession, misuse of natural resources, environmental impacts or natural impacts. These damages had impacts on resources such as water, soil, air, energy, biodiversity, etc., causing pollution and resulting in the loss of balance.

Climate change was resulted from the Greenhouse Effect which caused the increasing temperatures of global surface and had impacts on forests, ice covered areas, coastal ecosystem and had negative impacts on energy, industries, transport, human settlement, biodiversity, etc.

These natural changes have been correlated and obviously caused disasters including flood, drought, storm or heat waves which may have impacts on the supply chain management of the Company, including animal feeds business which required agricultural raw materials, animal husbandry which required proper control of husbandry factors, including business of production of foods for consumption which has been affected from direct business operation and indirect impacts from previous businesses.

Risk Management

The Company, in the capacity of the operator of integrated agricultural and industrial businesses, unavoidably encountered challenges from natural changes. Therefore, the Company has been committed to giving cooperation to maintain natural balance and to lessen the potential impacts by means of continuous development of innovation and improvement of guidelines for business operation. The Company has provided the integrated management of such challenges by using “4Rs” Principle (Reduce-Reuse-Recycle-Replenish) under CPF Safety, Health, Environment and Energy Standard (CPF SHE&En Standard).

Projects have been developed and implemented according to the prescribed goals; for example, project of energy saving and improvement of efficiency of energy consumption which resulted in the reduction of energy consumption, reduction of release of greenhouse gas and more effective waste management, project of improvement of walls of poultry houses for adaptation to the global warming by replacing PVC walls with ISOWALL solid walls to improve the efficiency of the ventilation system and to control proper temperature in poultry houses, worthily using energy in the animal husbandry process, reducing the use of water and reducing the release of greenhouse gas leading to efficient animal husbandry and reduction of environmental impacts. Moreover, the Company has been committed to designing packages by taking account of environmental impacts by reducing the quantity of use of plastic and paper in the production of food packages by using PLA (Poly Lactic Acid) packages with frozen products in the category of fresh foods, which were biodegradable natural materials made from plants.

Regarding waste management, in the past, the Company had disposed of wastes by means of landfilling or burning, then, the Company developed projects to increase value and to reuse wastes; for examples, project of breeder chicken and meat-type duck anaerobic ponds, project of wastewater precipitation to fertilizer and soil conditioners, etc.

Regarding the security of supply of agricultural raw materials, the Company has monitored the demand/supply balance of raw materials, and has surveyed sources of main raw materials and has used satellite data for analysis of trends of weather condition in order to predict surrounding factors which may affect the supply of raw materials; for examples, season change, harvesting time, quantity, prices and quality as well as harvestable periods. Moreover, the Company has also given the importance to the development of formula of substitute animal feeds by taking account of issues of risks of each type of raw materials which may be affected by the climate change.

The Company has been committed to operating its businesses with aims to reduce impacts to communities, society, and the environment and to sustainably upgrade industries through the transfer of knowledge and technologies which will enable farmers who are the deliverers of raw materials to adapt themselves for self-dependence in the midst of the climate change and sharing of innovation of CPF Green Farm with farmers, etc.

2.2 Quantity and Adequacy of Water

Water resources became scarce and the quality of water sources deteriorated possibly resulting from the overuse of water in communities, industries or agriculture, lack of proper planning of usage, including improper treatment before releasing to public water sources. Moreover, it may be caused by impacts of the climate change, incursion and destruction of watershed forests, including lack of integrated management of all sectors due to problem of scarcity, and drought in some seasonal periods and leading to the seizure of water among communities, agricultural and industrial sectors. Therefore, the Company's business operation, including production and animal husbandry, may be affected by the decrease in quality and quantity of water and may have impacts on the quality of animals and goods produced.

Risk Management

As the quality and adequacy of water (water management) was the main factor to business operation, the Company has given the importance to the selection of location of workplaces on the basis of consideration of risks of necessary public utilities, as well as assessment of risks on scarcity of water by using the global water tool and the local water tool on a yearly basis. Moreover, the Company has admitted the concerns of communities and has taken such issue as part of the provision of water risk management plan. However, the Company has also given the importance to the use of water in all activities and usage data recording system for analysis, planning and continuous development of water use, together with the research and development and the use of modern technologies to support the production process and animal husbandry in order to reduce the quantity of water use and to improve the efficiency and worthiness of water use, particularly in the animal husbandry business which has used more water than in other businesses. If taking account of only the reduction of water use, it may not cover guidelines for integrated management, therefore, the Company needed to consider wastewater management. In Thailand, there are laws relating to the control of sewerage, and the Company, in the capacity of entrepreneur, has strictly complied with the said laws.

The Company has committed to creating, conserving and restoring watershed forests and has envisaged that the quantity of water will be sustainably increased through implementation of CPF Rak Ni-Ves Project initiated in cooperation with the Royal Forest Department, Thailand Greenhouse Gas Management Organization (Public Organization), Biodiversity-Based Economy Development Office (Public Organization) and the Civil Society Organization Network, covering Pasak River Basin and Khao Phraya Doen Thong, with 5-year strategic plan (2016-2020) for conservation and restoration of watershed forests in Pasak River Basin and Khao Phraya Doen Thong, as well as following-up and outcome evaluation of the Project, etc., including conservation and restoration of green areas within and surrounding the Company's workplaces, covering areas of more than 1,000 rai of land.

2.3 Human Rights in the Supply Chain

The trends of human rights were still the most important issue of sustainability and were of equal importance to the issue of climate change; and issues relating to human rights which had most drawn the attention included the issue of rights of labour, followed by women's rights, human trafficking and use of slave labour.

Provided that issues of human rights which have drawn the attention were mostly negative issues; in fact, there were also positive issues. However, operations of the Company, in the capacity of a manufacturer and distributor in the food and agro-industrial business, may be viewed in both positive and negative perspectives and may ruin the image and reputations of its organization.

Risk Management

The Company has envisaged the importance of respects of human rights and has therefore promulgated the human rights policy, covering employees and workers at all levels of the Company, including the deliverers of goods and services

and contractors. Moreover, the Company has provided the human rights due diligence process and specified 3 main issues, i.e., forced labour in the supply chain, migrant labour in the supply chain, and health, safety and well-being of employees and contractors in workplaces; provided that the Company has continuously given the importance and respects of human rights in the supply chain through promulgation of the policy of sustainable procurement for business partners and provision of knowledge on best practices of the organization and international standards and provision of self-assessment on sustainability for business partners.

At the same time, the Company has promoted the participatory operation of employees and respects of difference, with an emphasis on equal and fair treatment to employees and workers, as well as creation of awareness among its employees and workers and compliance with the standard of safety, occupational health and environment of CPF so that all employees and workers shall be able to perform their work in a happy and safe manner.

Moreover, the Company has thoroughly analyzed the impacts of human rights on stakeholders before making decisions in operations and has also provided communication channels to open opportunities for employees and stakeholders to express their opinions and to reflect problems and to report the clues or complaints in case of awareness of events or actions in connection with the violation of human rights.

2.4 Investment and Operation

According to the operating results of the Company, the majority of its income was obtained from overseas businesses or equal to 64% of the total incomes from sale in 2017 (please see additional details of overseas investments of the Company in Notes to Financial Statements Clause 1 “General Data” for the Year ended December 31, 2017) which was in conformity with the goals of business expansion to countries with potentials of growth through amalgamation, joint venture, creation of production base or import and export; whereas, the decision making on investment of the Company shall have clear processes of consideration as per vision, mission, goals and strategies of the organization and shall be approved as authorization level of the Company; but the operation after the decision making on investment of each type of business may be fluctuated due to various factors which have changed in each period of time, including economic condition, political policies, fiscal and monetary policies, trade and cultural barrier policy, demographic issues, natural changes, terrorism, epidemics, etc. In addition to uncontrollable factors, there may be controllable factors but the handling with those factors was not good enough and may also have impacts on the operating results of the Company.

Risk Management

The decision making of investment in different patterns of the Company was aimed at responding to the goals of business operation with emphasis on stable and sustainable growth. Therefore, the Company has prescribed the investment framework, follow-up of investment and operating results which shall still focus the investment in businesses in connection with the supply chain such as amalgamation of agro-industrial businesses or overseas food business, opening of restaurants for sale of goods produced from food factories of the Company, expansion of distribution channels of goods for thorough access to consumers and at reasonable prices, etc.; provided that the decision making of investment shall be based on surrounding factors including the financial rate of returns through the feasibility study of investment projects which shall be proposed to the authorized person as per the Company's policy.

When the Company has made its decision to invest, the Company shall continuously follow up the progress of investment and shall control the investment costs in accordance with the plan, and upon the start of business operation, the Company shall follow up the operating results both at the project level and the operating results of executives and related employees by means of performance appraisal as per indicators which are in accordance with strategies and goals of business operation of the organization; provided that the Company shall review strategies and goals of business operation as well as indicators used in the assessment of the operating results at least in every 6 months to know the previous performances, problems and obstacles of business operation, including adjustment of business schemes to be proper to the environment and to be in conformity with the business goals.

3. Operational Risks

3.1 Product Quality and Safety

The Company has committed to manufacturing and distributing goods with characteristics in terms of physical appearance, flavors, odors, colors as well as nutritional value, safety in consumption and has adhered to the principle of sustainability by using antimicrobial drugs with responsibility in accordance with points of domestic and foreign laws and international food standards so that consumers shall be able to consume safe and quality foods; however, regarding the quality and safety of foods, it was necessary to take actions and to give importance to all processes relating to the acquisition of foods as from the supply of raw materials with chemical, biological and physical safety in all processes of manufacturing of animal feeds, husbandry, manufacturing of foods for consumption, management at the point of distribution, including storage and consumption by consumers; therefore, it was obvious that there were several processes involved; and there were complexities in each process. In case, the related parties lacked the awareness or designed improper processes or had errors in operations, it would definitely affect the quality and safety in the consumption of goods.

Risk Management

The Company aimed at upgrading the quality and safety of goods throughout the processes and kept on providing CPF Value Chain Traceability Process and developing CPF Food Standard under the same system and applying the database system called “Big Data” to the collection of data occurred in the supply chain in order to continuously analyze and develop the working process. Meanwhile, the Company has announced its vision on the responsible use of antimicrobial drugs in animals for manufacturing of safe and quality foods with an aim to properly protect health of humans, animals and the global society under the principle of “One Health”.

In addition to the overall operation of the supply chain, all units have been aware of and have committed to developing the quality and safety of foods through strict performance of works as per the assigned roles and duties; for examples, in the department of production, there has been analysis of danger and control of the critical points, including determination of proper, concise and adequate measures of management; in the department of animal breeds development, there has been development of animal breeds with good growth rate and shorter numbers of days of husbandry so that animals shall have good health and proper disease resistance characteristics and shall be proper for creation of quality foods which are safe for consumption; and in the department of husbandry, the Company has operated its animal husbandry without using growth hormone and has strictly complied with the animal welfare standard.

Regarding the management of sales channels and consumers, the Company has emphasized and created understanding to business partners and consumers relating to the suitability for management of each type of goods, including communication of important data of goods on the product labels and the opening of complaint channels through CPF Consumer Center, company website and social media, etc., in order to receive feedbacks from customers and consumers. The Company has clearly prescribed its guidelines for complaint management classified by event grading scale, including provision of product recall plan to cope with critical events of detection of problems on goods in order to prevent potential problems from consumption.

3.2 Animal Epidemics / Animal-to-Human Epidemics

Some diseases having been currently found were those familiar in the past; however, some emerging diseases were possibly resulting from the natural change, and it was generally known that there was no clear guideline for management of those emerging diseases and it took time to study, understand, find causes, experiment and develop husbandry methods; as a result, the damage occurred was quite severe and extensively expanded such as Early Mortality Syndrome (EMS), Enterocytozoon Hepatopenaei (EHP), Avian Influenza in Poultry, etc. The severity of each disease differed. Some animal diseases are communicable to humans. Meanwhile, some diseases caused damage to animals only. Therefore, animal disease outbreaks or animal epidemics which are communicable to humans would definitely affect the Company's operating results. In case of animal disease outbreaks, the quality of animals produced would be lower than the Company's standard, or the quantity of surviving animals could be low and affected the costs of husbandry. However, in case of outbreaks of animal

diseases which are communicable to humans, consumers might be concerned about their consumption safety and might have delayed or suspended their consumption of those animals for a certain period of time.

Risk Management

Though the Company was unable to control animal disease outbreaks which were external factors, the Company was able to properly manage the animal husbandry so that animals could be resistant to disease and could grow efficiently. Therefore, the Company has given the importance to animal feeds, breeds and management of animal husbandry buildings.

Regarding animal feeds, the Company has used animal feeds produced by the Company with delicate selection of quality raw materials through the system of analysis and quality audit of raw materials in laboratories accredited under international standards, and the Company has developed proper formula of animal feeds as per the needs of each type, breed and age of animals, including safety to consumers. Then, the Company has started its computerized production process and has continuously applied the international standard system as accredited by independent external agencies.

Regarding animal breeds, the Company has given the importance to its research and development on animal breed development as per the principles of natural genetics to obtain quality animal breeds which are proper to the domestic condition of animal husbandry and are resistant to diseases and are able to survive in the changing environment.

Regarding the management of animal husbandry buildings, the Company has considered the location of farms on the basis of risk management abilities of necessary infrastructure such as communities, adequacy of water, density of animal farms in the areas, etc., and has continuously developed technologies of animal husbandry and has applied guidelines under Good Manufacturing Practices (GMP) of the Ministry of Agriculture and Cooperatives and international standards to the development of modern animal husbandry methods such as the use of air-conditioning closed system of animal husbandry buildings, probiotic farming, etc., and has also applied the principles of animal welfare so that animals would be happy, safe, healthy and of good quality and would be safe for consumption.

In addition, the Company has developed the early warning system by providing key risk indicators (KRI) relating to epidemics for warning of animal disease outbreaks into its farms; as a result, farms of the Company and its business partners could be informed in advance and could abruptly increase measures for management of the situations, and could study the nature of disease outbreaks, trends of outbreaks for continuous development of animal feeds, breeds as well as guidelines for management of animal husbandry buildings; and in case of animal disease outbreaks, the Company would have its business continuity management plan.

3.3 Business Continuity Management

At present, there are several internal and external risk factors of business operation affecting the organization and may result in business disruption and failure to deliver goods or services as agreed with customers such as unprecedented natural disasters, political perils, terrorism, outbreaks, failure of major business partners to deliver main raw materials as scheduled, events of insecurity in workplaces, employee protests or strikes, etc. The occurrence of such events may cause losses of business, income, customers or business partners to the Company for certain period of time but in case, the Company has prescribed improper guidelines for management, the Company may not be able to bring back its business operation or may lose its market shares. Therefore, the Company needed to prescribe plans in response to events which may result in business disruption in order to ensure that in case of occurrence of any events, the Company shall still be able to deliver goods and services as agreed with customers or shall at least be able to deliver them at a minimum quantity which would be acceptable to its customers.

Risk Management

The Company aimed at promoting the food accesses of people and communities during periods of its normal business operation and unusual events so that consumers and communities shall still have enough foods for living. According to such goals, the Company had to prevent risks from business disruption by making plans of selection of locations of workplaces and using a strategy of distribution of workplaces in order to reduce impacts from business disruption which may be caused by epidemics, natural disasters as it was obvious that the Company had its factories, farms and offices situated in

several provinces. The Company had its criteria for selection of locations by taking account of historical data, current environment, including trends; and in case, any locations were risky to the occurrence of problems, the Company had its committee to make decisions such as shutdown of some farms due to development of nearby areas as tourist attractions, etc. Regarding the business operation process, the Company has considered that all employees shall be obliged to comply with laws, and the Company has also given the importance to the continuous promotion of respect of human rights in the supply chain for equal and fair treatment to employees and workers, and has provided safety and well-being of employees, workers and contractors through operation under CPF Safety, Health, Environment and Energy Standard (CPF SHE&En Standard).

Though the Company has prepared for prevention of those risks, sometimes, risks of business disruption may not be reduced; therefore, the Company has prepared its critical situation management plan by appointing a committee and prescribing the operational guidelines, as well as rehearsing of the plan as may be suitable to remind the related parties to understand their roles and duties during the occurrence of such events.

3.4 Efficiency of Supply Chain Management

For its effective business operation throughout the supply chain, the Company shall depend on cooperation from internal and external stakeholders; whereas, all parties shall have their goals of operation in conformity and agreement with the development of business operation efficiency. In case, any party has paid attention only to its goals, it may affect the efficiency of the supply chain. Therefore, the creation of awareness among internal and external stakeholders shall be crucial to and used as a basis for the Company's management.

Risk Management

The Company believed that the efficiency in the supply chain was part of its sustainable growth; therefore, the Company aimed at supporting and advocating its business partners to envisage the importance thereof and to cooperate with the Company relating to the operation. The Company also promoted the sustainability in the supply chain through the sharing of "policy on sustainable procurement and practices for business partners" as well as the giving of knowledge relating to good practices of the Company and international standard to its business partners so that its major business partners shall provide self-assessment on sustainability and shall lead to the assessment of business partners. The Company has set up goals relating to the proportions of assessment on sustainability of each type of business partners, including proportions of agricultural raw materials through procurement from the responsible and traceable sources of production.

At the same time, the Company has attempted to supply main agricultural raw materials from responsible and sustainable sources through implementation of projects such as the responsible supply of field corn from lawful sources and for growing on areas with documents of rights or on areas accredited by government agencies, including areas with cooperation between the public sector and independent organizations, project of sustainable supply of fish meal of which sources can be audited. The Company has used fish meal which was byproducts of processing factories accredited under IFFO Responsible Supply (IFFO RS) Standard, etc. The implementation of projects was the management measure additionally prescribed by the Company and in conformity with the result of assessment of risks on raw materials.

For effective internal management, the Company has restructured its management and developed strategies so that the related business lines shall have the same goals of operation and shall have continuous communication for acknowledgment, understanding and awareness of synergy of employees, and the Company has prescribed indicators of operation for conformity in all business lines and has applied technologies for effective operation with proper costs and concurrently in response to the goals of sustainability.

3.5 Volatility of Commodity Prices

• Volatility of Prices of Raw Materials used in the Production of Animal Feeds

The global climate change has definitely affected humans, animals and plants that shall depend on the nature for their growth; therefore, the quantity of products, quality and harvesting time of agricultural crops used by the Company as raw materials in the animal feeds production process has been affected.

Moreover, the Company has also used certain types of plants as raw materials for production as fuel energy. In addition, in some countries, quotas may be prescribed for import of certain types of raw materials used in the production of animal feeds for protection of their farmers. As a result, prices of raw materials of animal feeds have been affected by several factors. In 2016-2017, average prices of raw materials used in the domestic production of animal feeds shall be as follows:

Unit: (Baht/Kilogram)

Types of Raw Materials	Average Price	
	2016	2017
Corn	8.6	8.2
Soybean meal	17.4	15.9
Fish meal	32.3	32.8

Risk Management

Raw materials of animal feeds were key factors affecting the quality of animal feeds produced. Therefore, the Company has dedicated and has given the importance to the development of experts on purchasing and supply of raw materials of animal feeds which required the analysis of risk factors possibly affecting prices, quantity, quality and harvesting time through the development of statistical models of each type of raw materials of animal feeds by means of collection of historical and predicted data from field survey, news, articles, reviews, researches; as a result, the Company was able to roughly predict the quantity and harvesting time and to use such data as part of its planning of purchasing. However, the Company shall purchase raw materials from reliable business partners and shall be able to trace sources of raw materials and shall prescribe guidelines for business operation in conformity with the Company's sustainability standard to ensure that the Company shall have received raw materials as per the required quantity, quality and period of time; whereas, such raw materials were produced in accordance with the guidelines for sustainability. The Company has implemented its policy of prioritized purchasing of raw materials from domestic sources of production particularly in areas where animal feeds factories were located in order to support local farmers and to reduce distance and energy in the transport of goods. In case, raw materials purchased from domestic sources were inadequate or the quality thereof was not in accordance with the Company's standard, then, the Company would import such raw materials. Moreover, the Company has emphasized the development of business partners by giving the body of knowledge in the production for improvement of quality of products as well as developing processes so that business partners and the Company shall have grown concurrently and sustainably.

The Company has also supplied alternative raw materials for distribution of diversity of raw materials which shall help reduce risks of shortage of raw materials in certain periods of time, and the Company has also developed formulas of production of animal feeds as an alternative for management of risks from volatility of prices of raw materials of animal feeds; whereas, the Company has taken actions in different areas in order to effectively and continuously maintain the productivity and to improve the potentials in the production of the Company and its business partners.

● Volatility of Prices of Live Animals and Processed Meat

Animals of each species have different natural characteristics, including genetics, growth period, living environment, etc.; as a result, the accuracy of estimation of animal population in each period of time was not quite easy because there were controllable factors such as quality of animal feeds, breeds, animal husbandry process, etc., and uncontrollable factors such as epidemics, natural change including temperatures, salinity, natural disasters, etc. These factors definitely affected the quantity of animal population in each period of time. Moreover, in case, the public sector has its policy of liberalization of import of animals or organs of animals, the quantity of animals or organs of animals shall have increased and might not be in conformity with the quantity of demand for consumption in each period of time; as a result, the sale prices of live animals or organs of animals may also be affected.

Risk Management

The Company has prescribed its plan relating to the quantity of animal husbandry by taking account of factors such as estimates of population growth in the purchasing countries, consumption index of each type of animals, current quantity of animals in the animal husbandry industry, policies of the public sector, situations of animal diseases, etc., with aims to

eradicate problems of oversupply of animals. However, there were a lot of competitors in the industry, including conglomerates, large-scale or small-scale farmers who may have entered the industry increasingly. Therefore, the quantity of animals may be uncertain and may affect the sale prices. The Company has prescribed its policy of business expansion to the business of manufacturing and distribution of processed and finished foods which would be another channel for management of animals and would prolong the period of sale of goods and would create added value to goods; whereas, the Company shall take account of demands of customers and marketing opportunities which will lead to the presentation of diversified goods, including animals, organs of animals, basic processed foods and finished foods.

3.6 **Personnel**

In the midst of severe competition and rapidly changing environment, the organization had to adapt itself continuously to create competitive advantages; therefore, the Company needed to properly and adequately prescribe its personnel plan in all dimensions, including personnel recruitment, selection and development, remuneration management and motivation and retention of personnel, which shall be properly implemented in conformity with the business operation and needs of employees.

Risk Management

With its goal of “sustainable growth”, the Company has given the importance to the personnel management in all processes, including proactive and continuous recruitment and selection of talents through development of successful relationship with labour networks in the public sector, private sector, particularly universities, including creation of good relationship with target groups of students before graduation. Meanwhile, the Company has developed channel of recruitment through social network and has recruited experienced external executives in Thailand and in abroad. Regarding personnel development, the Company has organized training for its employees in order to create specialized and professional personnel who shall be prepared to pass on knowledge and specialty of work. Regarding remuneration, the Company has developed the performance appraisal system to be in conformity with the international standards which shall be used in appraisal of employees’ performances. The Company shall notify its employees in advance of the goals and indicators of work performances. Regarding the employee motivation and engagement, the Company has provided equal treatment to its personnel and respects in human rights and has accepted differences and diversity and has provided safe working environment, work procedures, training and determination of indicators for control of accident statistics and promotion of work ethics for happy and safe coexistence.

3.7 **Corruption and Payment of Reward to Government Officials, Regulatory Bodies, State Enterprises, Organizations with State Powers or the Third Parties**

Corruption has been a chronic problem in the Thai society and economic system though the public and private sectors have cooperated to eradicate corruption through a lot of campaigns, the problem of corruption has still existed in the Thai society, partly resulting from redundancy of laws, rules and regulations, including operation licenses which have not been revised for a long time. This led to the use of discretion or interpretation by the authorities and problem of correction. Moreover, the patronage system was possibly a cause of receiving privileges, protection, support, assistance; as a result, beneficiaries shall offer compensation for facilitation of their operation in terms of allowances or subsidies in business affairs, etc.

According to these problems, all parties were fully aware that these problems must be eradicated because no individual or corporation would like to do businesses in the society with traditions of corruption because they had to encounter uncertainty, erraticism and bribery and to bear “implicit cost” which has not created any returns to the economic system.

Risk Management

Business operation under the principles of corporate governance and sustainability was regarded as one of strategies that the Company has its commitments to implement and to create secure foundation for business operation through the promulgation of policies as well as communication to the related stakeholders for acknowledgment, understanding and practice in accordance with guidelines prescribed by the Company, including notification of penalties in case of improper conduct such as promulgation of anti-corruption policy, good governance policy, policy on sustainable supply and practices

for business partners, etc. Moreover, the Company has implanted and enhanced recognition and understanding so that all directors, executives, employees and workers of the Company shall properly perform their assigned duties by taking account of benefits to all stakeholders. The Company has also provided a whistleblowing channel for communication between the Company and employees at all levels and external stakeholders so that the Company shall be informed of expectations and problems for improvement of its business operation.

In addition to its promulgation of policies and implantation of awareness to employees, the Company has also provided corruption risk assessment and collected data of activities and contacts with third parties such as the public sector, state enterprises, private enterprises, business partners, etc., for consideration of potential risks and collection of management measures and existing audit method. Then, the Company shall assess risks and prescribed additional measures of risk management to ensure that the Company has taken actions in conformity with intentions and has complied with guidelines of Private Sector Collection Action Coalition against Corruption (CAC).

4. Volatility of Financial Market

In 2017, there were continuous appreciations of the Thai currency when compared to US dollars resulting from the market's reduction of confidence in the advocacy of US economic policies and implementation of trade barrier policy. The recent Thai currency appreciation has made it necessary for the Company to consider the suitability of exchange rate management because the majority of the Company's incomes were in foreign currencies, including income from sale of overseas businesses, income from export of goods of businesses in Thailand and receipt of dividends from investment, etc. In addition to its incomes, the Company also had its expenses in foreign currencies resulting from its purchase of raw materials into the production process, import of consumables, machine and some equipment, including expenses for overseas investment. Though Thai currency appreciation had benefited the Company in terms of management of expenses, the Company's incomes may also be affected. Therefore, the Company needed to properly manage its incomes and expenses to reduce such impacts. In 2017, CPF and its subsidiaries in Thailand had the value of export of goods of Baht 30,508 million or equal to 6% of the total income from sale, and had the value of import of raw materials of Baht 24,373 million or equal to 6% of the total cost of sale.

Regarding the management of interest burden, as of December 31, 2017, the Company had its net debt-to-equity ratio of 1.45 times; and some of the total liabilities were from borrowing of money from financial institutions and issuing of financial instruments which incurred expenses in terms of interest payment. It was predicted that interest rates tended to increase in the future. Therefore, the Company had to consider alternatives of fundraising, patterns of compensation payment or periods required for fundraising in order to incur burdens of interest payment at a proper level and in accordance with the Company's policies.

Risk Management

The Company has assigned the business line of accounting and finance as the main unit responsible for supervision, planning and management of finance as well as giving of advice to business lines relating to the receipt and spending of foreign currencies. Moreover, the Company has prescribed its policy on foreign currency risk management on a non-profitable basis and has distributed its risks from receipt or spending of foreign currencies in several major global currencies, and has issued measures of management of incomes and expenses in foreign currencies (natural hedge). Regarding the management of interest rates, the Company has mostly borrowed money with fixed interest rates; as a result, the Company has recognized actual expenses but the Company also had loans with floating interest rates amounted to Baht 80,274 million or equal to 28% of the total balance of loans. In case, the interest rates increased by each 1%, the Company would have burden of interest payment increased to Baht 83 million. Moreover, the Company has prescribed policy on debt-to-equity ratio as per the consolidated financial statements and has strictly complied with the said policy and has been careful in making decisions. Therefore, the Company has assigned the business line of accounting and finance to follow up situations of interest rates, to collect and analyze data from reliable sources; provided that the decision making of any alternative shall be duties of the Board of Directors or the authorized person as clearly prescribed in the Financial Regulations and Policy.

Though the Company has prescribed the framework for management of financial volatility, in fact, management measures may not reduce the financial volatility to a level acceptable to the Company. Therefore, the Company has additionally used financial derivatives for management of volatility of exchange rates and interest rates. Regarding the use of these financial instruments, it shall be implemented by the assigned person with approvals of the authorized person only.

5. Legal and Regulatory Risks

Compliance with laws of each country in which the Company was operating its business was the basic obligation of the Company in the capacity of a business operator; and the Company needed to follow up, understand and strictly comply with those laws. As the Company had its business operation in the supply chain; as a result, the Company had to comply with a lot of related laws; whereas, some laws may be just promulgated or subject to consideration for modification, amendment or update, or some laws may be subject to interpretation which may affect the Company's business operation.

Trading regulations were also issues of risks which may affect the Company's business operation because the Company imported its goods for distribution in foreign countries; therefore, the Company may encounter tariff barriers and non-tariff barriers; as a result, the Company may have expenses of production and may have to pay the increasing import tax. This may affect the Company's competitiveness.

Risk Management

Strict compliance with laws, rules, regulations and measures relating to business operation was prescribed as one of the roles and duties of all employees. The Company has still used the principle of segregation of duties as per the principles of model of three lines of defense and has prescribed units with main duties and responsibilities for follow-up and compliance with laws; whereas, the regulatory agency shall give opinions and advice to the main units with direct duties such as the Bureau of Safety, Health, Environment and Energy, Bureau of Building Regulations, Bureau of Quality Assurance, etc., and the Office of Internal Audit shall also double-check and audit the operation to ensure that the Company has duly complied with the applicable laws. In addition, the Company also had the central unit for follow-up of laws and coordination with people with main duties of participation in expressing opinions on the drafting of laws relating to the Company, analysis and interpretation of matters of laws, including determination of measures of operation for the Company to comply with within the date of promulgation of laws.

The Company has used the principle of good governance as guidelines for upgrading the standard of business operation. The Company has not only considered the duties to be performed but also considered the ethics and business code of conduct by taking account of benefits of stakeholders through the creation of employee's awareness of integrity, honesty and dedication to the motherland, which finally affect the performance of work in the capacity of the Company's representatives.

6. Corporate Image and Reputational Risks

At present, regarding the purchase of goods, customers and consumers have not only considered the quality, safety or prices of goods but have also given the importance to reputation and image of the organization who was the manufacturer and distributor of goods, particularly in the business of foods and distribution where reputations of manufacturers played crucial roles in customers' decision making of purchase of goods. The Company has been aware and envisaged the importance of reputations and image through business operation in the supply chain which has taken account of and paid attention to all stakeholders, communities, society and the nation. However, such giving and envisage of importance thereof may not be achieved as targeted because external factors may have impacts on the Company's reputations such as the release of negative news in the industry, expectation of stakeholders to the Company, etc., or may be resulting from internal factors in case of operational errors or innocuousness. All of these factors have unavoidably affected the Company's image and reputations.

Risk Management

The Company has committed to its business operation in accordance with the demands of stakeholders; therefore, the Company has complied with laws, rules and regulations of the country in which the Company is operating its business

because it was regarded as basic duties of coexistence in the society, and has emphasized that employees and business partners of the Company shall be aware of sustainability of business operation which shall be transparent and accountable, and shall comply with the principle of good governance with emphasis on ethics, roles and duties as well as rights and liberties to be received by stakeholders in a fair and equitable manner. Moreover, the Company has also given the importance to the respect of human rights in the supply chain, including the Company's declaration of intention on anti-corruption and certification of membership of Private Sector Collection Action Coalition against Corruption (CAC).

The Company has taken actions through the provision of policies and procedures, implantation of awareness of directors, executives, employees and business partners, including continuous review and audit of operation to ensure that such operation has been practically implemented and in accordance with the international principles. However, the Company's operation may not cover certain groups of stakeholders; therefore, the Company needed to develop communication with correct and complete content covering more stakeholders to eradicate such absence of understanding.

7. Risks from CPF Major Shareholders Holding Over 25% of the Total Issued Shares

As of August 30, 2017, Charoen Pokphand Group Co., Ltd. and its subsidiaries held CPF shares equal to 48.49% of the total issued shares of CPF; as a result, the agenda required by laws or regulations to be passed by at least three-fourth of the total votes of shareholders attending the meeting and having the rights to vote, may not be passed by resolutions, in case, CPG and its subsidiaries abstained their votes or voted against the said agenda.

Risk Management

The Company and the Board of Directors have adhered to the principles of equal and fair treatment to all shareholders and have taken account of benefits to the Company and all shareholders, as per the good governance policy as promulgated by the Company and as per the prescribed procedures and levels of powers for approval of the Company's operation. In case, any entry of transaction shall be approved by resolution of the shareholders' meeting, such agenda shall be screened by the top management of the Company before the Company's Secretary shall include it in the agenda of the Board of Directors' meeting for consideration and giving of opinions thereon for the passing of resolutions of the shareholders' meeting. Provided that, in the invitation to the shareholders' meeting, the opinions of the Board of Directors shall be properly and adequately specified so that all shareholders shall be informed of directors' opinions on such transactions and such opinions shall be used as basic data for decision-making; and with such operational guidelines, the Company is confident that the major shareholders shall cast their votes in the same directions with opinions of the Board of Directors in each agenda of the meeting; moreover, in case, the Company has entered the related transactions, such related transactions shall be approved by the shareholders' meeting; and shareholders who are stakeholders or the related parties under the related announcement of the regulatory authorities shall not be entitled to cast their votes in such agenda.

However, risk factors appeared in this document were considered by the Company as significant risks to its business operation; however, other risks may affect the Company's operating results, which may, for the time being, not be known by the Company, or may be considered by the Company as insignificant risks. Therefore, regarding investment in securities of the Company and/or being stakeholders of the Company, investors should additionally consider other risk factors.

**4. General Information****4.1 Company Information**

Company name : Chareon Pokphand Foods Plc. ("CPF")
 Business : Agro-industrial and Food in Thailand and Overseas
 Head office : 313 C.P. Tower, Silom road, Silom, Bangrak, Bangkok 10500 Thailand
 Registration number : 0107537000246
 Telephone number : 66-2-766-8000 (Operator)
 : 66-2-766-8352 and 8354 (Company Secretary Office)
 : 66-2-766-8351, 8353, 8355 and 8356 (Investor Relation Office)
 Facsimile number : 0-2638-2139
 Website : <http://www.cpfworldwide.com>
 E-mail : csoffice@cpf.co.th

4.2 Companies which CPF holds more than 10%

Details are shown in Investment of CPF Group under 1. Business Overview

4.3 References**(1) Share Registrar**

Thailand Securities Depository Co., Ltd.
 93 Ratchadaphisek road,
 Dindaeng, Bangkok 10400 Thailand
 Telephone number 66-2-009-9999
 Facsimile number 66-2-009-9991

(2) Bond Registrar and Bondholders' Representative***CPF debentures No. 2/2012 Series 1 due 2019, Series 2 due 2022 and Series 3 due 2032***

Bond registrar Agent and Securities Service Department, TMB Bank Plc.,
 3000 Head Office Building, 5A floor, Phahonyothin road
 Chompol, Chatuchak, Bangkok 10900 Thailand
 Telephone number 66-2-299-1321 Facsimile number 66-2-242-3270

Bondholders' representative Agent and Securities Service Department, Bank of Ayudhya Plc.
 1222 Rama 3 road, Bangpongpan,
 Yannawa, Bangkok 10120 Thailand
 Telephone number 66-2-296-4782 Facsimile number 66-2-683-1298

CPF debentures No. 1/2011 Series 1 due 2018, Series 2 due 2021, Series 3 due 2041 with debentureholders' early redemption right and No.2/2011 due 2041 with debentureholders' early redemption right

Bond registrar and Securities Service Department, Bangkok Bank Plc.
 Bondholders' representative 333 Silom Head Office Building, 24th floor, Silom road, Silom, Bangrak, Bangkok
 10500 Thailand
 Telephone number 66-2-636-5696 Facsimile number 66-2-230-1893

CPF debentures No. 1/2013 due 2018 and No. 1/2016 Series 1 due 2020, Series 2 due 2024 and Series 3 due 2031

Bond registrar Registrar 1, Siam commercial Bank Plc.,
 15th floor, North Wing, G Tower Grand Rama 9
 9 Rama 9 road, Huaykwang, Bangkok 10310 Thailand
 Telephone number 66-2-128-2324-9 Facsimile number 66-2-128-4625

***CPF debentures No. 2/2013 Series 2 due 2019, Series 3 due 2021, No. 2/2015 Series 1 due 2023, Series 2 due 2025 and Series 3 due 2027***

Bond registrar Agent and Securities Service Department, TMB Bank Plc.,
 3000 Head Office Building, 5A floor, Phahonyothin road
 Chompol, Chatuchak, Bangkok 10900 Thailand
 Telephone number 66-2-299-1321 Facsimile number 66-2-242-3270

CPF debentures No. 1/2015 Series 1 due 2020 and Series 2 due 2023

Bond registrar and Agent and Securities Service Department, Bank of Ayudhya Plc.
 Bondholders' representative 1222 Rama 3 road, Bangpongpan,
 Yannawa, Bangkok 10120 Thailand
 Telephone number 66-2-296-4782 Facsimile number 66-2-683-1298

CPF subordinated perpetual debentures payable upon dissolution with the issuer's right to early redemption and unconditional interest deferral No. 1/2017

Bond registrar Registrar 1, Siam commercial Bank Plc.,
 15th floor, North Wing, G Tower Grand Rama 9
 9 Rama 9 road, Huaykwang, Bangkok 10310 Thailand
 Telephone number 66-2-128-2324-9 Facsimile number 66-2-128-4625

Bondholders' representative Custodian and Escrow Representative Department, Krung Thai Bank Plc.
 35 Sukhumvit road, Klongtoey Nuer,
 Watthana, Bangkok 10110 Thailand
 Telephone number 66-2-298-0821 Facsimile number 66-2-298-0835

CPF debentures No. 1/2018 Series 1 due 2025 and Series 2 due 2028

Bond registrar and Registrar 1, Siam commercial Bank Plc.,
 Bondholders' representative 15th floor, North Wing, G Tower Grand Rama 9
 9 Rama 9 road, Huaykwang, Bangkok 10310 Thailand
 Telephone number 66-2-128-2324-9 Facsimile number 66-2-128-4625

(3) American Depositary Receipts Registrar

The Bank of New York Mellon Corporation, BNY Mellon Shareowner Services
 PO Box 358516, Pittsburgh, PA 15252-8516, USA
 Telephone number: 1-201-680-6825
 Website: www.bnymellon.com/shareowner
 E-mail: shrrelations@bnymellon.com

(4) Auditor for the Year 2017

1. Mr. Charoen Phosamritlert C.P.A. (Thailand) No. 4068
2. Mr. Veerachai Ratanajaratkul C.P.A. (Thailand) No. 4323
3. Miss Sujitra Masena C.P.A. (Thailand) No. 8645

KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st floor
 1 South Sathorn road, Sathorn, Bangkok 10120 Thailand
 Telephone number 66-2-677-2000 Facsimile number 66-2-677-2222

4.4 Other Information

- None -



Charoen Pokphand Foods Public Company Limited

Part 2

Management and Corporate Governance

**5. Securities and Shareholders Information****5.1 Registered and Paid-up Capital as of December 31, 2017**

Registered Capital : Baht 9,291,530,318 comprising of 9,291,530,318 shares at par value of Baht 1 per share.

Paid-up Capital : Baht 8,611,242,385 comprising of 8,611,242,385 shares at par value of Baht 1 per share.

5.2 Shareholders**5.2.1 Top ten major shareholders, number of shares and holding percentage as of the share register book closure date on August 30, 2017.**

Names	Number of Shares	% Shareholding
1. CPG Group ⁽¹⁾ comprises:	4,601,817,904	53.44%
1.1 CPG ⁽²⁾	2,583,699,002	30.00%
1.2 Charoen Pokphand Holding Co., Ltd. ⁽³⁾	1,024,392,552	11.90%
1.3 Worth Access Trading Limited ⁽⁴⁾	221,394,640	2.57%
1.4 Creative Light Investments Limited ⁽⁴⁾	173,466,000	2.01%
1.5 Orient Success International Limited ⁽⁴⁾	144,976,990	1.68%
1.6 C.P. Holding (Thailand) Co., Ltd. ⁽⁴⁾	28,104,000	0.33%
1.7 CPF (Thailand) Plc. ⁽⁵⁾	249,522,720	2.90%
1.8 Bangkok Produce Merchandising Plc. ⁽⁶⁾	99,462,000	1.16%
1.9 Plenty Type Ltd. ⁽⁷⁾	76,800,000	0.89%
2. Thai NVDR Co., Ltd. ⁽⁸⁾	538,521,154	6.25%
3. Social Security Office ⁽⁹⁾	260,696,800	3.03%
4. GIC PRIVATE LIMITED ⁽¹⁰⁾	246,179,458	2.86%
5. Mr. Prinya Tieanworn	90,000,000	1.05%
6. CHASE NOMINEES LTD. ⁽¹⁰⁾	88,800,870	1.03%
7. STATE STREET BANK EUROPE LIMITED	75,339,161	0.87%
8. STATE STREET BANK AND TRUST COMPANY ⁽¹⁰⁾	73,629,800	0.86%
9. Ms. Walaiporn Jiraphummin	65,000,000	0.75%
10. THE BANK OF NEW YORK (NOMINEES) LIMITED ⁽¹¹⁾	44,039,493	0.51%

CPG Group does not have any shareholding in no. 2-4, 6-8 and 10

Remarks

⁽¹⁾ CPG Group is a reporting group to be in compliance with Section 246 and Section 247 of the Securities and Exchange Act of 2535 (as amended)

⁽²⁾ Engaging in investment business as well as importing and distribution of chemical products and providing technical services, with Chearavanont family as major shareholders. Top ten major shareholders of CPG and % shareholding of such persons are as follows: Mr. Sumet Jiaravanon 12.96%, Mrs. Somurai Jaruphrit 8.42%, Mr. Dhanin Chearavanont 6.48%, Mr. Nakul Chiaravanont 6.00%, C.P. Holding (Thailand) Co., Ltd. 4.47%, Mr. Phongthep Chiaravanont 4.26%, Mrs. Phatanee Leksrisompong and Mr. Manas Chiaravanond 4.22% each, Mrs. Somsri Lumsam 4.21%, Mr. Nopadol Chiaravanont and Mrs. Nuchanart Chiaravanond 3.00% each.

⁽³⁾ CPG's direct subsidiary, engaging in investment business

⁽⁴⁾ CPG's indirect subsidiary, engaging in investment business

⁽⁵⁾ CPF's direct subsidiary, engaging in agro-industrial and integrated food business

⁽⁶⁾ CPF's direct subsidiary, engaging in animal feed raw material distribution

⁽⁷⁾ CPF's indirect subsidiary, engaging in investment business

⁽⁸⁾ A Thai company, contact information: 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klong Toey, Bangkok 10110, Thailand

⁽⁹⁾ A Thai government department, contact information: Siam Commercial Bank Plc., Markets Operations Division, 1060 Building 2, 3rd Floor, Phetburi Road, Makkasan, Ratchatawee, Bangkok 10400, Thailand

⁽¹⁰⁾ A foreign company, contact information: Standard Chartered Bank (Thai) Plc., Securities Services, Zone B, Sathorn Nakorn Tower, 14th Floor, North Sathorn Road, Silom, Bangkok 10500, Thailand

⁽¹¹⁾ A foreign company, contact information: 968 HSBC Building, 5th Floor, Rama 4 Road, Bangrak, Bangkok 10500, Thailand

**Foreign Holding Limit**

CPF shares are free to transfer unless otherwise such transfer cause the alien being shareholder of CPF more than 40% of the total number of shares sold.

Aliens may acquire shares of CPF exceeding the proportion as specified in the first paragraph of CPF Articles of Association by subscribing the newly issued shares offered by CPF or exercising the conversion right or purchase option of newly issued shares if such alien holds the convertible debenture and/or warrant and/or other securities which provide the said right to the holder of securities issued and offered by CPF (including dividend shares or shares issued for shareholders who acquire such share(s) by subscribing the share or exercising the right under the preceding paragraph), provided that the said acquisition shall, when including the proportion of alien in the first paragraph, not cause the proportion of shares held by Aliens exceeding 49% of the total issued and sold shares at such time. Such limitation shall apply to aliens who acquire the new share by subscribing the new shares issued and offered by CPF from increasingly of the share capital or by exercising the conversion or purchase option of the security holder mentioned in this paragraph (including dividend shares or shares issued for shareholders who acquire such share(s) by subscribing the share or exercising the right under this paragraph) to any alien in every stage of transfer until such shares are transferred to any person who is not an alien.

As of August 30, 2017, there were 19.79% of CPF issued shares held by foreign investors.

- 5.2.2 Shareholders' agreement between CPF and its major shareholder with effect to securities offering and issuance or management power of CPF
- None-

5.3 Other SecuritiesDebentures

As of December 31, 2017, there were 19 CPF outstanding debentures, totaling principal of Baht 88,000 million¹ as follows:

- (1) Debentures of Charoen Pokphand Foods Plc. #1/2011 Series 1 due 2018

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 7 years from the issuing date
Issue size	: Baht 3,000,000,000
Issuing amount	: 3,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 19, 2011
Maturity date	: August 19, 2018
Interest	: 4.65% p.a.
Interest payment date	: Semi-annually on every February 19 and August 19 of each year during the term of the debenture. The first interest payment date was February 19, 2012.
Outstanding amount	: Baht 3,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Bangkok Bank Plc.
Debentureholders' representative	: Bangkok Bank Plc.
Secondary market	: Thai Bond Market Association

¹ On January 24, 2018, CPF issued the additional 2 tranches of debentures with aggregate amount of Baht 12,000 million. Therefore on that day CPF has a total principal of Baht 100,000 million outstanding debentures.



(2) Debentures of Charoen Pokphand Foods Plc. #1/2011 Series 2 due 2021

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 10 years from the issuing date
Issue size	: Baht 3,000,000,000
Issuing amount	: 3,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 19, 2011
Maturity date	: August 19, 2021
Interest	: 4.87% p.a.
Interest payment date	: Semi-annually on every February 19 and August 19 of each year during the term of the debenture. The first interest payment date was February 19, 2012.
Outstanding amount	: Baht 3,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Bangkok Bank Plc.
Debentureholders' representative	: Bangkok Bank Plc.
Secondary market	: Thai Bond Market Association

(3) Debentures of Charoen Pokphand Foods Plc. #1/2011 Series 3 due 2041 with debentureholders' early redemption right

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate and debentureholders have early redemption right at the end of Year 15 th
Tenor	: 30 years from the issuing date
Issue size	: Baht 4,000,000,000
Issuing amount	: 4,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 19, 2011
Maturity date	: August 19, 2041
Interest	: 5.42% p.a.
Interest payment date	: Semi-annually on every February 19 and August 19 of each year during the term of the debenture. The first interest payment date was February 19, 2012.
Outstanding amount	: Baht 4,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Bangkok Bank Plc.
Debentureholders' representative	: Bangkok Bank Plc.
Secondary market	: Thai Bond Market Association

(4) Debentures of Charoen Pokphand Foods Plc. #2/2011 due 2041 with debentureholders' early redemption right

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate and debentureholders have early redemption right at the end of Year 15 th
Tenor	: 30 years from the issuing date
Issue size	: Baht 6,000,000,000



Issuing amount	: 6,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: December 21, 2011
Maturity date	: December 21, 2041
Interest	: 5.42% p.a.
Interest payment date	: Semi-annually on every June 21 and December 21 of each year during the term of the debenture. The first interest payment date was June 21, 2012.
Outstanding amount	: Baht 6,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Bangkok Bank Plc.
Debentureholders' representative	: Bangkok Bank Plc.
Secondary market	: Thai Bond Market Association
(5) Debentures of Charoen Pokphand Foods Plc. #2/2012 Series 1 due 2019	
Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 7 years from the issuing date
Issue size	: Baht 6,000,000,000
Issuing amount	: 6,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 3, 2012
Maturity date	: August 3, 2019
Interest	: Year 1 - 4 4.35% p.a. Year 5 - 7 5.00% p.a.
Interest payment date	: Semi-annually on every February 3 and August 3 of each year during the term of the debenture. The first interest payment date was February 3, 2013.
Outstanding amount	: Baht 6,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Debentureholders' representative	: Bank of Ayudhya Plc.
Secondary market	: Thai Bond Market Association
(6) Debentures of Charoen Pokphand Foods Plc. #2/2012 Series 2 due 2022	
Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 10 years from the issuing date
Issue size	: Baht 4,000,000,000
Issuing amount	: 4,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 3, 2012
Maturity date	: August 3, 2022
Interest	: Year 1 - 4 4.40% p.a. Year 5 - 9 5.00% p.a. Year 10 6.00% p.a.



- | | |
|----------------------------------|---|
| Interest payment date | : Semi-annually on every February 3 and August 3 of each year during the term of the debenture. The first interest payment date was February 3, 2013. |
| Outstanding amount | : Baht 4,000,000,000 |
| Latest credit rating | : "A+" by TRIS Rating Co., Ltd. |
| Registrar | : TMB Bank Plc. |
| Debentureholders' representative | : Bank of Ayudhya Plc. |
| Secondary market | : Thai Bond Market Association |
- (7) Debentures of Charoen Pokphand Foods Plc. #2/2012 Series 3 due 2032
- | | |
|----------------------------------|---|
| Type of debenture | : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate |
| Tenor | : 20 years from the issuing date |
| Issue size | : Baht 5,000,000,000 |
| Issuing amount | : 5,000,000 units |
| Face value per unit | : Baht 1,000 |
| Offering price per unit | : Baht 1,000 |
| Issuing date | : August 3, 2012 |
| Maturity date | : August 3, 2032 |
| Interest | : 5.30% p.a. |
| Interest payment date | : Semi-annually on every February 3 and August 3 of each year during the term of the debenture. The first interest payment date was February 3, 2013. |
| Outstanding amount | : Baht 5,000,000,000 |
| Latest credit rating | : "A+" by TRIS Rating Co., Ltd. |
| Registrar | : TMB Bank Plc. |
| Debentureholders' representative | : Bank of Ayudhya Plc. |
| Secondary market | : Thai Bond Market Association |
- (8) Debentures of Charoen Pokphand Foods Plc. #1/2013 due 2018
- | | |
|-------------------------|--|
| Type of debenture | : Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate |
| Tenor | : 5 years from the issuing date |
| Issue size | : Baht 6,000,000,000 |
| Issuing amount | : 6,000,000 units |
| Face value per unit | : Baht 1,000 |
| Offering price per unit | : Baht 1,000 |
| Issuing date | : May 9, 2013 |
| Maturity date | : May 9, 2018 |
| Interest | : 3.93% p.a. |
| Interest payment date | : Semi-annually on every May 9 and November 9 of each year during the term of the debenture. The first interest payment date was November 9, 2013. |
| Outstanding amount | : Baht 6,000,000,000 |
| Latest credit rating | : "A+" by TRIS Rating Co., Ltd. |
| Registrar | : Siam Commercial Bank Plc. |
| Secondary market | : Thai Bond Market Association |

(9) Debentures of Charoen Pokphand Foods Plc. #2/2013 Series 2 due 2019

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 6 years from the issuing date
Issue size	: Baht 2,500,000,000
Issuing amount	: 2,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 2, 2013
Maturity date	: August 2, 2019
Interest	: 4.54% p.a.
Interest payment date	: Semi-annually on every February 2 and August 2 of each year during the term of the debenture. The first interest payment date was February 2, 2014.
Outstanding amount	: Baht 2,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Secondary market	: Thai Bond Market Association

(10) Debentures of Charoen Pokphand Foods Plc. #2/2013 Series 3 due 2021

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 8 years from the issuing date
Issue size	: Baht 5,500,000,000
Issuing amount	: 5,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 2, 2013
Maturity date	: August 2, 2021
Interest	: 4.90% p.a.
Interest payment date	: Semi-annually on every February 2 and August 2 of each year during the term of the debenture. The first interest payment date was February 2, 2014.
Outstanding amount	: Baht 5,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Secondary market	: Thai Bond Market Association

(11) Debentures of Charoen Pokphand Foods Plc. #1/2015 Series 1 due 2020

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 5 years from the issuing date
Issue size	: Baht 6,500,000,000
Issuing amount	: 6,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: May 13, 2015
Maturity date	: May 13, 2020



Interest	: 3.21% p.a.
Interest payment date	: Semi-annually on every May 13 and November 13 of each year during the term of the debenture. The first interest payment date was November 13, 2015.
Outstanding amount	: Baht 6,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Bank of Ayudhya Plc.
Debentureholders' representative	: Bank of Ayudhya Plc.
Secondary market	: Thai Bond Market Association

(12) Debentures of Charoen Pokphand Foods Plc. #1/2015 Series 2 due 2023

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 8 years from the issuing date
Issue size	: Baht 5,500,000,000
Issuing amount	: 5,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: May 13, 2015
Maturity date	: May 13, 2023
Interest	: 3.98% p.a.
Interest payment date	: Semi-annually on every May 13 and November 13 of each year during the term of the debenture. The first interest payment date was November 13, 2015.
Outstanding amount	: Baht 5,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Bank of Ayudhya Plc.
Debentureholders' representative	: Bank of Ayudhya Plc.
Secondary market	: Thai Bond Market Association

(13) Debentures of Charoen Pokphand Foods Plc. #2/2015 Series 1 due 2023

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 8 years from the issuing date
Issue size	: Baht 1,940,000,000
Issuing amount	: 1,940,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: July 29, 2015
Maturity date	: July 29, 2023
Interest	: 3.97% p.a.
Interest payment date	: Semi-annually on every January 29 and July 29 of each year during the term of the debenture. The first interest payment date was January 29, 2016.
Outstanding amount	: Baht 1,940,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Plc.
Secondary market	: Thai Bond Market Association



(14) Debentures of Charoen Pokphand Foods Plc. #2/2015 Series 2 due 2025

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 10 years from the issuing date
Issue size	: Baht 3,000,000,000
Issuing amount	: 3,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: July 29, 2015
Maturity date	: July 29, 2025
Interest	: 4.28% p.a.
Interest payment date	: Semi-annually on every January 29 and July 29 of each year during the term of the debenture. The first interest payment date was January 29, 2016.
Outstanding amount	: Baht 3,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Plc.
Secondary market	: Thai Bond Market Association

(15) Debentures of Charoen Pokphand Foods Plc. #2/2015 Series 3 due 2027

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 12 years from the issuing date
Issue size	: Baht 2,000,000,000
Issuing amount	: 2,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: July 29, 2015
Maturity date	: July 29, 2027
Interest	: 4.51% p.a.
Interest payment date	: Semi-annually on every January 29 and July 29 of each year during the term of the debenture. The first interest payment date was January 29, 2016.
Outstanding amount	: Baht 2,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Plc.
Secondary market	: Thai Bond Market Association

(16) Debentures of Charoen Pokphand Foods Plc. #1/2016 Series 1 due 2020

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 4 years from the issuing date
Issue size	: Baht 3,060,000,000
Issuing amount	: 3,060,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: April 12, 2016
Maturity date	: April 12, 2020



Interest	: 2.28% p.a.
Interest payment date	: Semi-annually on every April 12 and October 12 of each year during the term of the debenture. The first interest payment date was October 12, 2016.
Outstanding amount	: Baht 3,060,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

(17) Debentures of Charoen Pokphand Foods Plc. #1/2016 Series 2 due 2024

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 8 years from the issuing date
Issue size	: Baht 3,500,000,000
Issuing amount	: 3,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: April 12, 2016
Maturity date	: April 12, 2024
Interest	: 3.11% p.a.
Interest payment date	: Semi-annually on every April 12 and October 12 of each year during the term of the debenture. The first interest payment date was October 12, 2016.
Outstanding amount	: Baht 3,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

(18) Debentures of Charoen Pokphand Foods Plc. #1/2016 Series 3 due 2031

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 15 years from the issuing date
Issue size	: Baht 2,500,000,000
Issuing amount	: 2,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: April 12, 2016
Maturity date	: April 12, 2031
Interest	: 3.73% p.a.
Interest payment date	: Semi-annually on every April 12 and October 12 of each year during the term of the debenture. The first interest payment date was October 12, 2016.
Outstanding amount	: Baht 2,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

(19) Subordinated perpetual debentures of Charoen Pokphand Foods Plc. payable upon dissolution with the issuer's right to early redemption and unconditional interest deferral No. 1/2017

Type of debenture	: Subordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate and the issuer's has right to early redemption	
Tenor	: No tenor	
Issue size	: Baht 15,000,000,000	
Issuing amount	: 15,000,000 units	
Face value per unit	: Baht 1,000	
Offering price per unit	: Baht 1,000	
Issuing date	: March 2, 2017	
Maturity date	: Payable upon dissolution or the issuer exercises its early redemption right	
Interest	Year 1 - 5	5.00% p.a.
	Year 6 - 25	total of (a) 5-year government bond yield, (b) Initial Credit Spread, and (c) 0.25% p.a.
	Year 26 - 50	total of (a) 5-year government bond yield, (b) Initial Credit Spread, and (c) 1.00% p.a.
	Year 51 onwards	total of (a) 5-year government bond yield, (b) Initial Credit Spread, and (c) 2.00% p.a.
	whereby Initial Credit Spread = 2.83% p.a.	
Interest payment date	: Semi-annually on every March 2 and September 2 of each year during the term of the debenture. The first interest payment date was September 2, 2017.	
Outstanding amount	: Baht 15,000,000,000	
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.	
Registrar	: Siam Commercial Bank Plc.	
Debentureholders' representative	: Krung Thai Bank Plc.	
Secondary market	: Thai Bond Market Association	

Bills of Exchange

As of December 31, 2017, CPF had outstanding bills of exchange totaling Baht 15,510 million.

5.4 Dividend Policy

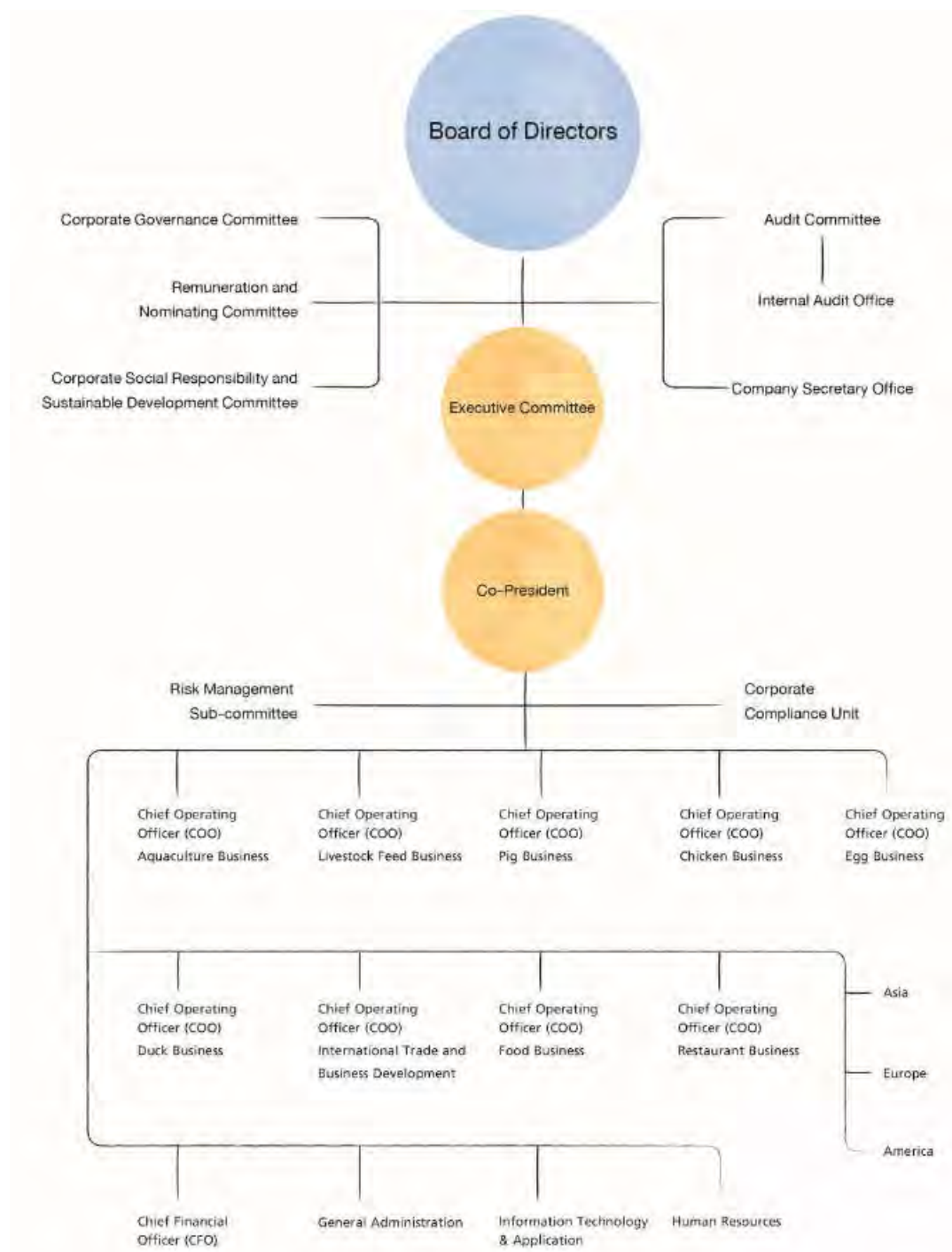
the Board of Directors' Meeting No.1/2018 passed the resolution to amend CPF's dividend policy as follows: CPF has a policy to pay dividends to shareholders twice a year. The total dividend paid each year will not be less than 30% of net income (which is attributable to equity holders of CPF). The dividend payments may be subject to change, depending on such variables as the Company's operations results, its financial position, future projects and prevailing economic conditions at the time.

Additionally, CPF has a duty to comply with the terms and conditions of its debentures, which prohibit CPF from paying cash dividends to shareholders in the event of CPF being unable to service interest payments on, or any other amounts owing to, the debenture holders.

For subsidiaries that are listed in foreign stock exchanges, the dividend payment will be depend upon the Board of Directors' meeting or Shareholders' meeting resolution (as the case may be). For subsidiaries that are non-listed companies, the dividend payment will depend upon such issues as their future investment plans, their financial structure and liquidity. In the fiscal year ended December 31, 2017, CPF's dividend income from subsidiaries totaled Baht 13,902 million, of which Baht 87 million was from subsidiary that are listed in foreign stock exchanges and Baht 13,815 million was from subsidiary that are non-listed company.

6. Management¹

6.1 The Company's management structure as of December 31, 2017



¹ The "Company" mentioned in item 6.1- 6.4 in Part 2 means Charoen Pokphand Foods Plc. or CPF

6.1.1 Board of Directors

As of December 31, 2017, CPF's Board of Directors consisted of the following 15 directors:

Name	Surname	Position
1. Mr. Dhanin	Chearavanont	Chairman ⁽¹⁾
2. Mr. Prasert	Poongkumarn	Vice Chairman
3. Mr. Min	Tieanworn	Vice Chairman
4. Mr. Chingchai	Lohawatanakul	Vice Chairman ⁽¹⁾
5. Mr. Adirek	Sripatak	Vice Chairman ⁽¹⁾
6. Dr. Chaiyawat	Wibulswasdi	Director ⁽²⁾
7. Emeritus Professor Supapun	Ruttanaporn	Director ⁽²⁾
8. Professor Dr. Pongsak	Angkasith	Director ⁽²⁾
9. Mr. Rungson	Sriworasat	Director ⁽²⁾
10. Pol. Gen. Phatcharavat	Wongsuwan	Director ⁽²⁾
11. Mr. Phongthep	Chiaravanont	Director ⁽¹⁾
12. Mr. Pong	Visedpaitoon	Director ⁽¹⁾
13. Mrs. Arunee	Watcharananan	Director ⁽¹⁾
14. Mr. Sooksunt	Jiumjaiswanglerg ⁽³⁾	Director ⁽¹⁾
15. Mr. Sukhawatt	Dansersuk ⁽³⁾	Director ⁽¹⁾

Remarks ⁽¹⁾ Authorized directors whereby any two of the authorized directors shall sign on behalf of the Company with the Company's seal affixed

⁽²⁾ Independent director

⁽³⁾ Appointed to be director, effective from April 25, 2017

Ms. Patchara Chartbunchachai is the Company Secretary.

Composition of the Board of Directors

The Company's Board of Directors must consist of at least five directors and at least half of the directors must be resident in Thailand.

As of December 31, 2017, the Company's Board of Directors comprised five independent directors (equal to 1/3 of the total number of directors), five executive directors and five non-executive directors. The Board of Directors appoints the Chairman and Vice Chairman. The Chairman conducts Board of Directors' meetings, except in cases where the Chairman may lack sufficient independence, or where there is an agenda with which the Chairman has a conflict of interest. In such cases, an independent director shall preside as the Chairman of the meeting.

Roles and Responsibilities of the Board of Directors

The Board of Directors have been entrusted by shareholders to manage the Company's business honestly and fairly, as indicated in the Objects of the Company and in compliance with the Articles of Association of the Company, as well as all resolutions made at shareholders' meetings and according to relevant regulations. The Board of Directors may assign one or several directors, or any other person, to perform any act on its behalf provided that a clear indication of roles and responsibilities is given to the assigned person.

The Board of Directors has the duty to supervise the management to operate the business in accordance with the objectives, strategies and the operational plan approved by the Board of Directors, in the best interests of the Company and all stakeholders. The Board of Directors will assign the authority, duties and responsibilities relating to daily managerial tasks to Co-President. These authorities and duties must be clearly separated from the authorities and duties of the Chairman of the Board of Directors. The Board of Directors may appoint various committees to supervise specific areas of operation, and engage external experts or advisors to provide opinions or advice on matters relating to the Company's business operations, as necessary and appropriate, at the Company's expense.

In addition, the Board of Directors appoints the Company Secretary to counsel and assist the Board of Directors to ensure its compliance with legal rules and regulations, as well as corporate governance. The Company Secretary is also required to coordinate and take appropriate care of the Company's shareholders on an equal basis.

The Roles and Responsibilities of Chairman of the Board of Directors

- (1) To consider the meeting agenda of the Board of Directors;
- (2) To take the chair at the Board of Directors meeting and allocate sufficient time for the management to present matters, and the directors to thoroughly discuss, as well as encourage the exercise of prudential discretion;
- (3) To give the casting vote in the case of the votes of the Board are tied; and
- (4) Perform the duty specified by law as the duty to be performed by the Chairman.

The Roles and Responsibilities of the Board of Directors

- (1) To perform its duties in accordance with the laws, the Company's objectives and Articles of Association, as well as resolutions of shareholders meetings, with due accountability, care and integrity;
- (2) To determine the major policies for business operations, as well as the policies relating to finance, mobilization of funds, funds management and management of the Company's risks, and to supervise the management for the implementation of these policies in an efficient and effective manner;
- (3) To consider and approve the Company's vision and mission, and cause a review thereof every year;
- (4) To consider and approve the Company's objectives, strategies and business plans as well as conduct a review thereof every year, and to monitor the results of the implementation of those prescribed plans;
- (5) To consider and approve matters other than those which are within the authority delegated to the Co-President, or matters which must be approved by the Board of Directors or a shareholders meeting as prescribed by the law or the relevant rules or procedures of the Company;
- (6) To set up an internal control system covering the areas of business operations, financial reporting and compliance with the laws and the Company's rules, policies and procedures. In this regard, the Internal Audit Office has the duty to audit the compliance with this internal control system, and make a report to the Audit Committee. The Board of Directors will evaluate the risk management system and assess the adequacy and appropriateness of the internal control system on a yearly basis, and will review the significant systems at least once a year. The Board of Directors will also provide its opinions thereon in the annual report;
- (7) To assess the compliance with the corporate governance policy and conduct a review thereof at least once a year;
- (8) To appoint the Co-President, to supervise and ensure that the Co-President performs his duties in accordance with the Company's corporate governance policy and the scope of authority delegated by the Board of Directors, and to conduct an annual evaluation of the Co-President's performance in order to support the determination of his remuneration;
- (9) To appoint directors or executives to serve as directors of the subsidiaries in order to oversee their operations in accordance with their investment objectives;
- (10) To appoint the Company Secretary who is to be responsible for all matters as required by the law;
- (11) To appoint the Audit Committee, the Executive Committee and other committees, such as the Remuneration and Nominating Committee, in order to assist the Board of Directors in supervising the business with a view to achieving the prescribed objectives. The majority of the committee members shall be independent directors. The chairmen of the committees must be independent directors; and
- (12) To set up a plan for director and management development, as well as a succession plan.

6.1.2 Audit Committee

CPF's Audit Committee has been appointed by the Board of Directors. The current Audit Committee term is for a period of three years which expires on December 23, 2020. As of December 31, 2017, the members of the Audit Committee are the following four independent directors:

Name	Surname	Position
1. Dr. Chaiyawat	Wibulswasdi	Chairman of the Audit Committee
2. Emeritus Professor Supapun	Ruttanaporn	Member of the Audit Committee
3. Professor Dr. Pongsak	Angkasith	Member of the Audit Committee
4. Mr. Rungson	Sriworasat	Member of the Audit Committee

Mr. Chalermchon Koonthonwan, Head of Internal Audit Department, serves as Ex Officio Secretary of the Audit Committee.

Dr Chaiyawat Wibulswasdi, Emeritus Professor Supapun Ruttanaporn and Mr. Rungson Sriworasat, three members of the Audit Committee, have excellent knowledge, understanding and experience in matters of accounting and finance, as well as changing financial regulations which require changes in the nature of the financial report. The Audit Committee can seek advice from an independent specialist if necessary.

The terms of service of the committee members is for a period of three years, as this ensures a greater degree of continuity in the work undertaken by the Audit Committee. Moreover, any retiring member of the committee can be re-appointed for another term of membership. If any committee member wishes to resign before the expiration of his/her period of service, s/he is required to provide one month's notice of such resignation in writing. New committee members who replace resigning committee members assume the remaining period of service of the member who resigns.

The Audit Committee has to conduct meetings at least four times in any one-year period. At each Audit Committee meeting, the Audit Committee is empowered to invite Co-President, Chief Operating Officer, Chief Financial Officer, executives, auditor and Head of the Internal Audit Office to attend, for clarification purposes. The Audit Committee also meets the Company's External Auditor at least once a year and without management in attendance.

Roles and Responsibilities of the Audit Committee

The Board of Directors has revised the roles and responsibilities of the Audit Committee in order to comply with the Notification of the Stock Exchange of Thailand Re: Qualification and Scopes of Duties of the Audit Committee 2008 dated June 9, 2008, as follows:

- (1) To review the Company's financial reporting process to ensure that it is accurate and adequate;
- (2) To review the Company's internal control system, internal audit system and risk management system to ensure that they are suitable and efficient;
- (3) To review the Company's compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand and the laws relating to the Company's businesses;
- (4) To determine the independence of the Internal Audit Office, as well as to approve the appointment, transfer, dismissal and to evaluate the performance of the Head of Internal Audit Office;
- (5) To consider, select and nominate independent persons to serve as the Company's external auditors, to dismiss the Company's external auditors, to propose their remuneration and to attend the meeting with the external auditors without the management at least once a year;
- (6) To review related-party transactions and any transactions that may involve a potential conflict of interest so as to ensure that they are in compliance with the law and the regulations of the Stock Exchange of Thailand, and are reasonable and in the best interests of the Company;
- (7) To prepare a report of the Audit Committee which is signed by the Chairman of the Audit Committee and published in the Company's annual report. This report must contain at least the following information:
 - (7.1) a commentary on the accuracy, completeness and creditability of the Company's financial report;
 - (7.2) a commentary on the adequacy of the Company's internal control system;
 - (7.3) a commentary on compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand or the laws relating to the Company's business;
 - (7.4) a commentary on the suitability of the external auditors;
 - (7.5) a commentary on transactions that may involve potential conflicts of interest;

- (7.6) the number of audit committee meetings and the number times of attendance at such meetings by each audit committee member;
- (7.7) a commentary or overview of the Audit Committee on the performance of its duties in accordance with the audit committee charter; and
- (7.8) the details of any transactions which, in the Audit Committee's opinion, should be known to shareholders and general investors, provided that this must be within the scope of duties and responsibilities assigned by the Board of Directors; and
- (8) To perform any other acts as assigned by the Board of Directors with the approval of the Audit Committee.

In performing its duties within the scope specified above, the Audit Committee shall be directly responsible to the Board of Directors. Nonetheless, the Board of Directors shall remain responsible to third parties for the acts of the Company.

6.1.3 Remuneration and Nominating Committee

CPF's Remuneration and Nominating Committee was appointed by the Board of Directors. The current Remuneration and Nominating Committee term is for a period of three years, which will expire on March 30, 2018. Its main duties are to select qualified individuals with the relevant knowledge, ability and experience to assume positions on the Board of Directors and to establish a remuneration framework to be submitted to the Board of Directors for consideration.

As of December 31, 2017, the Remuneration and Nominating Committee comprises three members: two members are independent directors, and the remaining is a non-executive director, as follows:

Name	Surname	Position
1. Pol. Gen. Phatcharavat	Wongsuwan	Chairman of the Remuneration and Nominating Committee
2. Mr. Prasert	Poongkumarn	Member of the Remuneration and Nominating Committee
3. Professor Dr. Pongsak	Angkasith	Member of the Remuneration and Nominating Committee

The Company Secretary serves as Ex Officio Secretary of the Remuneration and Nominating Committee.

The Board of Directors appoints the Chairman of the Remuneration and Nominating Committee, where the Remuneration and Nominating Committee term is for a period of three years, so as to ensure a degree of continuity in its work. The period of service can be changed subject to approval from the Board of Directors. Furthermore, a retiring committee member may be re-appointed for another term, if this is approved by the Board of Directors. If any committee member wishes to resign before the expiration of his/her term of service, he/she should provide one month's written notice.

Roles and Responsibilities of the Remuneration and Nominating Committee

- (1) To establish the rules and process for nominating individuals qualified to be the Company's directors and member of the Audit Committee;
- (2) If there is a vacancy on the Board of Directors or the Audit Committee, to propose an individual qualified to fill such vacancy to the Board of Directors for its consideration;
- (3) To review the structure, size, and composition of the Board of Directors, and suggest any appropriate changes;
- (4) To conduct an annual evaluation of the performance of the Board of Directors, and to report such evaluation to the Board of Directors;
- (5) To establish and review the policy and guidelines relating to directors' remuneration which is suitable for their responsibilities, and commensurate with the prevailing level of the industry and the benefits expected from them whereby the Company's operating results and the directors' duties and responsibilities are taken into account. Such policy and guidelines must also be in accordance with the policy established by the Board of Directors Any proposed change in the remuneration, from that which has been approved by a shareholders meeting, must be submitted to the Board of Directors for its consideration and then to a shareholders meeting for its approval; and
- (6) To perform any other tasks relating to its duties and responsibilities, as requested by the Board of Directors.

To efficiently perform and accomplish its duties and responsibilities as assigned by the Board of Directors, the Remuneration and Nominating Committee shall meet at least twice a year to consider, discuss any matters and take any action according to its duties and responsibilities. The Remuneration and Nominating Committee may invite other parties such as independent advisor to attend the meetings as appropriate.

If the Board of Directors appoints any person to be an advisor to the Remuneration and Nominating Committee, his or her independence or lack of conflicts of interest must be disclosed in the annual report.

6.1.4 Corporate Governance Committee

The current CPF's Corporate Governance Committee term is for a period of three years, which will expire on January 15, 2019. As of December 31, 2017, the Corporate Governance Committee comprises three members: two members are independent directors, and the remaining is an executive director, as follows:

Name	Surname	Position
1. Dr. Chaiyawat	Wibulswasdi	Chairman of the Corporate Governance Committee
2. Mr. Rungson	Sriworasat	Member of the Corporate Governance Committee
3. Mr. Adirek	Sripatak	Member of the Corporate Governance Committee

The Company Secretary serves as Ex Officio Secretary of the Corporate Governance Committee.

Roles and Responsibilities of the Corporate Governance Committee

- (1) To establish and propose the corporate governance scope and policy to the Board of Directors for its approval;
- (2) To propose the guidelines and give advice on corporate governance to the Board of Directors;
- (3) To review, jointly with the directors and the management, the compliance with corporate governance policy;
- (4) To regularly review the corporate governance guidelines by comparing them with international practices, and to propose revisions thereof to the Board of Directors for the purpose of enhancing efficiency and effectiveness; and
- (5) To report the results of assessment of the compliance with corporate governance policy to the Board of Directors at least once a year.

6.1.5 The Corporate Social Responsibility and Sustainable Development Committee

The current CPF's Corporate Social Responsibility and Sustainable Development Committee term is for a period of three years, which will expire on November 15, 2018. As of December 31, 2017, the Corporate Social Responsibility and Sustainable Development Committee comprises four members: two members are independent directors and the remaining two members are executive directors, as follows:

Name	Surname	Position
1. Dr. Chaiyawat	Wibulswasdi	Chairman of the Corporate Social Responsibility and Sustainable Development Committee
2. Mr. Adirek	Sripatak	Member of the Corporate Social Responsibility and Sustainable Development Committee
3. Professor Dr. Pongsak	Angkasith	Member of the Corporate Social Responsibility and Sustainable Development Committee
4. Mr. Sooksunt	Jiumjaiswanglerg	Member of the Corporate Social Responsibility and Sustainable Development Committee

Mr. Wuthichai Sithipreedanant is the Secretary of the Corporate Social Responsibility and Sustainable Development Committee.

Roles and Responsibilities of the Corporate Social Responsibility and Sustainable Development Committee

- (1) To establish and propose the social responsibility and sustainable development policy and direction to the Board of Directors for its approval;
- (2) To support social responsibility and sustainable development activities by participating in a meeting in order to provide the guidelines and monitor the tasks in accordance with the prescribed timeframe;
- (3) To consider and assess the results of implementation of the social responsibility and sustainable development, to give advice for the development, and to make a report to the Board of Directors at least once a year;
- (4) To approve the report on social responsibility and sustainable development for public disclosure; and
- (5) To appoint a social responsibility and sustainable development sub-committee as considered appropriate.

Directors' Attendance at the Meetings in 2017

Name	Surname	Number of Attendances				
		Board of Directors	Audit Committee	Remuneration and Nominating Committee	Corporate Governance Committee	Corporate Social Responsibility and Sustainable Development Committee
1. Mr. Dhanin	Chearavanont	5/9				
2. Mr. Prasert	Poongkumarn	8/9		2/2		
3. Mr. Min	Tieanworn	9/9				
4. Mr. Chingchai	Lohawatanakul	8/9				
5. Mr. Adirek	Sripatak ⁽¹⁾	8/9			1/2	1/2
6. Dr. Chaiyawat	Wibulswasdi	8/9	6/8		3/3	2/2
7. Emeritus Professor Supapun	Ruttanaporn	9/9	8/8			
8. Professor Dr. Pongsak	Angkasith	8/9	8/8	2/2		2/2
9. Mr. Rungson	Sriworasat	7/9	7/8		3/3	
10. Pol. Gen. Phatcharavat	Wongsuwan	9/9		2/2		
11. Mr. Phongthep	Chiaravanont	7/9				
12. Dr. Veeravat	Kanchanadul ⁽²⁾	2/2			1/1	
13. Mr. Pong	Visedpaitoon	8/9				
14. Mr. Sunthorn	Arunanondchai ⁽²⁾	1/2				
15. Mrs. Arunee	Watcharananan	9/9				
16. Mr. Sooksunt	Jiumjaiswanglerg ⁽³⁾	6/7				2/2
17. Mr. Sukhawut	Damsermsuk ⁽⁴⁾	6/7				

Remark ⁽¹⁾ Appointed to be member of Corporate Governance Committee, effective from May 11, 2017

⁽²⁾ Retired from the director position by rotation at the Annual General Shareholders' Meeting No. 1/2017 (April 25, 2017)

⁽³⁾ Appointed to be director, effective from April 25, 2017 and Member of the Corporate Social Responsibility and Sustainable Development Committee, effective from May 11, 2017

⁽⁴⁾ Appointed to be director, effective from April 25, 2017

In addition to the above meetings, non-executive directors held 1 meeting, during 2017, to discuss matters relating to the Company's overall management, without any management personnel in such meeting.

Orientation of a New Director

When taking up a directorship position, the director will receive all relevant information about the Company and its business, along with its Articles of Association which relates to the roles and responsibilities of the Board. Furthermore, the new director will be given guidance regarding their responsibilities in accordance with the law and the regulations pertaining to being the director of a listed company.

If a newly appointed director has not attended any director programs, the Company shall arrange for the individual to attend the program of the Thai Institute of Directors Association to familiarize said individual with the following:

- (1) The Role of Director and its Legal Responsibilities
- (2) The Directors' Guidelines in relation to its role according to the regulations and guidelines of the Stock Exchange of Thailand, the Securities and Exchange Commission and Corporate Governance Policy.

6.1.6 Executive Committee

Current Executive Committee was appointed by the Board of Directors on May 11, 2017 by considering individuals with the qualifications, knowledge, competency and experience related to the Company's business. This is to assist the Board of Directors with the efficient and effective management of its operations according to Company policy and the objectives as laid down by the Board of Directors.

As of December 31, 2017, the members of CPF's Executive Committee are as follows:

Name	Surname	Position
1. Mr. Adirek	Sripatak ⁽¹⁾	Chairman of the Executive Committee
2. Mr. Pong	Visedpaitoon	Vice chairman of the Executive Committee
3. Mrs. Arunee	Watcharananan	Vice chairman of the Executive Committee
4. Mr. Sooksunt	Jiumjaiswanglerg	Executive Director
5. Mr. Sukhawat	Darnsermsuk	Executive Director
6. Dr. Sujint	Thammasart, D.V.M.	Executive Director
7. Mr. Virachai	Ratanabanchuen	Executive Director
8. Mr. Teerasak	Urunanon	Executive Director
9. Mr. Somkuan	Choowatanapakorn	Executive Director
10. Mr. Sompop	Mongkolpitaksuk	Executive Director
11. Mr. Pisit	Ohmpornnuwat	Executive Director
12. Mr. Prasit	Boondoungprasert	Executive Director
13. Mr. Sathit	Sangkanarubordee	Executive Director
14. Mr. Paisan	Chirakitcharern	Executive Director
15. Mr. Voravit	Janthanakul	Executive Director
16. Mr. Praderm	Chotsuparach	Executive Director
17. Ms. Patchara	Chartbunchachai	Executive Director and Secretary of the Executive Committee

At meetings, the Executive Committee can invite other people, such as management representatives and/or external advisors, to attend the meeting as necessary.

Authorities of the Executive Committee⁽¹⁾:

The Executive Committee has authorities to approve the following matters

- (1) Assets acquisition or disposition
 - (a) The investment budget of CPF or its subsidiaries, where the value of the project is more than Baht 100 million but not exceed Baht 800 million;
 - (b) The transactions requiring registration with Land Office, i.e.
 - (i) Purchase or be transferred immovable properties with the value not more than the investment budget approved by the Board of Directors or Executive Committee, as the case may be;

⁽¹⁾ Approved by the Board of Directors' meeting No. 4/2017, dated May 11, 2017.

- (ii) Sell or transfer immovable properties as approved by the Board of Directors or Executive Committee, as the case may be;
 - (iii) Lease or let immovable properties which is ordinary course of business or supporting ordinary course of business;
- (2) Funding
 - (a) Accept trade finance / working capital facilities between CPF and commercial banks;
 - (b) Provide or accept long-term financial assistance between CPF and its subsidiaries;
- (3) Personnel
 - (a) Human resource development plan and succession plan for CEO-1 and CEO-2 level;
 - (b) Appoint / rotate CEO-1 and CEO-2 executives;
 - (c) Determine the compensation guideline, the adjustment of salary and other benefit as well as the performance evaluation criteria for CEO-1 and CEO-2 level;
- (4) Governance
 - (a) Annual risk management plan for the Company;
 - (b) The issue of consolidated and separate financial statement for the year and quarter.

Primary Responsibilities of the Executive Committee^{/1}:

- (1) To scrutinize the following matters before they are submitted to the Board of Directors of CPF or subsidiaries (as the case may be) for approval
 - (a) Corporate strategies, goals & long-term business plan and annual budgets of the group;
 - (b) The investment budget of CPF or its subsidiaries, where the value of the project is more than Baht 800 million;
 - (c) Sell or write-off any fixed assets of CPF or its subsidiaries, where the book value of such fixed assets is more than Baht 100 million;
 - (d) Propose or dismiss directors of subsidiaries and associates;
 - (e) Propose the qualified person to be appointed as the CEO of CPF;
- (2) To monitor the the following matters performed by management team
 - (a) The performance according to the risk management plan and review the efficient of risk managment;
 - (b) The progress of investment project and its actual performance compared to the budget of each project;
 - (c) The progress of human resources development plan;
 - (d) Successor development for CEO-3 level;
 - (e) Appoint / rotate CEO-3 executives;
 - (f) Determine the compensation guideline, the adjustment of salary and other benefit as well as the performance evaluation criteria for CEO-3 level;
- (3) To conduct an annual evaluation of the performance of the Executive Committee, and to report such evaluation as well as the activities performed during the year to the Board of Directors;
- (4) To perform any other tasks as requested by the Board of Directors.

^{/1} Approved by the Board of Directors' meeting No. 4/2017, dated May 11, 2017.

6.2 Executives

As of February 16, 2018, CPF's executives comprises the following:

1. Mr. Sooksunt Jiumjaiswanglerg⁽¹⁾ Chief Executive Officer (CEO) - Agro Industrial Business and Co - President
2. Mr. Sukhawat Dansermusuk⁽¹⁾ Chief Executive Officer (CEO) - Food Business and Co - President, and
Chief Operating Officer - Food Business
3. Dr. Sujint Thammasart, D.V.M.⁽¹⁾ Chief Operating Officer - Aquaculture Business
4. Mr. Virachai Ratanabanchuen⁽¹⁾ Chief Operating Officer - Chicken Business
5. Mr. Teerasak Urunanon⁽¹⁾ Chief Operating Officer - Livestock Feed Business
6. Mr. Somkuan Choowatanapakorn⁽¹⁾ Chief Operating Officer - Pig Business
7. Mr. Sompop Mongkolpitaksuk⁽¹⁾ Chief Operating Officer - Egg Business
8. Mr. Pisit Ohmpornnuwat⁽¹⁾ Chief Operating Officer - Duck Business
9. Mr. Prasit Boondoungprasert⁽¹⁾ Chief Operating Officer - International Trade and Business Development, and
Executive Vice President - Chicken Integration Business (Bangkok, Minburi
and Eastern Region)
10. Mr. Sathit Sangkanarubordee⁽¹⁾ Chief Operating Officer - Restaurant Business
11. Mr. Paisan Chirakitchareern⁽¹⁾ Chief Financial Officer
12. Mr. Rewat Hathaisattayapong Executive Vice President - Livestock Feed Business (Northeastern, Central,
and Eastern Region and Cattle Feed)
13. Mr. Virote Kumpeera Executive Vice President - Livestock Feed Business (Northern, Western, and
Southern Region)
14. Mr. Somporn Jermpong Executive Vice President - Pig Business (Central and Northeastern Regions,
Bangkok Metropolitan and Thonburi Sale Regions)
15. Mr. Prapoj Choakpichitchai Executive Vice President - Pig Business (Eastern Region, Bangkok
Metropolitan and Phra Nakhon Sale Regions, Processing)
16. Mr. Songsak Futrakul Executive Vice President - Pig Business (Northern, Western, and Southern
Regions)
17. Mr. Prasit Chalongchaichan Executive Vice President - Chicken Integration Business (Saraburi, Northern
and Central Region)
18. Mr. Suchat Sitthichai Executive Vice President - Chicken Integration Business (Bangna, Western
and Southern Region)
19. Mr. Siripong Aroonratana Executive Vice President - Chicken Integration Business (Northeastern Region)
20. Mr. Vitit Pootanasap Executive Vice President - Aquatic Feed Unit
21. Mr. Narerk Mangkeo Executive Vice President - Agri-Food Business
22. Mr. Viboon Supakarapongkul Executive Vice President - Aquatic Food Domestic Trading Unit
23. Mr. Somchai Triamchaipisut Executive Vice President - Aquatic Food Processing Business
24. Mr. Voravit Janthanakul Executive Vice President - General Administration Unit
25. Mr. Praderm Chotsuparach Executive Vice President - Information Technology and Application Unit
26. Dr. Sommai Tachasirinugune Executive Vice President - Food Quality Assurance Unit
27. Mr. Anurat Suthamnirun Executive Vice President - Food Processing Technology and Engineering Unit
28. Mr. Vittavat Tantivess Executive Vice President - Marketing Unit
29. Mr. Nattawat Chunhawuttiyanon Executive Vice President - Business Planning Unit
30. Mr. Parisotat Punnabhum Executive Vice President - Human Resource Unit

⁽¹⁾ Management in accordance with the Notification of the Securities and Exchange Commission No. Kor Chor. 17/2551 Re: Definition under Notifications relating to Issuance and Offering of Securities.

⁽²⁾ Appointed to be Chief Executive Officer (CEO) - Food Business and Co-President, effective from March 1, 2017.

Roles and Responsibilities of Co-President

Co-President, who holds the highest management position in the Company, is appointed by the Board of Directors to manage the operations of the Company, so as to achieve the Company's objectives and goals agreed by the Board of Directors. He is responsible for proper governance of the Company with fairness, to achieve maximum benefits for all stakeholders as well as to oversee the disclosure of the Company's general and financial information according to best practices. In addition, Co-President has authority for carrying out any duties according to the Company's normal operation. However, Co-President does not have authority in the following matters, which outline *'the limitations of the Co-President's authority'*:

- (1) To enter into transactions involving a potential conflict of interest which have not been approved by the Board of Directors and the Notification of the Capital Market Supervisory Board, which requires such transactions to be approved by either the Board of Directors or the Company's shareholders
- (2) To sell or write-off any assets from the accounting book must be approved by the Board of Directors or the Company's shareholders, in accordance with the financial principles of the Company.
- (3) To enter into any transaction with any person to provide or accept financial assistance, such as lending money, guaranteeing, providing assets as collateral, and other similar acts, with the exception of:
 - 3.1 Short-term loans between the Company and subsidiaries in which the Company directly or indirectly holds at least 90% of the shares.
 - 3.2 Short-term loans between subsidiaries in which there is no party connected with the Company who holds in excess of 10% of the shares in the subsidiaries.
- (4) To approve the annual budget or any additional investment budget during the year, where the value of the project is more than Baht 100 million.
- (5) To acquire or dispose of investments (held as equity or debt instruments) in any company that infringes the Company's financial principles must be approved by the Board of Directors or the Company's shareholders.
- (6) Any matters that are required by law, or relevant regulations, to be approved by the Board of Directors, or at a shareholders' meeting.

6.3 Company Secretary

The Board of Directors Meeting, convened on August 27, 2008, passed a resolution to appoint Ms. Patchara Chartbunchachai to be the Company Secretary due to her experience as well as knowledge and understanding of the Company's businesses. She also possess adequate knowledge concerning accounting, finance, legal matters and regulations related to securities laws including other relevant laws to perform her role efficiently. The Company Secretary is responsible for preparing and maintaining the profile of directors, notice for and minutes of the meetings, the Company's Annual Reports, notice and minutes of shareholders meetings as well as maintaining the directors' and executives' report on conflict of interest, and performing other duties as required by the Capital Market Supervisory Board.

6.4 Remuneration of Directors and Executives

As assigned by the Board, the Remuneration and Nominating Committee shall determine directors' remuneration annually and propose to the Board of Directors. Upon due consideration, the Board will propose such remuneration to shareholders' meeting for approval. In addition, the Board of Directors requires the Executive Committee to determine the remuneration of the Company's Executives in accordance with their responsibilities and performance, taken into account the benefits of shareholders as well as the Company's sustainability.



6.4.1 Remuneration of the Board of Directors for the Year 2017

Monetary remuneration The Annual General Shareholders' Meeting No. 1/2017 approved the remuneration for directors as follows:

(1) Monthly remuneration

The monthly remuneration for each director in accordance with the position in the Board of Directors is as follows:

Chairman	200,000 baht per month
Vice Chairman	150,000 baht per month
Director	100,000 baht per month

(2) Special remuneration

The special remuneration for entire Board of Directors is at the rate of 0.50% of annual dividend payment of each year. The special remuneration will be allocated at the discretion of the Board of Directors.

The monetary remuneration in 2017 of the Board of Directors amounted to a total of Baht 59.71 million, which included (1) monthly remuneration (2) estimated special remuneration in accordance with the dividend policy of CPF which may be uncertain subject to the dividend payment for the year 2017 to be approved by the Annual General Shareholders' Meeting No. 1/2018.

Other remuneration - None -

In addition, some directors also received remuneration as director of subsidiaries which amounted to Baht 2.6 million. Remuneration of the Audit Committee for 2017 was Baht 12.6 million. Details of these are given in the following table:

Unit : Baht

Name Surname			CPF		Subsidiaries
			Director	Audit Committee	Director
1.	Mr. Dhanin	Chearavanont	6,626,600	-	-
2.	Mr. Prasert	Poongkumarn	4,971,600	-	669,027
3.	Mr. Min	Tieanworn	4,971,600	-	-
4.	Mr. Chingchai	Lohawatanakul	4,971,600	-	-
5.	Mr. Arsa	Sarasin ⁽¹⁾	310,800	-	-
6.	Mr. Adirek	Sripatak	4,971,600	-	680,000
7.	Emeritus Professor Supapun	Ruttanaporn	3,314,200	2,400,000	-
8.	Dr. Chaiyawat	Wibulswasdi	3,314,200	5,400,000	-
9.	Professor Dr. Pongsak	Angkasith	3,314,200	2,400,000	-
10.	Mr. Rungson	Sriworasat ⁽²⁾	3,272,500	2,400,000	-
11.	Pol. Gen. Phatcharavat	Wongsuwan ⁽³⁾	3,010,800	-	-
12.	Mr. Phongthep	Chiaravanont	3,314,200	-	-
13.	Dr. Veeravat	Kanchanadul	1,437,200	-	-
14.	Mr. Pong	Visedpaitoon	3,314,200	-	-
15.	Mr. Sunthorn	Arunanondchai	1,437,200	-	-
16.	Mrs. Arunee	Watcharananan	3,314,200	-	590,000
17.	Mr. Sooksunt	Jiumjaiswanglerg ⁽⁴⁾	1,923,900	-	337,499
18.	Mr. Sukhawat	Dansersuk ⁽⁴⁾	1,923,900	-	337,500

Remark ⁽¹⁾ Retired from the director position, effective from May 26, 2016.

⁽²⁾ Appointed to be director, effective from February 1, 2016.

⁽³⁾ Appointed to be director, effective from August 11, 2016.

⁽⁴⁾ Appointed to be director, effective from April 25, 2017.

6.4.2 Remuneration of the Executives for the Year 2017

Monetary remuneration Monetary remuneration in 2017 for 7 executives amounted to a total of Baht 175 million, which included monthly salary and other benefits.

Other remuneration - None -

6.5 Evaluation of the Board of Directors' performance

CPF directors have to evaluate their performance annually, both whole board and individual evaluation. The evaluation results will be useful for improving the board performance. The results of performance assessment for the year 2017 are summarized as follows:

6.5.1 Evaluation of the performance of the Board as a whole

The Remuneration and Nominating Committee is responsible for the evaluation of the performance of the whole board and report to the Board of Directors.

The assessment covers six major areas, i.e. (1) structure of the Board (2) roles and responsibilities of the Board (3) Board meetings (4) duties of director (5) relationship with management and (6) self-development of directors and executive development. The evaluation results can be concluded that structure and characteristics of the Board are appropriate for the nature of the Company's business and enable the Board to perform its duty effectively. Meanwhile, the number of meetings and agendas are set appropriately and enable directors to allocate their time to attend every meeting and to perform their duties effectively and efficiently. Directors are able to discuss issues without restraint in board meetings and without conflicts among directors and management. In addition, the Board has also regularly undertaken self-development to enhance their knowledge in various topics that are beneficial to the business operations of the Company.

6.5.2 Evaluation of the performance of individual director

Individual director has to assess his/her performance covering two major areas, i.e. (1) director' knowledge and understanding, and (2) the performance of duties as a director. The assessment concluded that overall, all directors have knowledge and understanding of the roles and responsibilities as director. Directors have adequate knowledge and factors that will affect the Company's business to perform their duties prudently and appropriately.

In addition to the above evaluation of the Board's performance, member of each sub-committee also evaluate their own performance and report the results to the Board of Directors annually.

6.6 Personnel

As of December 31, 2017, CPF had a total of 11,774 employees and workers who received remuneration in 2017 totaling Baht 6,338 million in form of salary, wages and other benefits. Number of employees and workers can be grouped according to the main business units as follows:

Major functions	Number of employees and workers
1. Operation units	11,037
2. Central units	737
Total	11,774

As of December 31, 2017, CPF and its subsidiaries had a total of 126,341 employees and workers.

Human Resources Management

The Company has realized that "employees" are important resources in driving businesses to the goals and leading organizations towards sustainability. Therefore, the Company has developed the human resources management work on the basis of fair treatment to personnel and respect of human rights by enhancing opportunities of job advancement and participatory work environment as well as developing skills and promoting learnings throughout the period of work to obtain "talented and good personnel" and adhering to the corporate values of "CPF Way", creating bonds between employees and the organization together with the enhancement of work safety and happiness to create good balance of working life and personal life of employees under the vision "People Excel-Business Exceeds".

From “Vision” to “Human Resources Management”

With the vision “People Excel-Business Exceeds”, the Company has given the importance to management processes of human resources at all levels including attraction, retention, motivation and development so that employees at all levels and fields of careers will have excellent knowledge, abilities and expertise, which will be significant factors and driving forces for world-class competitiveness and sustainable growth and success of the business.

The Company has also provided its succession plan to support the job enlargement and replacement in case of vacancies together with the talent management in order to provide opportunities for employees to express their potentials and to step up to leader positions in the future and to develop local personnel in terms of professional skills through the learning center as per the business lines and the leadership for executives; and employees in each country in which the Company has operated its businesses in order to support local personnel to step up to executive positions and to obtain knowledge and abilities of business management under the world-class standards.

Creation of Strong Corporate Culture

The Company has aimed to create a participatory corporate culture on the basis of honesty, integrity and ethics and to create common interests through its implantation of “CPF Way” values, to promote and support employees at all levels with opportunities, presentation of ideas through creative thinking or development of outstanding work performances and job advancement together with the Company.

With its commitment to business operation in a fair, honest and transparent manner and with responsibilities to the society and all groups of stakeholders under the Corporate Governance Policy, Employees’ Code of Conducts and international principles to create confidence to all groups of stakeholders and to support its sustainable growth, the Company has therefore promoted Employees’ Code of Conducts by means of dissemination through various communication channels of the Company such as meetings of each business line, CPF HR Web Portal, orientation of new employees; and the Company has also developed such content in the e-learning system as a channel of dissemination of data to new employees throughout the organization.

After having signed the Declaration of Intention of the Private Sector Collective Action Coalition against Corruption in cooperation with the public sector, the private sector and regulatory bodies to establish standards of transparent business operation, the Company was formally accredited on August 18, 2017. The Board of Directors had earlier passed its resolution to approve that the anti-corruption policy shall be used as business operation frameworks by its business units and that the human resources unit shall be responsible for dissemination of the anti-corruption policy, including policies and regulations prescribed thereunder, to directors, executives and employees for acknowledgement on a regular basis and for promotion of implementation thereof throughout the organization with operational guidelines, as follows:

1. The Company’s directors, executives and employees at all levels must comply with the anti-corruption policy and Employees’ Code of Conducts and must not be involved directly or indirectly with corruption-related actions, thus, for the benefits of the Company, themselves, families, friends and acquaintances;
2. The Company’s directors, executives and employees at all levels must not omit or neglect when having witnessed any corruption-related actions involving the Company; and must report the same to their superiors or responsible persons; and must give their cooperation in the audit of matters of facts. In case of having any questions or inquiries, they must consult with their superiors or persons responsible for monitoring of compliance with Employees’ Code of Conducts through the prescribed channels;
3. The Company shall uphold justice and protection to employees who refused or reported matters of corruptions involving the Company as per guidelines for protection of employees or whistleblowers regarding commission of offences as prescribed by the Company though such actions may cause the loss of benefits or business opportunities to the Company;
4. A maker of corruption, which is action against the Company’s Code of Conduct, must be considered with disciplinary actions as per the Company’s Regulations and may also be punished according to the laws, if such action has been committed against the laws;

5. The Company has adhered and has given the importance to the dissemination and giving of knowledge and making understanding with parties who have business transactions or interests with the Company relating to the compliance with the anti-corruption policy as well as the disclosure of data to the general public relating to the anti-corruption policy;
6. The Company has communicated its anti-corruption policy, including channels of whistleblowing, making complaints or giving recommendations within the Company through different methods and channels such as orientation of directors and employees, Intranet system, etc., in order to create understanding and knowledge on the implementation of this policy;

Moreover, the Company has organized basic corporate governance and anti-corruption training courses through electronic media (e-learning). In 2017, there were 84 groups of CPF employees, totally 14,478 people or equal to 72% of the total personnel at the level of employees or above participating in such training courses; and the Company has also planned to magnify the outcomes of such training courses covering employees at all levels.

Recruitment of Talents

The Company has continuously applied its proactive personnel recruitment process and has built up relationship with labour networks, the public sector, the private sector, particularly universities nationwide starting from establishment of trainee program, set-up of job application booths in university, including creation of good relationship with target groups of students before their graduation through creative processes and interesting activities such as “Cooperative Education Program”, “CPF Ambassador Program”, etc., and additional use of social networks, including domestic and overseas recruitment of talents.

Employee Motivation

- Supervision of fair remunerations

The Company has its policy to offer total remunerations and welfare to its employees at competitive level to the labour market, particularly to the leading industries on the basis of consideration of short-term and long-term operating results of the business, including the work performances of employees; whereas, the Company has participated in the survey of employees' benefits and welfare system on a yearly basis to ensure its competitiveness to the labour market.

- Performance management

The Company has given the importance to its performance management by means of target setting with key performance indicator (KPI), including behaviours in conformity with the corporate values of “CPF Way”, to be properly used as indicators of work performances of employees at all levels so that the Company shall be able to consider and give rewards to personnel who had good performances of work and conducted themselves in conformity with the corporate values and ethics and to offer remunerations to them with significant differences when compared to those who had poorer performances of work. The performance management shall be used as rewards and motivation for employees to keep such good level of performances of work and as motivation and role models for other employees to improve their performances of work.

Development of Leadership and Professionalism

For conformity of CPF personnel development with the international system, CPF Training Center (CPFTC), in the capacity of significant organization in personnel development, including development of leadership and professionalism, has been accredited with the quality standard system of ISO9001:2015, which was the latest standard on giving of advice on design and development of learning, services on training and learning through electronic media, as the first company in Thailand accredited by the United Registrar of Systems Ltd. (URS) under the Accredited Bodies of the United Kingdom Accreditation Service (UKAS) of the United Kingdom, which is an organization accrediting assessment units covering industrial sectors worldwide; and this new system has been officially promulgated since October 5, 2016, and has been accredited with the quality standard system of ISO29990:2010 under the continuous services on training and learning through electronic media. The Company has operated its competency-based business with an emphasis on development

of leadership skills, management, professionalism and CPF values. The Company is confident that only the development through classroom learning is inadequate to create potentials of its employees; therefore, the Company has applied the principle of learning at an international level (10-20-70 Development Impact), and has designed the learning process under this principle and has continuously developed training courses; and the success of CPF personnel development was resulted from the provision of clear objectives to apply the learning experiences to practical operation of work; whereby, the development training courses started from the participatory classroom learning processes for responses and exchange of opinions on the content lectured by the resource person; and after the classroom learning, employees have learned through the coaching process, consulting services from the superiors, or assignment of trainers for employees and discussions on the application of the received knowledge to the performance of work or implementation of extension projects, including continuous follow-up of results and the use of outcomes from discussions on the practical operation so that employees shall have experiences and shall use knowledge and skills for concrete results in order to obtain the talents who have their potentials and abilities to sustainably achieve their personal goals of work and the organization's goals in each area of the development process, as per the examples, as follows:

- Enhancement of leadership to support the business growth

The Company had its corporate strategies that emphasized the personnel development through the creation of effective people by developing 7 basic habits to employees at all level throughout the organization and the process of development of potentials of leaders under the framework of leadership skills together with the abilities of business management, study and creation of new models of business operation which can be adapted to the Company, and the practical operation, including the emphasis on the corporate values of "CPF Way" such as promotion of the culture of "Creating Innovation and Improving Efficiency" through "Theory of Inventive Problem Solving (TRIZ) Program", "Lean Six Sigma Program", etc.

Moreover, the Company has prescribed standard programs as per levels for enhancement of leadership skills and management abilities, jointly designed with PacRim, the world-class personnel development consultant in cooperation with 4 world-class leading companies, i.e., Franklin Covey, VitalSmarts, and using development tools from Franklin Covey, VitalSmarts, Decision Processes International, and Blessing White, and leadership development programs of C.P. Leadership Institute.

- Skill development and learning that supports continuous performance of work

The Company has given the importance to the development of work-related abilities to create expertise in works through the Learning Center of each business that has emphasized the creation of work-related skills and knowledge by means of dissemination of knowledge from experts within the organization for design of learning process appropriate to each subject, including learning by doing, learning in classrooms and learning through self-service systems in the knowledge management.

Moreover, the Company had its guidelines of "leaders developing leaders (LDL)" and believed that the resource person with the best knowledge and experiences was the resource person within the Company; therefore, the Company has developed internal trainers through the "Train the Trainer" program for personnel development within the Company in several projects.

CPF Corporate Compliance and Human Resources Assurance

The Company has given the importance to standards, rules and regulations which are extremely significant to its business operation; and has therefore established CPF Corporate Compliance Unit with its duties to supervise rules and regulations relating to business operation of CPF.

The Company has established HR Assurance Unit to follow up and ensure the effective implementation of the Company's human resources management processes and to be able to support the business operation and to ensure that the human resources management processes shall be continuously developed and to reduce personnel management risks within the organization, thus, to be in accordance with the laws, standards and policies on human resources of the Company,

including requirements of business customers in order to step up to world-class standards and to support the business growth.

Laws	To ensure that the human resources management processes are in accordance with the laws;
Standards adhered by the Company	To ensure that the human resources management processes are in accordance with the United Nations Universal Declaration of Human Rights (UNDHR) and Regulations of International Labour Organization (ILO), including standards adhered by the Company;
Corporate Human Resources Policy	To ensure that the human resources management processes are in conformity with the Corporate HR Policy;
Customers' Requirements	To ensure that the human resources management processes are in accordance with Customers' Code of Conduct;

The Company announced its appointment of the Committee for Support and Promotion of Thai Labour Standard System (TLS8001-2010); whereas, such committee shall have its roles and duties to determine policies and action plans and to support and promote the application of Thai Labour Standard System (TLS8001-2010) so that the Company shall have its good labour management system equivalent to the international labour standards such as:

1. All units of CPF shall not have overtime works exceeding to the limits prescribed by law;
2. The export business and supply chains shall apply for accreditation under TLS8001-2010 and shall have weekly holidays in accordance with customers' requirements;
3. The aquatic business shall apply for accreditation under TLS8001-2010 for best aquaculture practices;
4. The Company has promoted poultry farms to be accredited under Good Labour Practices (GLP) since 2016 and will have continuous review thereof in 2017-2018.

In 2017, there were 39 additional factories and farms fully accredited under TLS.8001-2010 in different business lines divided into broiler business, totally 23 factories, duck business, totally 7 factories, ready-to-eat food business, totally 1 factory, aquaculture business, totally 8 factories. In total, there were totally 63 factories and farms accredited since 2015.

Respect of Human Rights

With its awareness of importance of respect of human rights, the Company has issued its human rights policy and employment and labour management policy as guidelines of management in accordance with the United Nations Universal Declaration of Human Rights (UNDHR) and the International Labour Organization (ILO) in order to promote participatory corporate culture and respect of creative differences of individuals, enhancement of workplace safety and happiness in order to promote "CPF Home of Happiness".

In 2017, the Company, in cooperation with the Labour Rights Protection Network Foundation (LPN), has signed the Memorandum of Understanding on establishment of Labour Voices to improve efficiency in creation of participation of all CPF employees by giving opinions and recommendations and notifying complaints through neutral organizations and leading to the development of quality of life of labour.

- Promotion of participatory corporate culture and respect of differences of individuals

The Company has envisaged the value and benefits of using different ideas, skills and experiences of personnel as major forces in business extension and propelling, creation of innovation and having excellent operational performances. Therefore, the Company has prescribed policies or practices which promote the diversity within the organization such as policy on diversity management and acceptance of differences, policy on employment and labour management, and policy on non-discrimination and non-harassment in order to prevent and protect employees at all levels from discrimination due to races, nationalities, ethnicities, skin colours, family origins, religions, social statuses, genders, age, disability or infirmity, political thoughts, as well

as marital statuses, and to prevent from different patterns of harassment and threats, thus, for the benefits of business operation and employees, with the policy-based promotional guidelines, as follows:

- Leaders must be open to others' opinions;
- Employees are encouraged to express their creative ideas;
- Enhancement of working atmospheres and mutual respects for co-existence on the basis of difference,
- Non-discrimination and equal opportunities, appropriate admiration of employees.

The Company has also supported activities or facilitated foreign workers in the issue of language barrier such as posting up of notices and providing interpreters for foreign workers in workplaces; and some workplaces have also provided opportunities for foreign workers to participate in the Welfare Committee in the workplaces to give recommendations in the points of view of foreign workers.

- Enhancement of workplace safety and happiness

The Company has given prerequisites to the provision of safe working environment to its employees at all workplaces and has aimed to reduce statistics of work-related accidents to "zero" by means of dissemination of knowledge and creation of understanding on occupational health and safety to employees since the first date of employment through activities that continuously promote "work and life balance" of employees, and the Company has announced its vision, mission and policy on occupational health and safety, environment and energy as operational guidelines throughout the organization, and has organized training on this matter to employees such as orientation of new employees on occupational health, safety and environment, creation of culture on occupational health, safety, environment and energy at supervisory, operational and managerial levels, etc.

- Promotion and creation of employee engagement

The Company's success of becoming a world-class organization is partly due to employee engagement and personnel management since the first day of employment through the on-boarding process for management of new employees and their adaptation to co-workers, friendly working environment, including corporate culture of "CPF Way", which promoted the development of talents as well as continuous personnel development through the above-mentioned process as a reward for their work and support of happy life after their retirement.

7. Corporate Governance

7.1 Corporate Governance Policy

The directors and management are confident that good corporate governance is a significant factor in promoting our sustainable economic growth and preserving society and the environment. Therefore, the implementation of the principles and guidelines established in this Restated Corporate Governance Policy is one of the missions of the Company's and its subsidiaries' boards of directors, executives, and employees. The Human Resources Unit has the duty and responsibility to communicate this Corporate Governance Policy and other policies and regulations established hereunder to the directors, executives, and employees on a regular basis, and to promote the implementation of this Policy and such other policies and regulations throughout the organization. An evaluation of the implementation of this Policy and such other policies and regulations, and report on the results thereof to the Board of Directors, shall be made at least once a year and disclosed in the annual report. In the year 2015, the Company established the Corporate Compliance Unit to ensure that the Company's operations are in compliance with relevant laws and regulations. The Corporate Compliance Unit is also responsible for setting up and developing compliance standards as well as the promotion of employee's awareness about the non-compliance risk.

This Corporate Governance Policy has been revised to be consistent with certain changes in the capital market community in order to improve our organization's governance in line with international standards. The Company's Corporate Governance Policy consists of five chapters: (1) Rights of Shareholders (2) Equitable Treatment of Shareholders (3) Roles towards Stakeholders (4) Disclosure of Information and Transparency and (5) Responsibilities of the Board of Directors with details as follows.

7.1.1 Rights of Shareholders

The Board of Directors recognizes the rights of shareholders as provided by laws, and support the exercise of their rights in a manner not inconsistent with the provisions of the laws. The Board of Directors will not do anything which violates or deprives shareholders of their rights. To promote the exercise of rights by shareholders, the Board of Directors has established guidelines as set forth below.

General Practices

1. The Company shall ensure that all shareholders have the fundamental rights as prescribed by the laws, such as the equal right to profit sharing, the right to receive adequate news and information of the Company in a timely manner, etc., and shall facilitate and encourage shareholders, especially the institutional group, to attend and exercise their voting rights at shareholders meetings.
2. The Company shall ensure that the total number of shares held by directors does not exceed twenty-five percent (25%) of the total number of shares issued and sold by the Company.
3. The Company shall promote the maintenance of ordinary shareholding by minority shareholders at a proportion in excess of forty percent (40%) of the total number of shares issued and sold by the Company.
4. The Company shall not obstruct or cause obstacle to communication opportunities among shareholders.
5. When a shareholders agreement is to be executed by any shareholders, the Company shall endeavor to ensure that such shareholders agreement will not materially affect the Company or other shareholders.
6. The Company shall refrain from doing anything to limit shareholders' opportunities to study information publicly disclosed by the Company.

Procedures before the Date of Shareholders Meeting

7. The Company shall ensure that a notice of meeting, in Thai and English, is sent to shareholders at least 21 days prior to the meeting date, and posted on the Company's website at least 30 days prior to the meeting date.

A notice of meeting shall consist of the following information:

- 7.1 the date, time and place of the meeting, an agenda which clearly describes the respective agenda items, the rules and procedures relating to attendance of the meeting and voting under each agenda item, as

well as adequate information, rationales, and opinions of the Board of Directors for the proposed agenda items so as to enable shareholders to exercise their independent decision making and protect their interests and the Company's overall interests;

- 7.2 the profiles of persons nominated to be directors, e.g. their ages, educational background, work experience and number of companies in which they hold directorship position, the rules and method of nomination, the types of directors who are nominated for re-election, their attendance of meetings during the previous years and the date of their first appointments as directors, etc. for the shareholders' information and consideration under the agenda item relating to the election of directors;
 - 7.3 the names of auditors nominated for appointment, their companies, experience, expertise, independence, and fee for the shareholders' information and consideration under the agenda item relating to the appointment of auditors; and
 - 7.4 the dividend payment policy and the proposed amount and rate of dividend payment, including other supplementary details for the shareholders' information and consideration under the agenda item relating to dividend payment.
8. The Company shall provide shareholders with an opportunity to raise questions relating to the agenda items to the Board of Directors prior to the meeting date.

Procedures on the Date of Shareholders Meeting

9. A shareholders meeting shall be held in a locality with convenient transportation to facilitate attendance of the meeting by shareholders.
10. Sufficient personnel and technologies must be provided to examine the documents of shareholders and fully facilitate their attendance and voting, as well as to support vote counting and the announcement of the results, so that the meeting can be conducted expeditiously and so the voting results are accurate.
11. All directors and management are encouraged to attend shareholders meetings to answer shareholders' questions.
12. The Company shall arrange persons to verify vote counting in the shareholders meeting, and disclose them in the minutes of the shareholders meeting.
13. Before the commencement of a shareholders meeting, the chairman of the meeting or a person assigned by them shall explain the rules for the meeting and the voting procedures and method.
14. During a meeting, the chairman or a person assigned by them shall inform the meeting of the details and rationale supporting its decision on the proposed matters, and the votes required for the respective agenda items.
15. For each agenda item which requires a resolution of the meeting, the voting shall be made by ballot, unless shareholders have voted in advance through their forms of proxy.
16. Voting for election of directors shall be conducted on a person-by-person basis, under the agenda item relating to election of directors.
17. Shareholders shall be given opportunities to raise questions, express their opinions and make recommendations in an independent and appropriate manner, based on the meeting agenda.

Procedures after the Date of Shareholders Meeting

18. Resolutions and voting results of a shareholders meeting shall be disclosed on the day following the meeting date, via a newsletter which is publicized through the information disclosure system of the Stock Exchange of Thailand and on the Company's website.
19. Minutes of the shareholders meeting shall be prepared and publicly published on the Company's website within 14 days of the meeting date. Resolutions of the meeting, including the numbers of affirmative, negative and abstaining votes for the respective agenda items, shall be clearly recorded in the minutes.

For the 2017 Annual General Meeting of Shareholders, the Company has publicized relevant documents and information on its website since March 24, 2017. Such documents and information were the same as those sent to shareholders by mail on April 4, 2017, along with a notice of meeting. The notice of meeting consisted of information relating to the meeting agenda, the rationales for and opinions of the Board of Directors on the proposed matters, the date, time and place of the meeting, and the rules and supporting documents for registration of attendance. Shareholders were given an opportunity to send questions to the Company on matters relating to the agenda in advance at csoffice@cpf.co.th or facsimile number 0-2638-2139, for the Board of Directors to consider and provide full clarification on to the shareholders' meeting.

The 2017 Annual General Meeting of Shareholders was held on April 25, 2017, in the Conference Room, 3rd Floor, Convention Hall, Panyapiwat Institute of Management, 85/1 Moo 2, Chaengwattana Road, Bang Talad, Pakkred, Nonthaburi, in order to facilitate the attendance of shareholders. The Company also provided snacks and refreshments for shareholders in the registration area prior to the commencement of the meeting. In order to minimize the time for the registration process, the Company used a bar-code system and arranged adequate personnel to check the documentation of each attending shareholder.

Before the 2017 Annual General Meeting of Shareholders began, the Company clarified the rules for conducting the meeting and the voting procedures and methods for the meeting. There were 26 directors and senior executives in attendance, including the Vice Chairman, Co-President, the committee members, the Chief Operating Officer and the Chief Financial Officer.

As the Chairman of the Board of Directors could not attend the meeting, the Vice Chairman shall preside over the Meeting, according to the Articles of Associations of the Company. Therefore, Mr. Adirek Sripratak, the Vice Chairman, was the Chairman of the Meeting. Shareholders were given opportunities to express their views and raise questions on matters under the relevant agenda items, and to elect directors individually to replace the retiring directors under the agenda item relating to election of directors. For each agenda item, shareholders were asked to vote by ballot in case they wished to vote against the proposed matter or abstain from voting. During the meeting, the conductor of the meeting provided information and rationales supporting the decision on each proposed matter and informed the meeting of the votes required for each agenda item. Legal advisors were also present to monitor the meeting to ensure that it was conducted in accordance with the law and the Company's Articles of Association, and to witness the vote counting.

The minutes of the meeting were duly prepared, consisting of two main sections. Section one consisted of general information, such as the names of the directors and executives attending the meeting, the number of shareholders in attendance at the commencement of the meeting and the total number of their votes, the voting and voting counting rules, etc. Section two consisted of information relating to matters proposed to the shareholders according to the meeting agenda included in the notice of meeting, the summaries of significant details presented by the Board of Directors, questions raised by shareholders and explanations given by the management on the significant and pertaining matters (if any) under the respective agenda items, and the voting results categorized into affirmative, negative and abstaining votes.

The Company submitted the minutes of the 2017 Annual General Meeting of Shareholders to the Stock Exchange of Thailand on May 9, 2017 (14 days from the meeting date), and simultaneously posted them on the Company's website.

7.1.2 Equitable Treatment of Shareholders

To ensure that all shareholders are treated equally and fairly based on their fundamental rights, the Company must have measures to prevent misuse of insider information for the interests of oneself or other persons, or disclosure of information to persons associated with directors or executives to the detriment of shareholders as a whole. The shareholders meeting process must also support equal treatment of all shareholders.

Use of Insider Information

1. The Company has a policy on the management and use of insider information with an aim to ensure that significant information which may affect the price and value of its securities has been disseminated correctly,

clearly and in accordance with the relevant laws. Moreover, the policy also determine the proper measures to preserve the confidentiality of the information which all directors, executives and employees are obligated to strictly adhere. This policy includes the management and type of inside information as well as the method to disseminate such information publicly. In addition to this policy, the Company also has the regulation on securities trading which indicates that the Company's directors, executives and employees of the Company who can access to inside information must prepare and submit a report on the holding, sale and purchase of securities issued by the within the period of time prescribed by the relevant law and regulations whenever there is a change. The Company Secretary's Office must also report changes in the securities holdings of the directors and executives to a Board meeting on a quarterly basis.

Moreover, the Company's directors and executives have to notify the board or its delegate at least one business day before dealing in the Company securities.

Protection of the Rights of Minority Shareholders

2. Minority shareholders are given the opportunity to propose matters to be included in the agenda before the meeting date, and to nominate qualified individuals for election as directors. The rules, channels, and timing for submitting these matters are posted on the Company's website for shareholders' information.
3. The Company provides a proxy form on which shareholders can dictate the direction of their voting through proxies in the event that shareholders are unable to attend the meeting in person. At least one independent director will be nominated in a notice of meeting as an alternative proxy for shareholders.
4. A notice of meeting will specify the documents or evidence, including instructions and process for appointing a proxy, in order to ensure correct preparation by shareholders and to avoid problems in the attendance of meeting by proxies. The rules, procedures, and conditions for the appointment of proxies will be prescribed according to the legal requirements. The Company will not intentionally include any other requirement to make it complicated for shareholders to appoint proxies.
5. The Company shall ensure that no shareholder who is an executive can add any agenda items without advance notice, through the same process applicable to general shareholders.
6. Shareholders are equally entitled to one vote for each share held by them.
7. A policy regarding transactions which may cause conflicts of interest shall be established to provide explicit guidelines and prescribe a careful, reasonable, and independent consideration process for the execution of such transactions within the scope of the code of ethics and for the interests of the Company and shareholders as a whole.
8. The Company shall explicitly disclose shareholders information on related party transactions, which include the names and relationships of the related persons, pricing policies, and transaction values, as well as the Board's opinions relating to such transactions.
9. In case of related party transactions requiring shareholders' approval, the decision shall be made by shareholders who have right to vote only, excluding shareholders who have a conflict of interest according to the relevant regulations of the regulatory bodies.

In the 2018 Annual General Meeting of Shareholders, shareholders had the opportunity to propose matters to be included in the meeting agenda and to nominate qualified individuals for election as directors more than three months before the end of each fiscal year i.e. from September 29, 2017. The Board of Directors also communicated the rules, channels, and timing for submitting the matters through the Company's website.

A proxy form with which shareholders can make comments regarding their votes, as prescribed by the Ministry of Commerce, was sent to shareholders and made downloadable on the Company's website. Audit committee members were nominated as alternative proxies for shareholders who were unable to attend the meeting in person. Shareholders were able to submit the proxy form and relevant documents through the Company Secretary's Office.

7.1.3 Roles toward Stakeholders

In operating its businesses, the Company has several groups of stakeholders, namely shareholders, employees, customers, business partners, trade competitors, creditors, community, and society. All groups of stakeholders must be fairly served by the Company according to their statutory rights and agreements with the Company. Should there be any damage, the Company will provide proper indemnification to all parties concerned.

1. The Company shall have measures to indemnify stakeholders who sustain damage as a result of the Company's acting in violation of their statutory rights.
2. The Company shall ensure that indications of, or lodgment of complaints relating to, any violation of law or the Company's ethics may be made through the Company's independent directors and audit committee members. The Company shall also have measures to protect employees or persons who report any violation of law. The complainant can contact independent directors and Audit Committee by providing the information in the Inquiries Form posted on the Company's website at www.cpfworldwide.com or submit the written information to

Address: 1,1/1 Soi Yen Chit 2, Intersection 1, Sapsamut Building 2, 4th floor, Yen Chit Road, Thung Wat Don, Sathon, Bangkok 10120

E-mail: iaoffice@cpf.co.th

3. After receiving any indications, the Company shall ensure that appropriate action is taken. Matters with material impact must be investigated and reported to the Board of Directors.
4. The Company shall provide channels through which stakeholders may lodge complaints relating to infringement of their rights. Contact details of the delegated persons are clearly designated.
5. The Company shall establish a policy on non-violation of human rights.
6. The Company shall establish a policy on non-infringement of intellectual property or copyright.
7. The Company shall establish a policy on anti-corruption and anti-bribery, and ensure that its risk assessment process covers this area of risk.

In order to ensure that all groups of stakeholders are fairly treated according to their rights and agreements with the Company, the Board of Directors has established guidelines as set forth below.

Roles toward Shareholders

The Board of Directors acts as a representative of the shareholders in monitoring and supervising the management to manage the businesses for maximum returns and the best satisfaction of shareholders, taking into account the value and sustainable growth of the Company. Therefore, the Board of Directors has established the following guidelines:

- to organize an efficient nomination process in order to recruit qualified individuals to be appointed as directors, and to assign the Remuneration and Nominating Committee to be responsible for this process; and
- to disclose the Company's financial information and other matters in an adequate, transparent and reliable manner, and assign the Investor Relations Office and Company Secretary Office to act as a channel of communication between investors or shareholders and the Company.

Roles toward Employees

All employees are valuable resources and major factors for the success in businesses. Therefore, the Board of Directors has established the following guidelines:

- to establish a human resource management policy which covers personnel management, fair, equal, polite, and respectful treatment of employees, provision of career opportunities for employees at all levels, and creation of morale. In this regard, a channel of communication between the CEO and employees has been provided via the Company's internet system, through which the CEO can communicate the Company's policies, visions and goals to employees, and through which employees' comments, suggestions and grievances can be brought directly to the attention of the CEO for timely investigation. The names of those employees will be kept confidential;

- to establish an occupational safety and health policy;
- to establish a personal development policy in order to improve and develop employees' skills and performance to support the Company's growth;
- to establish a policy on employees' remuneration and welfare, based on the fundamental principles that such remuneration and welfare must be reasonable and comparable to those of the domestic peers in the same industry and based on employees' individual performance, and that they must reflect the short-term and long-term operating results of the Company.
- to establish a code of ethics for employees, which includes prohibition from paying or receiving bribes or any forms of incentive to induce the commission of any act in violation of law or the Company's regulations or to induce undue compromise in any business dealing, as well as a code of conduct for executives and employees which embodies the Company's values, ethics, and accountability towards stakeholders, with an aim to establish standards in the performance of duties by the executives and employees on the basis of integrity and honesty,
- to respect the employees' right to privacy, and to keep employees' personal data confidential, as well as to designate persons who are specifically authorized to access such information as necessary and appropriate; and
- to establish the provident fund after the employment agreements between the Company and its employees have been done.

Roles toward Customers

The customers' greatest satisfaction and confidence in the Company are of utmost importance. Therefore, the Board of Directors has established guidelines regarding the fair and accountable treatment of customers as follows:

- to set up a system to monitor and control the processes of production and product supply in order to offer quality merchandise to customers, and to regularly upgrade and modernize the production and quality control technologies;
- to set up a system to control and ensure compliance with the agreements made with customers in a strict, honest, attentive, and regular manner;
- to set up a system to control the maintenance of customers' confidential information as if it were the Company's confidential information; and
- to set up a "call center" to receive comments and complaints regarding the Company's merchandise, and to ensure that the designated unit will promptly conduct an investigation and take remedial action upon receiving such complaints.

Roles toward Business Partners

Business partners are important. Therefore, the Board of Directors has established guidelines regarding the fair and equitable treatment of all business partners as follows:

- to set up procurement regulations and select suppliers, contractual parties, or consultants on the basis of the Company's best interest, whereby the selection process must be transparent, unbiased and auditable, and employees must be prohibited from taking any benefits from the candidates; and
- to set up a system to monitor and prevent disclosure or unlawful exploitation of any confidential information of business partners in the operation of businesses.

Roles toward Trade Competitors

Business competition must be on the basis of compliance with rules and ethics. Therefore, the Board of Directors has established the guidelines regarding fair and accountable treatment of trade competitors as follows:

- to set up a system to monitor and prevent unlawful acquisition or exploitation of trade secrets of trade competitors;
- not to intentionally injure the reputation of any trade competitor by making an adverse accusation; and
- not to take advantage of trade competitors by any dishonest means.

Roles toward Creditors

The Board of Directors has established guidelines regarding fair and accountable treatment of creditors as follows:

- to set up a system to monitor and control strict compliance with the Company's obligations towards its creditors in order to safeguard the Company's reputation; and
- to clearly and fairly prescribe commercial terms and conditions, such as the provision of guarantee and the action to be taken in the case of default of payment.

Roles toward Community and Society

The Board of Directors has established the guidelines regarding fair and accountable treatment of community and society as follows:

- to commit to being an organization that is accountable to the local, national, and global society, and to create activities that benefit the development of the community and society;
- to demonstrate a clear intention to take all steps to preserve the environment with emphasis on the prevention and reduction of pollution that destroys environment, and to provide knowledge and training on the environment to employees;
- to give importance to political activities and political participation, and to recognize the political rights and freedoms of employees in their private capacity, provided that employees may not exercise political rights or provide political support in the name of the Company;
- to support and participate in community development activities;
- to establish a policy on the preservation of the environment and society; and
- to establish a policy on the promotion of efficient utilization of natural resources.

7.1.4 Disclosure of Information and Transparency

The Company's important information, be it financial or non-financial, must be fully disclosed in a transparent, timely and equitable manner through easily accessible channels, and must be credible, non-misleading, and sufficient for investors' decisions. The disclosure of such information must not be in violation of the regulations regarding the disclosure of information as prescribed by the regulatory authorities. Important information also includes reports on the performance of duties by the Board of Directors and committees, reports on the corporate governance policy, and reports on compliance with various policies. In order to ensure that the Company's important information is fully disclosed in a transparent and timely manner, the Board of Directors has established the following guidelines:

Disclosure of Information

1. The Company shall disclose its corporate governance policy, code of business conduct, and other policies, such as risk management policy, environmental and social protection policy, etc., as well as the reports on compliance with such policies through various channels, such as its annual reports, website, etc.
2. The Company shall fully disclose its financial reports, both financial and non-financial performance indicators as well as general information to shareholders and general investors in a timely and transparent manner. Such disclosure must not be in violation of the regulations regarding disclosure of information as prescribed by the regulatory authorities. A report on the Board of Directors' responsibility for the financial report and auditor's report must also be included in an annual report.
3. The Company shall disclose in its annual report the roles and duties of the Board of Directors and committees, the numbers of the Board meetings and committee meetings, the attendance record of each director and committee member during the previous year, the opinions given by the directors and committee members in their performance of duties, as well as the attendance of professional training and development programs by the directors on a regular basis.
4. The Company shall disclose in its annual report the policy on remuneration of directors and executives which should reflect their individual duties and responsibilities, including the forms or types of such remuneration. The remuneration so disclosed shall include the remuneration which each director receives in his or her capacity as a director of one of the Company's subsidiaries.

5. The Company shall also include in its annual report all shareholdings by its directors and executives, either directly, i.e. shareholdings by themselves, or indirectly, e.g. shareholdings by their spouses.
6. The directors and executives have the duty to report their interests according to the rules and method prescribed by the Board of Directors.

Communication of the Company's Information Via Other Channels

7. The Company shall disclose up-to-date information in both Thai and English versions through its website, in addition to the disclosure of information according to the prescribed rules and via the channels of the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
8. The Company has set up an Investor Relations Office to disseminate its financial and general information to shareholders, security analysts, and investors, and to serve as a channel of communication for shareholders and interested investors. The Investor Relations Office has the duty to meet with investors and securities analysts on a regular basis to present the Company's performance. During 2017, major activities of the Investor Relations Office are as follows:
 - Analyst and Investor meetings in relation to the annual and quarter performance : 4 times
 - Company visit and Conference call : 36 times
 - Participation in the conference and Roadshow both domestic and international events : 21 times

In addition to investors and analysts, the Investor Relations Office also provides information to credit rating agencies, organizations involving in corporate assessment and some departments requiring company information for corporate assessment purpose. The company information has been disseminated according to the relevant laws and rules framework relating to information disclosure.

7.1.5 Responsibilities of the Board of Directors

The Board of Directors has an important role in supervising the Company's businesses. To ensure efficiency, the Board's structure, as well as its authorities, duties and responsibilities must be appropriate and clearly defined. Individuals who are to be appointed the Company's directors must be honest in their duties, have vision, ability and experience and be able devote their time to fully perform their duties for the Company. These individuals must also be independent in their decision making for the best interests of the Company and shareholders as a whole. Furthermore, in order to enhance the efficiency of the Board of Directors, there must be committees in charge of providing assistance in areas of supervision, studying and screening of works as necessary.

In order to ensure that the Board's structure is suitable for the Company's business operations and to clearly define the framework, authorities, duties and responsibilities of the Board with a view to enhancing its efficiency, the Board of Directors has established the guidelines as set forth below.

Structure of the Board of Directors

1. Composition of the Board of Directors

- 1.1 The Board of Directors must consist of at least five directors. At least one-third of the total number of directors, but not less than three directors, must be independent directors. The Chairman of the Board of Directors must not be a chairman or member of any committee, and must not be the same person as Co-President.
- 1.2 The Board of Directors must consist of directors who possess different qualifications in terms of skills, experiences, special expertise that benefits the Company, and gender. The composition of the Board of Directors and the years of directorship of each director will be disclosed in an annual report and the Company's website.
- 1.3 The Board of Directors must include at least one female independent director.

2. Qualifications of Directors

2.1 Directors

- 2.1.1 All directors must possess the qualifications, and have no prohibited characteristics, as prescribed by the law on public limited companies, law on securities and exchange and notifications of the regulatory authorities. The independent directors must also possess the qualifications as prescribed by the Capital Market Supervisory Board.
- 2.1.2 All directors must have experience in related fields of business and industry for the overall interests of the Company as well as an understanding of business obstacles, and must be able to perform duties in an efficient manner, to create competitive advantage in the industry and to provide insight into the handling of important risks.
- 2.1.3 Without exception, no director may hold directorship positions in more than five listed companies.
- 2.1.4 A director may not have been an employee or partner of an external auditing firm engaged by the Company during the past two years.
- 2.1.5 A director who serves as an executive director may not hold a directorship position in more than two other listed companies.
- 2.1.6 If any director holds a directorship or management position in another company, he or she shall report the details thereof to the Company. This matter shall be one of his or her interests that must be reported according to Clause 7.1.4 Disclosure of Information and Transparency in Part 2.

2.2 Additional qualifications for independent directors

- 2.2.1 The qualifications of independent directors shall at least be in accordance with the criteria prescribed by the regulatory authorities as prescribed below. The Company may add required qualifications as appropriate as follows:
 - a. Holds not more than 0.5% of the total outstanding voting shares of the Company, a parent company, a subsidiary, an associate, a major shareholder, or a controlling person of the Company, including shares held by a person related to the independent director.
 - b. Is neither a director that has a management authority nor an employee, staff, advisor on regular retainer, or a controlling person of the Company, a parent company, a subsidiary, an associate, a subsidiary of the same tier, a major shareholder, or of the Company's controlling person both in the present and at least two years prior to taking the independent directorship.
 - c. No relationship by blood or legal registration, in a nature that makes the independent director be a parent, spouse, brothers and sisters, children nor spouse of children of a management, a major shareholders, a controlling person or a person who will be nominated as a management or a controlling person of the Company or a subsidiary.
 - d. Is not involved in the following relationships with the Company, a parent company, a subsidiary, an associate, a major shareholder or a controlling person of the Company in a nature which may obstruct his independent judgment, both in the present and at least two years prior to taking the independent directorship.
 - The business relationship including from normal course of business transactions, rent or lease out the property, transactions related to assets or services nor provide or receive financial support by borrowing, lending, surety, or other similar manner, which incur debt to the Company or contract party equivalent to 3% of the net tangible assets of the Company or amounting to Baht 20 million up, whichever is lower. This threshold is applicable to all indebtedness incurred within one year prior to the date of having such business relationship. For consideration the business relationship, it is included the relationship as a significant shareholder or a controlling person of firms the Company having such businesses with.

- be an auditor or a significant shareholder, a controlling person or a partner of the audit firm of such auditor.
- be a professional service provider such as legal or financial advisor, whose service fee exceed Baht 2 million per year, or a major shareholder, a controlling person or a partner of such firm.
- e. Is not appointed as a representative of the Company's directors, major shareholders or shareholders who are related to the major shareholders of the Company.
- f. Does not engage in the similar business and significantly competing with the business of the Company or subsidiary, or not being a significant partner in partnership or not being a director that has a management authority nor an employee, staff, advisor on regular retainer or holding shares exceed 1% of the total voting shares of other company which engage in the similar business and significantly competing with the business of the Company.
- g. No other impediments or impairments to express independent opinions concerning the operations of the Company.

2.2.2 Independent directors must be independent of the Company's management and majority shareholders.

2.2.3 An independent director may hold directorship positions in no more than five listed companies.

Nomination of Directors

3. The rules and process for nominating new directors must be disclosed in the annual report.
4. In nominating directors, the Company must prescribe the qualifications of directors to be nominated according to its business strategies. The Company may engage a professional search firm or use a third-party institution's director pool to recruit appropriate persons.

Term of Directorship

5. At every annual general meeting of shareholders, one-third of the directors, being those who have held the longest term in office, shall retire. If the number of directors is not a multiple of three, the number nearest to one-third shall retire from office. A retiring director may be nominated to the meeting for re-election.
6. If there is a vacancy on the Board of Directors for any reason other than a retirement by rotation, the Board of Directors shall elect a person who has the qualifications and possesses no prohibited characteristics under the law as a substitute director, unless the remaining term of office of the vacating director is less than two months. The newly-appointed director shall hold office only for the remaining term of office of the director whom he or she replaces. Such appointment must be approved by a vote of not less than three-fourths of the number of subsisting directors.
7. Each independent director may hold the position of independent director for no more than a maximum of nine consecutive years from the date of the 2014 Annual General Meeting of Shareholders, unless he or she is re-elected by a shareholders meeting to hold such position in excess of nine consecutive years based on the reasons and necessities as proposed by the Company

Roles, Duties and Responsibilities of the Board of Directors and the Committees

Details as shown in Duties and Responsibilities of the Board of Directors in Clause 6.1.1-6.1.6 under 6. Management in Part 2.

Board of Directors Meetings

8. Meetings of the Board of Directors shall be held more than six times a year. The meeting dates shall be scheduled annually in advance, but may be rescheduled if necessary. Each director will be notified of the meeting schedule, and has the duty to attend every board meeting. If any director is unable to attend a meeting, he or she shall give notice of the reason therefor to the Company Secretary prior to such meeting. The Company Secretary shall subsequently notify such director of the meeting results.

9. Co-President, together with the Chief Financial Officer and the Company Secretary, shall review issues to be included in the meeting agenda of the Board of Directors before such agenda is submitted to the Chairman of the Board of Directors for approval. Each director is freely entitled to propose any matters beneficial to the Company for inclusion in the meeting agenda.
10. The Company Secretary has the duties to give advice on laws and regulations which the Board of Directors must be aware of, to handle activities of the Board of Directors, to coordinate the implementation of the Board of Directors' resolutions, to prepare meeting documents with full and complete significant details, and to deliver these documents to the directors at least seven days before the meeting date for their thorough and complete consideration.
11. At each meeting, the executives who are directly responsible for the proposed agenda items shall be invited to present such agenda items to the meeting, so that the directors will have an opportunity to know them to support the Board's consideration of a succession plan. All directors are given an opportunity to discuss and exchange their views, and make independent decisions. The meeting may request additional information from Co-President, the Company Secretary or other executives, or seek advice from independent consultants as appropriate.
12. A minimum quorum of at least 2/3 for board decisions for each agenda is required.

If any director has a vested interest in any agenda item, he or she shall immediately disclose the details thereof to the Board of Directors and shall not participate in the decision making for such agenda item. This shall also be recorded in the minutes of meeting of the Board of Directors.
13. The non-executive directors may hold meetings to discuss matters relating to the Company's overall management as necessary, without any management personnel in such meeting. The reports on the meeting results shall be submitted to the board meetings for information.
14. The Chairman of the Board of Directors should allocate sufficient time for the management to present matters, and the directors to thoroughly discuss the same, and should encourage the exercise of prudential discretion. Every director should pay attention to all issues presented to the meeting, including corporate governance issues.
15. Each director has to attend at least 75% of all the board meetings held during the year.

Evaluation of the Board of Directors' Performance

16. The Remuneration and Nominating Committee shall evaluate the Board of Directors' performance annually and report the results to the Board of Directors.
17. The Board of Directors shall conduct a self-assessment at least once a year. The Chairman of the Board of Directors will be responsible therefor. Such self-assessment process and criteria shall be disclosed in the annual report.
18. There shall be an evaluation of individual directors' performance. The process and criteria for such evaluation shall be disclosed in the annual report.
19. An evaluation of the performance of each sub-committee shall be conducted, and a report on the results thereof shall be made to the Board of Directors at least once a year.
20. The Board of Directors may engage an external consultant to help establish the guidelines and recommend the issues in evaluating the performance of the Board of Directors.

Remuneration of Directors and Executives

21. Remuneration of directors shall be in accordance with the rules prescribed by the Remuneration and Nominating Committee.
22. Remuneration of the executives shall be in accordance with the rules prescribed by the Executive Committee.

Development of Directors and Executives

23. The development of directors and executives shall be in accordance with the director and executive development plan and succession plan in in Clause 6.1.1 under 6. Management in Part 2. Co-President must report the implementation of these plans to the Executive Committee every year.

24. Training and knowledge on the Company's corporate governance shall be regularly provided to the directors and executives. Such training and knowledge enhancement may be conducted internally or by third-party institution.

In 2017, Thai Institute of Directors arranged the "Risk Management Program for Corporate Leaders" and "Corporate Governance for Executives" for directors and executives of CPF and its subsidiaries. There were approximately 30 directors and executives participated in each course. Moreover, the Company invited legal advisors to share the information regarding "New Securities and Exchange Commission Act" and "the Criminal Liability of Juristic Persons' Representatives Amendment Act (2017)" to directors of CPF and its subsidiaries in order to create their awareness.

25. Upon assuming a directorship position for the first time, the director shall receive all the important information relating to the Company, including its Articles of Association which prescribe the roles, duties and responsibilities of the Board of Directors, as well as information relating to the laws, regulations and conditions pertaining to the assumption of directorship position in a listed company, and other information relating to the Company's business operations.

Holding of Position by Executives

26. If Co-President or an executive holds a directorship position in another company other than as assigned by the Company, he or she shall report the details thereof to the Company as prescribed by the law. Co-President or an executive may not serve as a president of another company, except as assigned by the Company.

27. An executive must not have been an employee or partner of an external auditing firm engaged by the Company during the past two years.

7.2 Nomination and Appointment of Directors and Senior Executives

7.2.1 Nomination of directors and independent directors

Every board member of the Company currently has residence status in Thailand. They are experienced and understand the various obstacles that can arise in the course of the Company's business operations. They undertake their roles effectively and can create competitive advantage for the Company as well as provide beneficial insights into the Company's business operations as well as on matters such as risk management. Furthermore, every board member is fully qualified, which means that they all possess the qualifications that are stipulated by law, i.e. as laid down in the Public Company Limited Act and Securities Act. Every Independent Director is qualified in accordance with the Notification of the Capital Market Supervisory Board No. Tor Chor. 4/2552 Re: Application for and Approval of Offer for Sales of Newly Issued Shares (No. 2) as specified in Responsibilities of the Board of Directors in Clause 7.1.5 under 7. Corporate Governance in Part 2.

Remuneration and Nominating Committee is responsible for nominating individuals qualified to be the Company's directors and propose for an appointment to the Board of Directors to fill the vacancy for reasons other than retirement by rotation or propose to the Shareholders' Meeting for further consideration. Shareholders of the Company also have the opportunity to nominate qualified individuals for election as directors in advance according to the rules prescribed by the Company.

Shareholders have the Right to Vote for the Appointment of Directors According to the Following Criteria:

1. The number of votes each shareholder has is commensurate with the size of their shareholding - i.e. one vote per share.

2. Each shareholder must exercise all the votes that he or she has when appointing one individual or several individuals to be director(s), but shall not split his/her votes among different individuals or groups.
3. Those individuals receiving the highest number of votes shall be elected to serve as directors depending on the number of vacancies available at the time. In the event of more than one person receiving the same number of votes for the last vacant position, the chairman of the meeting shall have a second and casting vote.
4. At shareholder's meetings, any director can be dismissed from the Board of Directors before his/her term is up, if there is a resolution of no less than three-quarters of the number of shareholders in attendance and who have the right to vote. Moreover, the shareholders who vote must collectively hold no less than half the total number of shares owned by the voting shareholders present at the meeting.

In assuming the position of Director and/or Independent Director, each director will receive all important information about the Company, along with the Articles of Association of the Company related to the roles and responsibilities of the Board of Directors, as well as advice concerning the laws, rules, regulations and conditions relating to being a Director of a listed company on the Stock Exchange of Thailand. The person will also receive an orientation of the Company's business.

7.2.2 Nomination of Senior Executive

The Board of Directors assigns the Executive Committee to be responsible for selecting qualified individuals with the knowledge, competence and related experience to hold senior executive positions.

7.3 **Administration of Subsidiaries and Associates**

CPF has a policy to appoint the representatives to be the authorized director of each subsidiary in order to effectively and efficiently manage the operations according to the Company's policy. In case the company with shares held by CPF arrange its shareholders' meeting, CPF's Boards of Directors will carefully consider the agenda of such shareholders' meeting and make the vote, including appoint proxy to attend the meeting.

7.4 **Protection of the Use of Insider Information**

Procedure to protect the use of insider information as shown in the Equitable Treatment of Shareholders in Clause 7.1.2 Equitable Treatment of Shareholders under 7. Corporate Governance in Part 2.

7.5 **Auditor's Remuneration**

CPF's auditors in the year 2017, considered and proposed by the Audit Committee which then approved by the Annual General Shareholders' Meeting No.1/2017, were Mr. Charoen Phosamritlert C.P.A. (Thailand) Registration No. 4068, Mr. Veerachai Ratanajaratkul C.P.A. (Thailand) Registration No. 4323, and Miss Sujitra Masena C.P.A. (Thailand) Registration No. 8645 of KPMG Phoomchai Audit Limited.

The remunerations that CPF and its subsidiaries paid to KPMG Phoomchai Audit Limited and its related companies⁽¹⁾ in 2017, were as follows:

(Unit : Baht)	CPF	Subsidiaries
1. The audit fees on company's accounts	3,440,000	91,697,832
2. Other audit fees on special projects	240,000	640,000
3. Other fees	-	19,028,999

⁽¹⁾ The above fees excluded out-of-pocket expenses to be reimbursed by the Auditor.

8. CSR towards Sustainability

The Company prescribes its Corporate Social Responsibility (CSR) as one of its main strategies for sustainable business operations. The strategic directions for corporate social responsibility towards sustainability are under the “three pillars: “Food Security”, “Self-Sufficiency Society”, and “Balance of Nature” with the foundation of good corporate governance and fair people development based on respect for human rights. This ensures that the Company delivers appropriate benefits to shareholders, health and safety to consumers, as well as security and livelihood to our people, business partners, and communities while also conserving natural resources that are the sources of current and future socio-economic development.

For efficient and effective sustainability management, the Company annually reviews and assesses material aspects of corporate social responsibility towards sustainability covering significant opportunities and risks in economic, environmental and social dimensions, abided by the four principles of Global Reporting Initiatives (GRI): Sustainability Context, Materiality, Completeness and Stakeholder Inclusiveness. In 2017, the Company summarized the result of materiality assessment based on influence on stakeholder decisions and impact on business, as follows:

Outcomes of the Materiality Assessment 2017



The above-mentioned integrated view on expectation of stakeholders and the Company helped enhance the confidence in pursuing strategic directions under the three pillars “Food Security, Self-Sufficient Society and Balance of Nature”, which are within the scope of our corporate social responsibility towards long-term sustainability of the Company. It shall be implemented together with continuous review and improvement of management approaches in order to achieve the Company’s goals, meet stakeholders’ expectation, as well as address challenges at present and in the future.

Our strategic directions for corporate social responsibility towards sustainability continue to follow UN Global Compact’s principles covering human rights, labor, environment and anti-corruption. We also remain supportive of the Sustainable Development Goals (SDGs). Our focus is on 10 out of 17 goals, namely Goal 2, 3, 6, 8, 12, 13, 14, 15, 16, and 17.

The Company also participates in a variety of collaborative networks at the international level. These include our participation in the Seafood Business for Ocean Stewardship (SeaBOS) Initiative to lead a global transformation towards sustainable seafood production and a healthy ocean, Food Reform for Sustainability and Health (FReSH) Program to accelerate transformational change towards sustainable food system and to reach healthy diets for all, and Global Dialogue on Seafood Traceability Platform to advance a unified framework for seafood traceability practices.



Food Security

The world’s population is projected to reach 9.7 billion by 2050. This will influence how we will be able to adequately get access to nutrition. The Company is committed to providing quality products and services from our socially and environmentally friendly process and communicating the right information sufficient for consumer’s decision making. Our objectives are to “Enhance Quality and Food Safety throughout the Chain” and to “Improve Food Access” for health and well-being of consumers as well as for relieving hunger and malnutrition in the wider society.

1. Enhancing food quality and safety throughout the chains

The Company has given highest importance to food quality and safety throughout the chains, from raw material selection, research and development, animal feed production, animal farming, food processing to packaging and delivering to our consumers.

In 2017, the Company initiated the CPF Food Standards program in compliance with our CPF Quality Policy. We collaborated with the British Standards Institution (BSI) in standardizing our food quality and safety practices throughout the Company’s integrated production processes worldwide. We integrated international standards that we had been certified including ISO 9001, GMP, HACCP, BRC (British Retail Consortium), and Quality Scheme for Food (QS). Our objective is to develop a more effective food quality and safety risk management. We piloted this program in our broiler and duck business and planned to expand it to all Thailand businesses by 2018 and international operations by 2020.

To demonstrate our commitment to food safety and our effort in ensuring animal welfare, we launched our Antimicrobial Use Stewardship in Food Animal Policy and Animal Welfare Policy. We further set an objective to eliminate individual gestation pen of breeding saw and complete a transition to group gestation pen in Thailand operation by 2025 and international operations by 2028. This is a major step as we have used the group gestation pen since 2000. We also aim to improve layer farming in Thailand from caged to cage-free system. We has developed Poultry Welfare Officer (PWO) at our broiler business since 2009 and are now aiming to develop more PWO in every country by 2020 so that they could efficiently and independently manage animal welfare at their operation.

In addition, we also created new product development (NPD) with the products that are healthier and more nutritious accounting for 20.83% of all NPD. We aim to increase our proportion of healthy and nutritious products to 30% by 2020.

2. Improving food access

The quality of population, which would drive the country towards the future, always starts from the quality of life of children and youth at present. As we know that having a healthy diet and proper nutrition is the first step to help children reach their full potential, we are committed to improving food access among children and youth with the aim to address malnutrition and support proper child development.

In 2017, the Company still continued its “Raising Layer for Student's Lunch Project” which improved access to protein sources among the youth in remote areas, “CPF Growing Happiness, Growing Futures Project” which improved nutrition of students around our factories and farms, and “Open the World of Learning Project” which enhanced knowledge and understanding of children and youth nationwide on the production of quality, safe and nutritious food through experience in the Company's food processing facilities. These helped more than 222,000 children and youth improve their access to safe and nutritious food appropriate for their age group. Our target, however, is to reach 300,000 children and youth by 2020.

Self-Sufficient Society

One of the key success factors for ensuring food security and balancing the environment is that businesses have to recognize their role in tackling social and environmental issues. This is why the Company is committed to holistic participatory social development which focuses on enhancing knowledge and skills, creating responsible growth, and supporting quality of life. Our objectives are to “Develop Win-Win Partnership” and “Support Community Livelihood” so that our business partners and communities have to ability to address the current and future challenges.

● *Promoting win-win partnership*

The Company believes that in order to create growth, drive excellence, and build a solid foundation to achieve the “Kitchen of the World” vision, it needs to be socially and environmentally responsible throughout the process including the way our business partners operate their business. Since 2015, the Company has promoted its responsible business practices through the communication and training on our Sustainable Sourcing Policy and Supplier Guiding Principle and the launch of Supplier Environmental, Social, and Governance (ESG) Self-Assessment. Up until today, more than 7,300 suppliers in 13 product categories have received our Sustainable Sourcing Policy.

In 2017, we began ESG audit on critical suppliers in Thailand and already completed the audit with 27% of all critical suppliers. We also communicated our Sustainable Sourcing Policy to all of our critical suppliers in animal feed raw material, food ingredient, and packaging group in Vietnam. Our target is to complete audit of all critical suppliers in Thailand and Vietnam by 2020.

In addition, the Company has put every effort in responsible/sustainable sourcing and has the target to source five key agriculture raw materials, namely fishmeal, corn for animal feed, soybean, palm oil, and cassava from responsible/sustainable sources by 2020. Since 2015, the Company has purchased fishmeal for our Thailand operations from sources certified under the IFFO Responsible Sourcing (IFFO RS) standard which is the best international standard on sustainable fishmeal and fish oil production. We also have a target to source fishmeal for our Thailand, India, Vietnam, and Philippines operations from sources that are in the IFFO RS Improvers Programme (IFFO RS IP) by 2018.

Simultaneously, our corn for animal feed that is used for our feed production in Thailand has also been sourced under the Corn Traceability System that we developed in 2016. The system helps to ensure that all corn is grown on land with legal title deed. The Company has also expanded its responsible sourcing to soybean while palm oil and cassava are currently in the process of developing traceability system.

Our commitment to responsible supply chain management is not only limited to our own supply chain but also covers our effort to improve industry-wide supply chain. We have supported Thai Sustainable Fisheries Roundtable (TSFR) since 2013 in the development of Fishery Improvement Plan (FIP). We have also been instrumental in the Seafood Task Force since 2014 with the aim to develop and promote the implementation of traceability system and fair labor practices according to international standards throughout the seafood supply chain. In addition, we have been working with Agricultural Land Reform Office in “Self-Sufficient Farmers, Sustainable Corn” project since 2014 to build capacity of corn farmers based on academic knowledge which would lead to higher productivity per rai, lower production cost per unit, better quality of product, and more environmentally friendly produces.

- ***Supporting community livelihood***

Recognizing that business simply cannot succeed in societies that fail and healthy community brings about healthy business, the Company has a strong commitment to support employment prospect and promote quality of life of smallholder farmers and small entrepreneurs as well as communities surrounding the Company’s operations. We do this by adhering to the “4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)” Framework.

In 2017, the Company supported employment prospect and promoted quality of life of more than 36,180 smallholder farmers and small entrepreneurs as well as people in communities surrounding the operations through its contract farming scheme, Five Star Business, CP Pork Shop Business, Self-Sufficient Farmers, Sustainable Corn Project, programs to improve the quality of life of communities surrounding the operations, and programs to support smallholder farmers.

The Company has been working closely with about 5,900 farmers in “Contract Farming” scheme. Our contract farming scheme still attracted the attention of Food and Agriculture Organization of the United Nations (FAO) for three consecutive years. The Organization conducted a study visit for participants to learn and adapt to their own country. Participants were from seven countries including Vietnam, Cambodia, Laos, Myanmar, the Philippines, Nepal, and Bhutan. Since 2015, the Company had collaborated with farmers to improve its contracts using the guideline from UNIDROIT who is the most well-known independent intergovernmental organization on private law. We also set up CPF Contract Farming Complaint Center to increase communication channels between farmers and the Company. Opinions received from this channel would enable us to improve our practices and create mutual growth in the long run.

Moreover, with its commitment to improving the quality of life of people in the society, in 2017 the Company further rolled out the CP Pork Shop project and expanded the business model from fresh pork retail to processed products from pork, such as grilled pork, pork sausage, and pork ball, etc. The variety of products provided small entrepreneurs with options to generate income. The project also helped to enhance the safety standard of pork products under the Department of Livestock Development’s “Livestock OK” Standard. The project already attracted 2,060 small entrepreneurs.

Balance of Nature

Changes to the environment and natural resources become increasingly more severe and frequent. They pose direct and indirect impacts on food security, quality of life of people in the society, and business continuity. The Company continues to embed environmental sustainability in our business activities through the consideration of environmental impacts and the support on conservation activities. Our aims are to “Reduce Environmental Footprints” and to “Protect Biodiversity,” thus contributing to the balance of nature.

- ***Reducing Environmental Footprints***

As we recognize the importance of natural resources as the capital for driving the economy and social development, we continue to improve and develop our environmental practices in our process as well as in our products.

In 2017, as a result of our efficiency improvement and innovation, we were able to reduce energy intensity by 11.60%, water intensity by 23.38%, the amount of waste to landfill and by incineration by 9.08%, and GHG emissions intensity by 6.97% compared to the 2015 level.

In addition to our Carbon Footprint Project and CPF Product Sustainability Project which had been carried out since 2008 and 2013 respectively, in 2017 we also collaborated with the Federation of Thai Industries and the Department of Groundwater Resources, the Ministry of Natural Resources and Environment to launch the Water Footprint Project based on ISO 14046 to assess the use of water throughout product lifecycle. We piloted the assessment in two products, namely fresh chicken and tender chicken breast product. The result of the project would be used to develop products that use water more efficiently throughout the value chain. The project also aimed to promote conservation of groundwater and fresh water.

Moreover, the Company has emphasized the design of packaging by taking into account environmental impacts from product end of life. In 2017, the Company was able to reduce 185 tons of plastic and paper consumption in packaging production or over 2,315 tons since 2007. We were also the first food manufacturer in Thailand to use Poly Lactic Acid (PLA), which is the biodegradable material, for the packaging of our chilled fresh products in 2015.

Our commitment in environmental management was demonstrated once again as we received the CDP Hong Kong and South East Asia Awards 2017 for Best Performance across Programs. The award recognized companies who had responded to CDP's climate change, water, and forests questionnaires and achieved the best scores across the three programs.

- ***Protecting biodiversity***

Operating business with the consideration of the environment and biodiversity is critical for sustaining the balance of ecosystem. Therefore, the Company has carefully chosen sites that are not located in conservation areas according to laws and regulations, standards, and ministerial regulations, and assesses impacts from business activities on a regular basis.

The Company has continued its CPF Grow-Share-Protect Mangrove Forestation Project in 2017 for four consecutive years in collaboration with the Department of Marine and Coastal Resources, Biodiversity-Based Economy Development Office (Public Organization) and civil society groups. Our CPF Rak Ni-Ves Project at Pasak Watershed – Khao Phya Doen Tong Project have also been carried out for two consecutive years in collaboration with Royal Forest Department, Thailand Greenhouse Gas Management Organization (Public Organization), the Biodiversity-Based Economy Development Office (Public Organization) and civil society groups. These two projects aim to protect biodiversity of mangrove and watershed forests in strategic areas across Thailand. This also supports the EU's 2020 Biodiversity Targets.

Currently, these projects helped to create new forest, conserve and restore existing forest covering more than 5,969 rai with LESS (Low Emission Supporting Scheme) registered carbon absorption of 7,468 tons CO₂ equivalent. Our target is to reach 9,000 rai by 2020.

Our efforts in conserving mangrove and watershed forests and in restoring the ecosystem based on Payments for Ecosystem Services concept were widely recognized. We received Thailand PES Awards 2017 from the Biodiversity-Based Economy Development Office (Public Organization) for three of our conservation projects, namely CPF Grow-Share-Protect Mangrove Forestation Project at Chumphon Province, CPF Grow-Share-Protect Mangrove Forestation Project at Samutsakhon Province, and CPF Rak Ni-Ves Project at Pasak Watershed – Khao Phya Doen Tong Project at Lopburi Province.

Remark: Results of the Company's CSR to Sustainable activities for 2017 are exhibited in the 2017 Sustainable Report



9. Internal Control and Risk Management

At the Board of Directors' meeting No.1/2018 held on February 23, 2018, including 4 Audit Committee members presented, reviewed the Company's internal control system. Following the reviewed by the Audit Committee and the Internal Audit Office, it can be concluded that the existing internal control system is appropriate and sufficient to ensure compliance of the Company's operations with the required target, objectives, legal requirements and relevant regulations effectively, so as to protect Company's assets from being misused. It provides a reasonable assurance that financial statements are reliable and correctly prepared. The internal auditors reviewed of the various operations of the Company to ensure compliance with the Company's internal control system. Any major non-compliance found was reported to the Executive Board and the Audit Committee for review and correction. However, in 2017 the Internal Audit Office found no major non-compliance that would affect the operation of the Company. Additionally, according to the assessment of the financial statements performed by external auditor which considers internal control relevant to the Company's preparation and presentation of the financial statements, the auditor did not report any material non-compliance activities.

10. Related Transactions

During 2017, the Company entered into transactions with related persons, which the Audit Committee considered reasonable as summarized below:

10.1 Related transactions which are ordinary course of business or supporting transactions according to the principle of the process of those transactions subjected to section 89/12(1) of Securities and Exchange Act B.E. (No.4) 2008 approved by the Board in 2008.

10.1.1 Accounts Receivable

As of December 31, 2017, the Company had accounts receivable, arising from transactions with associates, joint ventures and related companies amounting to Baht 12,129 million, or 34% of total accounts receivable. (2016: Baht 9,320 million)

10.1.2 Accounts Payable

As of December 31, 2017, the Company had accounts payable, arising from transactions with associates, joint ventures and related companies, amounting to Baht 3,841 million, or 11% of total accounts payable. (2016: Baht 4,681 million)

10.1.3 Sales

In 2017, the Company sold products to associates, joint ventures and related companies which were based on the ordinary course of business price list. The value of these transactions for the year ended December 31, 2017 was Baht 55,373 million, or 11% of total sales. (2016: Baht 42,538 million)

10.1.4 Purchase of Raw Materials

In 2017, the Company purchased raw materials from associates, joint ventures and related companies which were also based on the ordinary course of business price list. The value of these transactions for the year ended December 31, 2017 was THB 72,069 million, or 16% of total cost of goods sold. (2016: Baht 60,172 million)

10.1.5 Other Income

In 2017, the Company received other income in forms of dividends, interest, training and seminar fees, system service fees, rental and service fees, and others from associates, joint ventures and related companies amounted to Baht 347 million, or 0.1% of total revenues. (2016: Baht 337 million)

10.1.6 Rental and Services Fees

The Company has lease agreements covering office premises (including related facilities service agreements), land, farms, and vehicles with certain related companies, for periods of 1 to 18 years expiring during year 2018 to 2034. The rental and services fees obligation of the Company, as of December 31, 2017, amounted to Baht 3,384 million. (2016: Baht 3,103 million).

The Company rented assets from associates, joint ventures and related companies according to the rates set by their owners. For the year ended December 31, 2017, the value of these transactions was Baht 1,656 million, or 3% of total selling and administrative expenses. (2016: THB 1,541 million)

10.1.7 Technical Service Fees

The Company has technical service agreements with the major shareholder, Charoen Pokphand Group Co., Ltd. ("CPG"). Under the terms of these agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feeds for the Company and its subsidiaries. In this regard, CPF and its subsidiaries are committed to pay the technical service fee which is calculated from the feed production quantity dependent upon the types of feed, as stipulated in the agreements, to CPG. The minimum service fee ranges from Baht 0.1 million to Baht 1.3 million per month.

In addition, certain foreign subsidiaries have agreements to obtain the technical service assistance from CPG. The foreign subsidiaries are committed to pay service fees to CPG in accordance with the terms and conditions that are stipulated in the agreements.

In 2017, the Company paid CPG for technical services according to the agreements amounting to Baht 816 million, or 0.2% of total cost of goods sold. (2016: Baht 1,867 million)



10.1.8 Other Expenses

In 2017, the Company paid application system service fee, sales promotional fee, transportation fee and other fees, to related companies amounted to Baht 1,598 million. (2016: Baht 1,309 million)

10.1.9 Others

The Company has some hire-of-work agreements to construct buildings, structures and other agreements, including equipment and other purchase with certain related companies. In 2017, the payments in respect of these agreements amounted to a total of Baht 3,152 million. (2016: Baht 2,711 million)

A subsidiary has a trademark agreement Star Marketing Co., Ltd. ("STAR"), a related company, for the right to use STAR trademark. In this regard, the subsidiary is committed to pay the trademark license fee to STAR, which is calculated from the sale value under the trademark at the rates as stipulated in the agreement. The fees for 2017 amounted to Baht 50 million. (2016: THB 32 million)

The Company entered into agreements with the major shareholder, CPG, for the right to use  and  trademark. In this regard, the Company is committed to pay the trademark license fees to CPG at the rates stipulated in the agreements. The fees for 2017 amounted to a total of Baht 1,079 million. (2016: Baht 89 million)

10.2 Related transactions which are not in the ordinary course of business or supporting transactions

During 2017, there were no related transactions which are not in the ordinary course of business or supporting transactions related to the ordinary course of business.

10.3 Reasonableness of the Related Transactions

The related transaction entered by the Company with person who have conflict of interest has been thoroughly reviewed by the Audit Committee. The Audit Committee opined that said transaction was reasonable and is reasonable and beneficial to the Company and shareholders.

10.4 Measures to Govern Related Transactions

To enter into the related transactions, the Company strictly adhere to relevant laws and regulations, including the rules stipulated by the Capital market Supervisory Board, to achieve highest benefit of the Company. In this regard, the Company establishes the guidance to engage into the related transactions. The transactions which are ordinary course of business or supporting an ordinary course of business must be in compliance with the principle approved by the Board of Directors. The transactions which are not the ordinary course of business or supporting an ordinary course of business must be considered and approved by the Board of Directors prior to the transaction engagement, upon the review by the Audit Committee to ensure the highest benefit of the Company and no conflict of interest. In this case, the Audit Committee may employ the independent appraiser or financial advisor to assess the value of such related transaction for comparative purpose, if necessary.



Charoen Pokphand Foods Public Company Limited

Part 3

Financial Status and Performance

**11. Key Financial Information****Financial Statements**Highlights of the Consolidated Financial Statements and Key Financial Ratios*(A) Consolidated Statements of financial position of CPF and its subsidiaries as of December 31, 2015, 2016 and 2017*

	As of December 31,					
	2015		2016		2017	
	Baht million	%	Baht million	%	Baht million	%
Cash and cash equivalent	36,461	7	34,100	6	22,972	4
Current investments	7,773	1	6,757	1	3,866	1
Accounts receivable - trade and others	26,156	5	30,679	5	36,134	6
Inventories	52,112	11	54,991	10	55,118	9
Current biological assets	27,757	6	29,178	5	29,973	5
Other current assets	9,734	2	10,664	2	16,384	3
Total current assets	159,993	32	166,369	29	164,447	28
Long-term investments	75,303	15	87,658	15	98,661	17
Investment properties	1,379	-	1,372	-	1,729	-
Property, plant and equipment	149,599	30	176,177	30	189,060	32
Non-current biological assets	7,221	2	7,525	2	7,764	1
Goodwill	81,298	17	107,492	18	99,522	17
Other non-current assets	19,470	4	35,586	6	32,314	5
Total non-current assets	334,270	68	415,810	71	429,050	72
Total assets	494,263	100	582,179	100	593,497	100
Overdrafts and short-term borrowings	88,397	18	68,680	12	68,077	11
Bills of exchange	18,731	4	43,563	8	35,946	6
Accounts payable – trade and others	28,022	6	31,562	5	34,837	6
Current portion of long-term debts	30,724	6	23,190	4	25,251	4
Other current liabilities	20,417	4	23,504	4	26,507	5
Total current liabilities	186,291	38	190,499	33	190,618	32
Long-term debts	120,299	24	177,295	30	159,018	27
Other non-current liabilities	13,948	3	20,679	4	17,219	3
Total non-current liabilities	134,247	27	197,974	34	176,237	30
Total liabilities	320,538	65	388,473	67	366,855	62
Total equity	173,725	35	193,706	33	226,642	38



(B) Consolidated statements of income of CPF and its subsidiaries for the years ended December 31, 2015, 2016 and 2017

	2015		2016		2017	
	Baht million	%	Baht million	%	Baht million	%
Revenue from sale of goods	421,355	97	464,465	99	501,507	97
Gains on changes in fair value of investment in associates	236	-	-	-	-	-
Gains on sale of investments	7,129	2	2,126	-	10,429	2
Others	5,473	1	3,579	1	3,261	1
Total income	434,193	100	470,170	100	515,197	100
Cost of sale of goods	363,287	83	391,822	83	441,422	86
Loss (Gains) on changes in fair value of biological assets	(404)	-	889	-	57	-
Selling and administrative expenses	46,889	11	45,473	10	51,788	10
Finance costs	9,614	2	10,601	2	11,743	2
Others	-	-	-	-	21	-
Total expenses	419,386	96	448,785	95	505,031	98
Share of profits of associates and joint venture	5,221	1	6,513	1	7,983	2
Profit before income tax	20,028	5	27,898	6	18,149	4
Income tax expense	3,654	1	7,212	2	251	-
Profit for the year	16,374	4	20,686	4	17,898	4
Non-controlling interests	(5,315)	(1)	(5,983)	(1)	(2,639)	(1)
Profit for the year attributable to equity holders of the Company	11,059	3	14,703	3	15,259	3

(C) Consolidated Statements of comprehensive income for the years ended December 31, 2015, 2016 and 2017

(Unit : Baht million)	2015	2016	2017
Profit for the year	16,374	20,686	17,898
Other comprehensive income (loss) for the year, net of income tax	(2,988)	8,869	(9,793)
Total comprehensive income for the year	13,386	29,555	8,105
Non-controlling interests	(8,805)	(5,207)	(880)
Total comprehensive income for the year attributable to equity holders of the Company	4,581	24,348	7,225

(D) Consolidated statements of cash flows for the years ended December 31, 2015, 2016 and 2017

(Unit : Baht million)	2015	2016	2017
Net cash provided by operating activities	20,862	31,231	17,256
Net cash used in investing activities	(51,868)	(62,783)	(22,482)
Net cash provided by (used in) financing activities	30,755	29,618	(2,518)
Net increase (decrease) in cash and cash equivalent	(251)	(1,934)	(7,744)
Cash and cash equivalents at the beginning of the year	31,924	32,388	30,974
Effect of exchange rate changes on the balances held in foreign currencies	715	520	(1,308)
Cash and cash equivalents at end of year	32,388	30,974	21,922



(E) Key financial ratios of the consolidated financial statements of CPF and its subsidiaries

	2015	2016	2017
Liquidity ratios			
Current ratio ¹ (times)	0.86	0.87	0.86
Quick ratio ² (times)	0.38	0.38	0.33
Cash flow liquidity ratio ³ (times)	0.13	0.17	0.09
Accounts receivable turnover ⁴ (times)	16.08	15.92	14.67
Collection period ⁵ (days)	23	23	25
Inventory turnover ratio ⁶ (times)	25.93	27.59	30.03
Inventory turnover ⁷ (days)	14	14	12
Accounts payable turnover ⁸ (times)	13.54	13.15	13.3
Payable period ⁹ (days)	27	27	27
Cash Cycle ¹⁰ (days)	10	10	10
Profitability ratios			
Gross profit margin ¹¹ (%)	13.78	15.64	11.98
Operating profit margin ¹² (%)	7.03	8.29	5.96
Net profit margin ¹³ (%)	3.72	4.34	3.42
Return on Equity ¹⁴ (%)	9.46	11.76	10.12
Operating Efficiency ratios			
Return on fixed assets ¹⁵ (%)	19.27	20.24	17.68
Asset turnover ¹⁶ (times)	0.97	0.89	0.89
Leverage ratios			
Debt to equity ¹⁷ (times)	1.85	2.01	1.62
Interest coverage ¹⁸ (times)	2.42	3.08	1.52
Debt service coverage ¹⁹ (times)	0.20	0.20	0.18
Net debt to equity ²⁰ (times)	1.59	1.66	1.45
Net interest-bearing debt to equity ²¹ (times)	1.22	1.33	1.13
Dividend payout (%)	51.51 ²²	66.84 ²²	42.32 ²³

¹ Current ratio = Total current assets / Total current liabilities² Quick ratio = (Cash and cash equivalents + Short term investment + Accounts receivable - trade and others) / Total current liabilities³ Cash flow liquidity ratio = Net cash provided by operating activities / Average current liabilities⁴ Accounts receivable turnover = Net sales / Average accounts receivable - trade and others⁵ Collection period = Average accounts receivable / Total revenues*360⁶ Inventory turnover ratio = Cost of sale of goods / Average finished goods⁷ Inventory turnover = 360 / Inventory turnover ratio⁸ Accounts payable turnover = Cost of sale of goods / Average accounts payable⁹ Payable period = 360 / Accounts payable turnover¹⁰ Cash Cycle = Average collection period + Inventory turnover - Payable period¹¹ Gross profit margin = Gross profit / Net sales¹² Operating profit margin = Profit before finance costs and income tax expense / Net sales¹³ Net profit margin = Net profit / Total revenues¹⁴ Return on Equity = Net profit attributable to equity holders of the Company / Average shareholders' equity¹⁵ Return on fixed assets = (Net profit + Depreciation) / Average fixed assets¹⁶ Asset turnover = Total revenues / Average total assets¹⁷ Debt to equity = Total liabilities / Total shareholders' equity¹⁸ Interest coverage = Net cash provided by operating activities / Interest expenses¹⁹ Debt service coverage = Net cash provided by operating activities / (Debt payment + Investment expenses + Purchase of assets + Dividend paid)²⁰ Net debt to equity = Net debt / Total shareholders' equity whereby Net debt means total liabilities - Cash and cash equivalents + Guarantee to any persons or juristic persons excluded (1) guaranteed by CPF to its subsidiaries and guaranteed by CPF's subsidiaries to CPF and (2) deferred tax liabilities²¹ Net interest-bearing debt to equity = Net debt / Total shareholders' equity whereby Net debt means total interest-bearing liabilities excluded liabilities under financial lease agreements - Cash and cash equivalents and current investments²² Dividend payout = Dividend paid / Net profit of the Company's separate financial statements²³ Dividend payout = Dividend paid / Net profit attributable to equity holders of the Company according to the Company's consolidated financial statements

12. Management Discussion and Analysis

In 2017, there were significant events affecting the preparation and presentation of the consolidated financial statements for the year ended December 31, 2017, i.e. the acquisition of investments in companies, as follows:

Transaction No.1: During the first quarter of 2017, Chia Tai (China) Investment Company Limited (“CTI”), a 50.43% indirect subsidiary of CPF, acquired the entire interests in Chia Tai Food (Suqian) Co., Ltd. (“Suqian Chia Tai”), which is incorporated in China. Suqian Chia Tai principally engages in poultry farming and processing and sales of chicken meat products, mainly to the market in China.

Transaction No. 2: During the second quarter of 2017, CPF Investment Ltd. (“CPFI”), a wholly owned subsidiary of CPF, acquired the entire interests in Westbridge Food Group Limited (“WFGL”), which is incorporated in United Kingdom. WFGL and its subsidiaries engage in the sales of meat and ready-to-eat products to customers which are retails, food services and food manufacturers in the United Kingdom and countries in the European Union. WFGL also invests in companies in the United Kingdom and the Netherlands which have import quota licenses for the import of poultry meats and other poultry products to the European Union.

Transaction No. 3: During the fourth quarter of 2017, CPF Europe S.A. (“CPF EU”), a 99.99% indirectly owned subsidiary of CPF, acquired 95% of total issued shares of Paulsen Food GmbH (“PF”), which is incorporated in Germany. PF and its subsidiaries principally engage in the sale of meat to customers which are food services and food manufacturers in Germany and other countries in the European Union and invest in companies in Germany which have import quota licenses for the import of poultry meat and other poultry products to the European Union. As of the date to approve the financial statement for the year 2017, the fair value of the net assets acquired has been under assessment process.

Upon above-mentioned transactions, all those companies became the Company’s indirect subsidiaries. In the preparation of consolidated financial statements for the year ended December 31, 2017, financial statements of all those subsidiaries were included; and the Company complied with the Financial Reporting Standards No.3 (Revised 2016) Business Combinations. The Company disclosed the recognition of such transactions in the Notes to Financial Statements for the year ended December 31, 2017, Clause 4 “Business Combination by Acquisition of Shares”.

Resulting from the acquisition of shares in such companies, the Company recognized amounts of assets acquired and liabilities assumed at the acquisition date according to its fair value as follows:

Unit : Baht million	Suqian Chia Tai	WFGL	PF	Total
Cash and cash equivalents	62	458	115	635
Accounts receivables - trade and others	75	754	94	923
Inventories	157	1,311	301	1,769
Current biological assets	46			46
Other current assets	284	161	11	456
Investment in joint ventures		6		6
Property, plant and equipment	2,648	50		2,698
Other intangible assets - customer relationship		444		444
Other intangible assets - import licenses		204		204
Other intangible assets		11		11
Leasehold rights	144			144
Deferred tax assets	250	2		252
Bank overdrafts		(324)		(324)
Short-term loans from financial institutions	(331)	(331)	(39)	(701)
Trade and other payables	(245)	(113)	(121)	(479)
Income tax payable		(42)		(42)
Other current liabilities	(180)	(581)		(761)
Deferred tax liabilities		(119)		(119)
Provisions for employee benefits		(5)		(5)
Net assets	2,910	1,886	361	5,157
Non-controlling interests			(18)	(18)
Goodwill		365	101	466
Consideration transferred	2,910	2,251	444	5,605

The Consolidated statement of income for the year ended December 31, 2017 includes operating results of new subsidiaries as mentioned above since the acquisition date as follows:

Unit : Baht million	Suqian Chia Tai	WFGL	PF	Total
Revenue from sale of goods	1,894	6,630	1,399	9,923
Profit (Loss) for the period attributable to equity holders of the Company	(175)	72	10	(93)

The following financial analysis is based on the Company's consolidated financial statements ended December 31, 2017 includes the financial statements of CPF and its subsidiaries (The "Company") as disclosed in No. 1 General Information of the notes to the financial statements.

1. Operating Performance

(1) Overview of Previous Operating performance

In 2017, the Company's income from sale was amounted to Baht 501,507 million (2016: Baht 464,465 million), increased by 8% from those of the previous year due to 13% increase in the sales of Thailand Operations; meanwhile, the sales of International Operations decreased by 0.1%.

The Company's 2017 net profit was amounted to Baht 15,259 million or equal to Baht 1.91 per share (2016: Baht 14,703 million or equal to Baht 1.99 per share), increased by 4% from those of the previous year primarily due to the increase in gains on sale of investments and share of profit of associates as well as the decrease of income tax expense, as a result of the decline in deferred tax liabilities according to the USA tariff change, and the increase of deferred tax assets recognition according to loss from operations.

(2) *Operating Performance of Each Business Line*

	2015		2016		2017	
	Baht million	%	Baht million	%	Baht million	%
1. Thailand Operations						
Feed	50,287	12	49,165	11	50,684	10
Farm	74,686	18	86,255	18	82,480	17
Food	42,074	10	43,162	9	45,239	9
<i>Total Sales – Thailand Operations</i>	<i>167,047</i>	<i>40</i>	<i>178,582</i>	<i>38</i>	<i>178,403</i>	<i>36</i>
2. International Operations						
Feed	167,008	40	171,315	37	174,832	35
Farm	79,158	18	101,327	22	102,506	20
Food	8,142	2	13,241	3	45,766	9
<i>Total Sales – International Operations</i>	<i>254,308</i>	<i>60</i>	<i>285,883</i>	<i>62</i>	<i>323,104</i>	<i>64</i>
Total Sales Revenue	421,355	100	464,465	100	501,507	100

Operating Performance by Geography

(1) *Thailand Operations*

In 2017, total sales revenue generated from Thailand Operations was amounted to Baht 178,403 million (2016: Baht 178,582 million), slightly decreased from those of the previous year, as per the following details:

a. Domestic Sale

In 2017, domestic sales was amounted to Baht 147,895 million (2016: Baht 149,855 million), decreased by 1% from those of the previous year mostly resulting from the decrease in the selling price of livestock and aquaculture farm business in Thailand.

b. Export

In 2017, revenue from export was amounted to Baht 30,508 million (2016: Baht 28,727 million), increased by 6% from those of the previous year mainly due to the increase in selling price and export volume of meat from farm business and the increase in selling price of food products from aquaculture business.

(2) *International Operations*

In 2017, sales revenue from international operations was amounted to Baht 323,104 million (2016: Baht 285,883 million), increased by 13% from those of the previous year primarily resulting from the sales volume of food products of new subsidiary in USA and in United Kingdom.

2. Changes in Other Comprehensive Incomes

Changes in other components of shareholders' equity after tax presented in the Statements of Comprehensive Income of 2017 decreased by Baht 9,793 million, resulting the decrease of currency translation differences by Baht 10,326 million, changes in the fair value of the investments held as available for sale which increased by Baht 477 million, revaluation differences on assets which increased by Baht 101 million and defined benefit plan actuarial gain which decreased by Baht 45 million.

3. Financial status

(1) *Assets*

As of December 31, 2017, the Company's total assets were amounted to Baht 593,497 million, consisting of current assets of Baht 164,447 million, property, plant and equipment of Baht 189,060 million, goodwill of Baht 99,522 million, along with long-term investments and other assets of Baht 140,468 million.

The Company's assets increased by 2% from those of the previous year mostly from the increase in investments in associates and joint ventures, property, plant and equipment and accounts receivable.

(2) *Liquidity*

As of December 31, 2017, the Company's liquidity ratio as per the consolidated financial statements was equal to 0.86 times, decreased from 0.87 times on December 31, 2016. Meanwhile, the cash cycle was equal to 10 days as last year.

The Company's long-term loans and debentures due within 2018 were amounted to Baht 50,732 million; due within 2019 were amounted to Baht 30,868 million; due within 2020 were amounted to Baht 40,401 million; and due within 2021-2041 were amounted to Baht 62,214 million.

Regarding the inventory management, as of December 31, 2017, the Company's net inventories was amounted to Baht 55,118 million, slightly increased from those of the previous year mostly resulting from the inventories of new subsidiaries during the year; whereby the inventory turnover ratio in 2017 was equal to 30.03 times, increased from 27.59 times in 2016,

(3) *The Analysis of Financial Ratios*

For the profitable ratio in 2017, net profit margin was 3.42%, decreased from 4.34% in 2016, mainly due to the decline in profits from operation, which decreased from 8.29% from those in 2016 to 5.96% in 2017, mainly due to the swine price drop in Vietnam, Cambodia and Thailand. The Interest coverage ratio for the year 2017 was 1.52 times, decreased from 3.08 times in 2016 as a result of the decrease of net cash provided by operating activities.

(4) *Sources and Uses of Capital*

As of December 31, 2017, the Company's sources of capital were obtained from its operation of Baht 17,526 million and used in financing activities of Baht 2,518 million (divided into outflow in net repayment of debt totaling Baht 15,619 million, proceeds from issue of subordinated perpetual debenture totaling Baht 15,000 million, proceeds from issue of new ordinary shares totaling Baht 20,172 million and outflow in payment of interest, dividends and others totaling Baht 22,071 million) and spending in the investment activities amounted to Baht 22,482 million.

As of December 31, 2017, the Company's interest-bearing debts were amounted to Baht 171,839 million, debentures amounted to Baht 116,871 million and subordinated perpetual debenture amounted to Baht 15,000 million.

Details of the outstanding debenture tranches as of December 31, 2017 are as follows:

a. *Debentures issued by CPF*

Debentures	Amount (THB mn.)	Issued Date	Maturity Date	Tenor (Years)	Coupon Rate per Annum
1. CPF Debenture #1/2011 Series 1	3,000	Aug. 19, 2011	Aug. 19, 2018	7	4.65%
2. CPF Debenture #1/2011 Series 2	3,000	Aug. 19, 2011	Aug. 19, 2021	10	4.87%
3. CPF Debenture #1/2011 Series 3*	4,000	Aug. 19, 2011	Aug. 19, 2041	30	5.42%
4. CPF Debenture #2/2011*	6,000	Dec. 21, 2011	Dec. 21, 2041	30	5.42%
5. CPF Debenture #2/2012 Series 1	6,000	Aug. 3, 2012	Aug. 3, 2019	7	Year 1-4 = 4.35% Year 5-7 = 5.00%
6. CPF Debenture #2/2012 Series 2	4,000	Aug. 3, 2012	Aug. 3, 2022	10	Year 1-4 = 4.40% Year 5-9 = 5.00% Year 10 = 6.00%
7. CPF Debenture #2/2012 Series 3*	5,000	Aug. 3, 2012	Aug. 3, 2032	20	5.30%
8. CPF Debenture #1/2013	6,000	May 9, 2013	May 9, 2018	5	3.93%
9. CPF Debenture #2/2013 Series 2	2,500	Aug. 2, 2013	Aug. 2, 2019	6	4.54%
10. CPF Debenture #2/2013 Series 3	5,500	Aug. 2, 2013	Aug. 2, 2021	8	4.90%



Debentures	Amount (THB mn.)	Issued Date	Maturity Date	Tenor (Years)	Coupon Rate per Annum
11. CPF Debenture #1/2015 Series 1	6,500	May 13, 2015	May 13, 2020	5	3.21%
12. CPF Debenture #1/2015 Series 2	5,500	May 13, 2015	May 13, 2023	8	3.98%
13. CPF Debenture #2/2015 Series 1	1,940	July 29, 2015	July 29, 2023	8	3.97%
14. CPF Debenture #2/2015 Series 2	3,000	July 29, 2015	July 29, 2025	10	4.28%
15. CPF Debenture #2/2015 Series 3	2,000	July 29, 2015	July 29, 2027	12	4.51%
16. CPF Debenture #1/2016 Series 1	3,060	Apr. 12, 2016	Apr. 12, 2020	4	2.28%
17. CPF Debenture #1/2016 Series 2	3,500	Apr. 12, 2016	Apr. 12, 2024	8	3.11%
18. CPF Debenture #1/2016 Series 3	2,500	Apr. 12, 2016	Apr. 12, 2031	15	3.73%

* Debenture with holders' early redemption right at the end of year 15

According to the specified Terms and Conditions of debenture issuers and holders of the above debentures, CPF shall maintain debt to equity ratio calculated based on the financial statements for the accounting period ended June 30 and December 31 of each accounting period which reviewed or audited by the auditor. For examples, debentures issued before CPF debenture #1/2013 shall maintain net debt to equity ratio of not exceeding 1.15:1 for the separate financial statements and not exceeding 2:1 for the consolidated financial statements, CPF Debenture No.1/2013 shall maintain net debt to equity ratio of not exceeding 2:1 for the consolidated financial statements and CPF Debenture No.2/2013 and debentures issued thereafter shall maintain net interest bearing debt to equity ratio of not exceeding 2:1 for the consolidated financial statements.

b. Debentures issued by subsidiaries

1. Debentures issued by CPFTH

Debentures	Amount (THB mn.)	Issued Date	Maturity Date	Tenor (Years)	Coupon Rate per Annum
1. CPFTH Debenture #1/2016 Series 1	7,450	Jan. 20, 2016	Jan. 20, 2021	5	3.10%
2. CPFTH Debenture #1/2016 Series 2	2,150	Jan. 20, 2016	Jan. 20, 2023	7	3.47%
3. CPFTH Debenture #1/2016 Series 3	3,350	Jan. 20, 2016	Jan. 20, 2026	10	3.87%
4. CPFTH Debenture #1/2016 Series 4	3,050	Jan. 20, 2016	Jan. 20, 2028	12	4.15%
5. CPFTH Debenture #2/2016 Series 1	5,000	July 15, 2016	July 15, 2020	4	2.51%
6. CPFTH Debenture #2/2016 Series 2	3,300	July 15, 2016	July 15, 2023	7	3.09%
7. CPFTH Debenture #2/2016 Series 3	1,400	July 15, 2016	July 15, 2026	10	3.46%
8. CPFTH Debenture #2/2016 Series 4	1,100	July 15, 2016	July 15, 2028	12	3.65%
9. CPFTH Debenture #2/2016 Series 5	2,200	July 15, 2016	July 15, 2031	15	3.95%

According to the specified Terms and Conditions of debenture issuers and holders of the above debentures, CPFTH shall maintain net interest bearing debt to equity ratio of not exceeding 2:1 for the separate financial statements ended December 31 of each accounting period which audited by the auditor.

2. Exchangeable Bonds issued by CPFH

In September 2016, C.P. Foods Holdings Limited ("CPFH"), a 100% holding subsidiary of CPF also issued exchangeable bonds totaling USD 300 million due in 2021 with a per annum coupon of 0.5% ("EB"). Under the terms and conditions of the EBs, the EBs holders can exchange the EBs into a pro rata share of the Exchange Property with a sponsor undertaking from CPF. The Exchange Property, at the EBs issue date, initially comprised 135,285,000 shares in CP ALL Public Company Limited ("CPALL Shares"), which belong to CPFH and which were deposited with the Custody Account with UBS AG London Branch (the "Custodian" or "UBS") pursuant to the details set out in the terms and conditions of the EBs. Under the terms and conditions of the EBs, the EB holders have the options to (1) exchange

the EBs into CPALL Shares as held by CPFH, or (2) put the EBs to CPFH on the date falling 2 years from the issue date of the EBs, or (3) hold the EBs until maturity, whereby in the case of (2) and (3) CPFH will repay the EB holders in cash. In accordance with the terms and conditions of the EBs, where the EB holders exercise the exchange right, CPFH has to deliver CPALL Shares to the EBs holders or redeem the EBs using cash of equivalent market value of CPALL Shares. The initial exchange ratio of EBs is 90,190 CPALL Shares for each USD 200,000 principal amount of EBs (1 CPALL Share equivalent to Baht 77.35 (rounded up) at the exchange rate USD 1: Baht 34.881). In addition, CPFH, as the EBs issuer, has option to early redeem the whole amount of the EBs as specified in the terms and conditions of the EBs.

The issuance and offering of the EBs was completed on September 22, 2016 and the EBs were listed on Singapore Exchange Securities Trading Limited on September 23, 2016.

As of December 31, 2017 the carrying amount of the EBs were USD 304 million or equivalent to Baht 9,895 million.

3. *Debentures issued by CTI*

In November 2016, Chia Tai (China) Investment Co., Ltd. ("CTI"), a 50.43% indirectly owned subsidiary, issued The First Tranche of Domestic Bonds ("Debenture") with total aggregate value of RMB 1,000 million with 3.69% interest rate per annum due in 2021. The Debenture holders have the redemption right from CTI on the third years from the issuing date.

The Debenture were listed on Shanghai Exchange Securities Trading Limited on September 29, 2016 with credit rating of "AA" rated by China Chengxin Securities Rating Co., Ltd.

As of December 31, 2017 the carrying amount of the Debenture was RMB 994 million or equivalent to Baht 4,976 million.

c. *Subordinated perpetual debentures*

On March 2, 2017, CPF issued subordinated perpetual debentures which is similar to equity with one-time payment upon dissolution of CPF or upon the exercise of CPF's early redemption right ("Debentures") of Baht 15,000 million. The Debentures were in registered name form, unsecured and unconvertible with debenture holder representative and CPF had the early redemption right pursuant to the terms and conditions of the Debentures. The Debentures' interest rates during the first year to the fifth year is 5%, and after the fifth year the interest rate is adjusted every 5 years based on: (1) 5-year government bond yield, (2) Initial Credit Spread, and (3) percentage as stipulated in the prospectus; and will be paid on a semi-annual basis. In this regard, CPF has the sole right to unconditionally defer interest and cumulative interest payments without limitation on deferral period and times at the sole discretion of CPF. If CPF defers interest and cumulative interest payment, CPF shall not perform as follows:

- (a) declare or pay any dividend,
- (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 CPF which rank pari passu or junior to these Debentures.

In the third quarter of 2017, CPF paid interest expense to the debenture holders amount of Baht 378 million. As of December 31, 2017, the accumulated interest expenses subsequent to the latest interest payment date was Baht 249 million.

The issuance cost net of income tax and interest expense net of income tax of Baht 62 million and Baht 310 million respectively is deducted from unappropriated retained earnings in the statements of financial position as of December 31, 2017.

As of December 31, 2017, the Company's net debt to equity ratio as calculated based on the specified Terms and Condition of debenture issuers and holders for the outstanding debentures are as follows:

(Unit : times)	Net debt to equity ratio	
	Consolidated financial statement	Separate financial statement
Debentures issued before CPF debenture #1/2013 ¹	1.45	0.69
CPF Debenture #1/2013 ¹	1.45	N/A
CPF Debenture #2/2013 and debentures issued thereafter ^{2 3}	1.13	N/A
CPFTH Debenture #1/2016 and #2/2016 ⁴	N/A	1.44

As of December 31, 2017, the Company's total liabilities were amounted to Baht 366,855 million, decreased by 6% from those of the previous year due to the decrease in interest bearing liabilities of Baht 24,018 million and the increase in non-interest bearing liabilities of Baht 2,400 million. Total liabilities consisted of non-interest bearing and interest-bearing liabilities amounted to Baht 78,145 million and Baht 288,710 million, respectively. The interest-bearing liabilities consisted of short-term liabilities amounted to Baht 129,692 million and long-term liabilities amounted to Baht 159,018 million.

As of December 31, 2017, the shareholders' equity was amounted to Baht 226,642 million, increased by 17% from those of the previous year, mostly resulting from the issue of new ordinary shares and the issue of subordinated perpetual debenture.

(5) *Commitments and Contingent Liabilities*

As of December 31, 2017, the Company had commitments and contingent Liabilities with capital commitments, commitments under operating lease agreements, letters of credit and guarantees as the major commitments which were disclosed in No. 5 and No. 41 of the notes to the financial statements.

(6) *Capital Expenditure Plan for 2018*

The Company's estimated capital expenditure for both Thailand and international operations for the year 2018 totaled approximately Baht 34,000 million. However, the investment budget is subject to certain situation changes.

(7) *Dividend Payment*

On February 23, 2018, CPF's Board of Directors passed a resolution to approve a dividend payment for 2017 performance to shareholders of Baht 0.75 per share in total. CPF paid the first dividend payment to shareholders, as an interim dividend of Baht 0.50 per share on September 8, 2017. Therefore, the second dividend payment will be Baht 0.25 per share which will be paid from dividends received from CPF's subsidiaries. Such dividends are appropriated from the taxable profits of the subsidiaries which were subject to 20% corporate income tax. The Board of Directors will propose such dividend payment to the Annual General Shareholders' Meeting No. 1/2018, to be held on April 24, 2018 for further approval.

(8) *Events after the reporting period*

On January 24, 2018, CPF issued unsubordinated and unsecured debentures No. 1/2018 in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 5,460 million with the term of 7 years, bearing interest at the fixed rate of 3.05% per annum.

¹ Net debt = Total liabilities - Cash and cash equivalents + Guarantee to any persons or juristic persons excluded (1) guaranteed by CPF to its subsidiaries and guaranteed by CPF's subsidiaries to CPF and (2) deferred tax liabilities

² Exclude subordinated perpetual debenture

³ Net debt = Total interest-bearing liabilities excluded liabilities under financial lease agreements - Cash and cash equivalents and current investments

⁴ Net debt = Total interest-bearing liabilities - Cash and cash equivalents and current investments



- The second series of Baht 6,540 million with the term of 10 years, bearing interest at the fixed rate of 3.60% per annum.

The debentures had credit rating of “A+” rated by TRIS Rating Co., Ltd. on December 12, 2017 and were registered with the Thai Bond Market Association on January 24, 2018.

(9) *Factors Bearing Impact on the Company's Future Performance*

Although having systematic approaches to manage risks that bear impact on the Company's operations to be within an acceptable level as detailed in 3. Risk Factors under Part 1 Business Operation, there is still the possibility that the stipulated risk management procedures may not be sufficiently effective. As a result, the Company may not be able to achieve its expected operating results from uncontrollable factors as in the case of the new outbreak or macroeconomic problem of certain countries.



Charoen Pokphand Foods Public Company Limited

Attachment 1

Details of Directors, Executives and Company Secretary

Attachment 1 Item 1.1 detail about director, executives¹ and company secretary as of December 31, 2017

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect		Period	Position	Company	Business
Mr. Dhanin Chearavanont Chairman	78	Dec. 28, 1993 ²	The National Defence College of Thailand Commercial School, Hong Kong Shantou Secondary School, China Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	None	None	Cousin of Mr. Phongthep Chiaravanont	1993-Present 2005-Present 2003-Present 1999-Present 1993-Present 1989-Present 2004-Present Present Present Present	<u>CPF Group</u> Chairman Chairman Chairman Chairman Chairman Senior Chairman Honorary Chairman Director Director Director	Charoen Pokphand Foods Ptc. C.P. Pokphand Co., Ltd. Chia Tai (China) Investment Co., Ltd. CP All Ptc. True Corporation Ptc. Charoen Pokphand Group Co., Ltd. True Move Co., Ltd. Bangkok Inter Teletech Ptc. C.P. Land Ptc. C.P. Intertrade Co., Ltd.	Agro-industrial and food Investment in agro-industrial and food Investment and trading Convenience store business Telecommunication Investment, import and sale of chemical products, and technical assistance service Telecommunication Investment Property development International trading
Mr. Prasert Poongkumam Vice Chairman and Member of the Remuneration and Nominating Committee	81	Dec. 28, 1993 ²	Honorary Doctorate in Agriculture Chiang Mai University Honorary Doctorate in Business Administration Mae Fah Luang University Honorary Doctorate in Social Development Prince of Songkla University Honorary Doctorate in Agriculture Jiejang University, Chengchou province, China Honorary Professor in Agriculture Jiejang University, Chengchou province, China Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	0.0017%	0.0141%	Brother-in-law of Mr. Phongthep Chiaravanont	1993-Present 2009-Present Present Present Present Present Present Present Present Present Present	<u>CPF Group</u> Vice Chairman Member of the Remuneration and Nominating Committee Chairman Chairman Chairman Director Director and Senior Vice Chairman Chairman Director Director Director	Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. C.P. Vietnam Corporation CPF Food Trading Co., Ltd. Charoen Pokphand Enterprise (Taiwan) Co., Ltd. CPF (India) Private Ltd. Charoen Pokphand Group Co., Ltd. CPPC Ptc. C.P. Land Ptc. C.P. Intertrade Co., Ltd. CP-Meiji Co., Ltd.	Agro-industrial and food Agro-industrial and food Animal feed production and distribution and farming and food processing plant Importer and distributor of processed meat and ready meals Chicken integration and livestock farming Animal feedmill and livestock farming Investment, import and sale of chemical products, and technical assistance service Production and sale of plastic Property development International trading Manufacturing and distribution of milk products and healthy dairy products
Mr. Min Tiesworn Vice Chairman	82	Dec. 28, 1993 ²	Honorary Professor in Economics Jiejang University, Chengchou province, China Honorary Doctorate in Sociology and Anthropology Ramkhamhaeng University Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	None	None	None	1993-Present 1995-Present Present Present Present	<u>CPF Group</u> Vice Chairman Director Director and Senior Vice Chairman Director Director	Charoen Pokphand Foods Ptc. CPF Investment Ltd. Charoen Pokphand Group Co., Ltd. C.P. Land Ptc. C.P. Intertrade Co., Ltd.	Agro-industrial and food Investment Investment, import and sale of chemical products, and technical assistance service Real Estate Development International trading
Mr. Chingchai Lohawatanakul Vice Chairman	78	Dec. 28, 1993 ²	Master Degree in Science Arizona State University, USA Enrollment in Director Certification Program No. 5/2001 Thai Institute of Directors Association	0.2810%	None	None	1993-Present 1995-Present Present Present Present	<u>CPF Group</u> Vice Chairman Director Director Director and Senior Vice Chairman Director	Charoen Pokphand Foods Ptc. CPF Investment Ltd. Chia Tai (China) Investment Co., Ltd. Charoen Pokphand Group Co., Ltd. C.P. Intertrade Co., Ltd.	Agro-industrial and food Investment Investment and trading Investment, import and sale of chemical products, and technical assistance service International trading
Adirek Siripatak Vice Chairman Chairman of the Executive Committee Member of the Corporate Social Responsibility and Sustainable Development Committee and Member of the Corporate Governance Committee	71	Jul. 14, 1998 ³	Honorary Doctorate in Business Administration (Management) Rajamangala University of Technology Suvamabhum Honorary Doctorate in Philosophy Faculty of Food Technology Mae Fah Luang University Honorary Doctorate in Philosophy Faculty of Food Science Kasetsart University Honorary Doctorate in Science Maejo University Honorary Doctorate in Economics Chiang Mai University Honorary Doctorate in Science, Food Science and Technology, Rajamangala University of Technology Isan Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Certification Program No. 5/2001 Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	0.0448%	None	Elder Brother of Mrs. Arunee Watcharananan	2017-Present 2013-Present 2012-Present 2012-Present Present 2003-2017 2013-Present 2005-Present Present Present	<u>CPF Group</u> Chairman of the Executive Committee and Member of the Corporate Governance Vice Chairman Member of the Corporate Social Responsibility and Sustainable Development Committee Chairman Vice Chairman, member of the Remuneration Committee and Nomination Committee Director President and Chief Executive Officer (CEO) Director Director Director Honorary President	Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. C.P. Pokphand Co., Ltd. Subsidiaries of Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. Siam Makro Ptc. CP All Ptc. CP-Meiji Co., Ltd. Thai Broiler Processing Exporters Association	Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Investment Agro-industrial and food Cash and carry wholesale business Convenient Retail Store Manufacturing and distribution of milk products and healthy dairy products Association

¹ Executives according to the announcement of SEC no. Kor Chor 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992³ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limited Exchange Act of 1992

Attachment 1 Item 1.1 detail about director, executives¹ and company secretary as of December 31, 2017

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect		Period	Position	Company	Business
Dr. Chaiyawat Wibulsawadi Director ⁴ Chairman of the Audit Committee Chairman of the Corporate Social Responsibility and Sustainable Development Committee and Chairman of the Corporate Governance Committee	71	Apr. 20, 2010	Ph.D. in Economics Massachusetts Institute of Technology, USA Bachelor Degree in Economics Williams College, USA Enrollment in Director Certification Program No. 77/2006 Enrollment in Director Accreditation Program in Year 2004 Thai Institute of Directors Association	None	None	None	2016-Present 2012-Present 2010-Present 2013-Present 2015-Present 2015-Present 2015-Present 2012-2013	<u>CPF Group</u> Chairman of the Audit Committee and Corporate Governance Committee Chairman of the Corporate Social Responsibility and Sustainable Development Committee Director and a member of the Audit Committee <u>Other Listed Companies</u> Director and a member of the Audit Committee <u>Other Juristic Person</u> Chairman Advisor to Deputy Prime Minister on Economy Chairman Honorary Advisor Chairman of the Steering Committee	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Siam Makro Plc. The Stock Exchange of Thailand Office of the Prime Minister Thailand Futures Exchange Plc. Fiscal Policy Research Institute Foundation The Corporate Social Responsibility Institute, The Stock Exchange of Thailand	Agro-industrial and food Agro-industrial and food Agro-industrial and food Cash and carry wholesale business Foundation
Professor Emeritus Supapun Ruttanaporn Director ⁴ and a member of the Audit Committee	73	Apr. 22, 2009	Master Degree in Business Administration (Accounting) Michigan State University, USA Bachelor degree in Accounting (Honor) Chulalongkorn University Enrollment in Director Certification Program No. 15/2002 Thai Institute of Directors Association Certificate, "PoonphalungPandin" program class 2 (June-November 2013) Chulalongkorn University Enrollment in "Update accounting standards and financial reporting" course and "Accounting standards and financial reporting trend" during 2013-2014 Faculty of Commerce and Accountancy, Chulalongkorn University Seminar "Audit and Internal Audit", November 14, 2015 Thai Accounting Association Seminar "Internal Audit for Thailand 4.0", June 7, 2017 Federation of Accounting Professions Seminar "Enhancing Audit Committee Excellences through Internal Audit", November 21, 2017 KPMG	0.0002%	None	Son is son-in-law of of Mr. Phongthep Chiaravanont	2009-Present 1999-Present 2004-2016 2006-Present 1999-Present 2013-2014 1981-2013 1983-2005	<u>CPF Group</u> Director and a member of the Audit Committee <u>Other Listed Companies</u> Director and a member of the Audit Committee Director and chairperson of the Audit Committee <u>Other Juristic Person</u> Treasurer Independent director Director and a member of the Audit Committee Honorary Auditor Honorary Auditor	Charoen Pokphand Foods Plc. Glow Energy Plc. Delta Electronics (Thailand) Plc. Watyanasangwararam Founder Subsidiaries of Glow Energy Plc. Thai Poly Acrylic Plc. HRH Princess Maha Chakri Sirindhorn Foundation Wat Yanasangwararam Founder	Agro-industrial and food Energy Manufacturer of power supplies and electronic components Foundation Manufacturer of acrylic sheet Foundation Foundation
Professor Dr. Pongsak Angkhasith Director ⁴ a member of the Audit Committee a member of the Remuneration and Nominating Committee and a member of the Corporate Social Responsibility and Sustainable Committee	69	Aug. 1, 2013	Ph.D. in Agricultural Education and Extension Oklahoma State University, USA Master Degree in Agricultural Education and Extension Oklahoma State University, USA Bachelor Degree in Agriculture, Chiang Mai University Enrollment in Rural Extension course, International Agriculture Centre Wageningen, the Netherlands Enrollment in International Project Administration and Management course Management for Development Foundation, Ede, the Netherlands Enrollment in Director Certification Program in Year 2006 Thai Institute of Directors Association Seminar "Enhancing Audit Committee Excellences through Internal Audit", November 21, 2017 KPMG	0.0006%	None	None	2016-Present 2014-Present 2013-Present 2014-Present 2014-Present 1992-Present 2006-2017	<u>CPF Group</u> Member of the Remuneration and Nominating Committee Member of the Corporate Social Responsibility and Sustainable Committee Director and a member of the Audit Committee <u>Other Juristic Person</u> Rector, College of Agricultural Innovation Biotechnology and Food President Executive Director and Head of Research and Extension of Coffee President	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Rangsit University Northern Thai Arabica Coffee Association Royal Project Foundation Agricultural Support Association	Agro-industrial and food Agro-industrial and food Agro-industrial and food Academic institution Association Foundation Association
Mr. Rungson Sriworasat Director ⁴ a member of the Audit Committee and a member of the Corporate Governance Committee	62	Feb. 1, 2016	Master Degree in Business Administration Prince of Songkla University Bachelor Degree in Accountancy Ramkhamhaeng university Bachelor Degree in Law Sukhothai Thammathirat University Senior Executive Program 1, No. 42 Office of the Civil Service Commission, National Defense College, 2003 Senior Executive on Criminal Justice Administration (BoYorSor.10) Institute of Administrative Justice Politics and Governance in Democratic Systems for Executives (PorPorRor. No 13) King Prajadhipok's Institute Training program for Inspector of the Ministry Senior Executive on Criminal Justice Administration No. 2 (BoYorSor.2) Senior Executive No. 10 Capital Market Academy Enrollment in Director Certification Program No. 81/2006 Enrollment in Audit Committee Program No. 26/2009 Enrollment in Successful Formulation & Execution the Strategy (SFE) No. 2/2008 Thai Institute of Directors Association	None	None	None	2016-Present 2017-Present 2017-Present 2015-Present 2013-Present 2012-Present 2014-Present 2015-Present 2014-2015 2014-2015 2013-2015 2013-2015 2013-2015 2013-2015 2011-2013	<u>CPF Group</u> Director, a member of the Audit Committee and Corporate Governance Committee <u>Other Listed Companies</u> Chairman of the Audit Committee, independent director and member of the Nomination and Remuneration Committee Director Director Chairman <u>Other Juristic Person</u> Audit member of the Thai Bar Honorary member of the university council Advisor to the Prime Minister Director Permanent Secretary Chairman Chairman Chairman Deputy Permanent Secretary - Chief of Income Group	Charoen Pokphand Foods Plc. U City Plc. WP Energy Plc. Berli Jucker Plc. TMB Bank Plc. The Thai Bar Prince of Songkla University Secretariat of the Prime Minister PTT Plc. Thai Airways International Plc. Ministry of Finance Office of Insurance Commission Government Pension Fund Committee Student Loan Fund Committee Ministry of Finance	Agro-industrial and food Property development Supply, distribution and transportation of liquefied petroleum gas (LPG) Manufacture and sale of packaging, consumer goods and retail business Commercial bank Academic institution Energy Airline Ministry Ministry

¹ Executives according to the announcement of SEC no. Kor Chor 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee³ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limited Exchange Act of 1992⁴ Independent Director

Attachment 1 Item 1.1 detail about director, executives¹ and company secretary as of December 31, 2017

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect		Period	Position	Company	Business
Pol. Gen. Phatcharawat Wongsuwar Director ² and Chairman of the Remuneration and Nominating Committee	68	Aug. 11, 2016	Master Degree in Arts (Social Development) Kasetsart University Royal Police Cadet Academy Class 25 Armed Forces Academy Preparatory School Class 6 Diploma, National Defence College, The State Private Sector and Political Science Course Class 2	None	None	None	2016-Present 2017-Present 2014-Present 2013-Present 2014-Present Present	<u>CPF Group</u> Director and Chairman of the Remuneration and Nominating Committee <u>Other Listed Companies</u> Director Director Director <u>Other Juristic Person</u> Member of the The National Legislative Assembly Director Director	Charoen Pokphand Foods Ptc. Country Group Development Ptc. Energy Absolute Ptc. CP All Ptc. The National Legislative Assembly The Thai Dairy Industry Co., Ltd. IMCC Corp. Ptc.	Agro-industrial and food Property development Alternative energy Convenient Retail Store Manufacture and sale of dairy products Import and sale of all-terrain vehicles and ATV
Mr. Phongthep Chiaravanont Director	67	Dec. 28, 1993	Master Degree in Avian Sciences University of California at Davis, USA Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors	0.0128%	0.0103%	Cousin of Mr. Dhanin Chearavanont, Brother-in-law of Mr. Prasert Poongkumam and daughter is daughter-in-law of Prof. Emeritus Supapun Ruttanaporn	1993-Present Present 2014-Present 2000-Present	<u>CPF Group</u> Director <u>Other Juristic Person</u> Director and Senior Vice Chairman Director Chairman and Chief Executive Officer	Charoen Pokphand Foods Ptc. Charoen Pokphand Group Co., Ltd. CP-Meiji Co., Ltd. Perfect Companion Group Co., Ltd.	Agro-industrial and food Investment, import and sale of chemical products, and technical assistance service Manufacturing and distribution of milk products and healthy dairy products Manufacturer and sale of pet food
Mr. Pong Visedpalton Director and Vice Chairman of the Executive Committee	73	Dec. 28, 1993	Honorary Doctorate in Fisheries Maejo University Enrollment in Director Accreditation Program on 4 May 2005 Thai Institute of Directors Association	None	None	None	2017-Present 1993-Present Present 2007-Present	<u>CPF Group</u> Vice Chairman of the Executive Committee Director Director Director of the University Council	Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. Subsidiaries of Charoen Pokphand Foods Ptc. Maejo University	Agro-industrial and food Agro-industrial and food Academic Institution
Mrs. Arunee Watcharananar Director and Vice Chairman of the Executive Committee	69	Mar. 29, 2000	Bachelor degree in Economics, Thammasat University Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	0.0942%	None	Younger sister of Mr. Adirek Sripatak	2017-Present 2000-Present 2012-Present 2012-Present Present 2003-Present	<u>CPF Group</u> Executive Director Director Director Executive Director Director <u>Other Juristic Person</u> Deputy Group CFO	Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. C.P. Pokphand Co., Ltd. Subsidiaries of Charoen Pokphand Foods Ptc. Charoen Pokphand Group Co., LTD	Agro-industrial and food Agro-industrial and food Agro-industrial and food Investment in agro-industrial and food Investment, import and sale of chemical products, and technical assistance service
Mr. Sooksant Jumjaiswanglerg Director Executive Director Member of the Corporate Social Responsibility and Sustainable Committee Chief Executive Officer-Agro Industrial Business and Co-President	65	May 11, 2017	Bachelor Degree in Economics University of the Thai Chamber of Commerce Honorary Doctorate in Fisheries Technology and Aquatic Resources Maejo University Diplome d'Honneur Francois Rabelais, France Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Certification Program No.227/2016 Thai Institute of Directors Association	None	None	None	2017-Present Present Present	<u>CPF Group</u> Director, Executive Director, member of the Corporate Social Responsibility and Sustainable Committee, Chief Executive Officer-Food Business and Co-President Director Director	Charoen Pokphand Foods Ptc. C.P. Pokphand Co., Ltd. C.P. Vietnam Corporation	Agro-industrial and food Investment in agro-industrial and food Agro-industrial and food
Mr. Sukhawat Dansersuek Director Executive Director Chief Executive Officer-Food Business and Co-President and Chief Operating Officer - Food Business	67	May 11, 2017	Bachelor Degree in Economics Thammasat University Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Enrollment in Director Certification Program No.227/2016 Thai Institute of Directors Association	0.0073%	None	None	2017-Present 2016-Present 2015-Present 2015-Present	<u>CPF Group</u> Director, Executive Director, Chief Executive Officer-Food Business and Co-President Chief Operating Officer - Food Business Director Director	Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. CPF (Thailand) Ptc. Subsidiaries of Charoen Pokphand Foods Ptc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Dr. Sujitl Thammasart, D.V.M. Executive Director and Chief Operating Officer - Aquaculture Business	64	-	Bachelor Degree in Veterinary Medicine Kasetsart University Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	0.0016%	None	None	2017-Present 2016-Present 2002-2016	<u>CPF Group</u> Executive Director Chief Operating Officer - Aquaculture Business Executive Vice President - Aquatic Research and Development Unit	Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Mr. Virachai Ratanabanchuen Executive Director and Chief Operating Officer - Chicken Business	68	-	Honorary Doctorate in Animal Husbandry Business Management Maejo University Bachelor degree in Business Administration Thammasat University Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Enrollment in Director Certification Program No. 194/2014 Thai Institute of Directors Association	0.0033%	None	None	2017-Present 2015-Present Present	<u>CPF Group</u> Executive Director Director and Chief Operating Officer - Chicken Business Director	Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. Subsidiaries of Charoen Pokphand Foods Ptc.	Agro-industrial and food Agro-industrial and food

¹ Executives according to the announcement of SEC no. Kor Chor 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee³ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limited Exchange Act of 1992⁴ Independent Director

Attachment 1 Item 1.1 detail about director, executives¹ and company secretary as of December 31, 2017

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect		Period	Position	Company	Business
Mr. Teerasak Unranon Executive Director and Chief Operating Officer - Livestock Feed Business	68	-	Honorary Master Degree in Business Administration Rajabhat Rajabhat University Honorary Master's degree in Management Rajabhat Rajabhat University Professional Diploma Thonburi Commercial College Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Enrollment in Director Certification Program Nc.218/2016 Institute of Directors Association	0.0016%	None	None	2017-Present 2015-Present 2012-Present 2014-Present Present 2009-Present Present Present	<u>CPF Group</u> Executive Director Chief Operating Officer - Livestock Feed Business Director Director <u>Other Juristic Person</u> Vice President Advisory Board Member Vice President Director	Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. CPF (Thailand) Ptc. C.P. Standart Gida Sanayi ve Ticaret A.S. Thai Broiler Processing Exporters Associations Sukhothai Thammathirat Open University Thai Feed Mill Association Board of University Affair Promotion, Rajabhat Rajabhat Rajabhat University	Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Association Academic Institution Association
Mr. Somkuan Choowatanapakorn Executive Director and Chief Operating Officer - Pig Business	70	-	Master Degree in Animal Production Kasetsart University Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Enrollment in Director Certification Program Nc.217/2016 Thai Institute of Directors Association	0.0023%	None	None	2017-Present 2016-Present 2015-Present	<u>CPF Group</u> Executive Director Director Chief Operating Officer - Pig Business	Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. CPF (Thailand) Ptc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Mr. Sompop Mongkolpitakuk Executive Director and Chief Operating Officer - Egg Business	65	-	Bachelor Degree in Agriculture Chiang Mai University Enrollment in Director Certification Program Nc.227/2016 Thai Institute of Directors Association	0.0012%	None	None	2017-Present 2016-Present 2015-Present 2017-Present	<u>CPF Group</u> Executive Director Director Chief Operating Officer - Egg Business <u>Other Juristic Person</u> Advisory director	Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. CPF (Thailand) Ptc. The Animal Husbandry Association of Thailand	Agro-industrial and food Agro-industrial and food Agro-industrial and food Association
Mr. Pisit Ohmpornuwat Executive Director and Chief Operating Officer - Duck Business	63	-	Professional Diploma Assumption Commercial College Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Enrollment in Director Certification Program Nc. 194/2014 Thai Institute of Directors Association	None	0.00002%	None	2017-Present 2015-Present Present	<u>CPF Group</u> Executive Director Chief Operating Officer - Duck Business Director	Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. Subsidiaries of Charoen Pokphand Foods Ptc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Mr. Prasit Boondoungprasert Executive Director Chief Operating Officer - International Trade and Business Development and Executive Vice President - Chicken Integration Business (Bangkok, Minburi and Eastern Region)	48	-	Master of Business Administration Cleveland State University, USA Bachelor Degree in Accounting Rajamangala University of Technology Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Certification Program Nc.204/2015 Thai Institute of Directors Association	None	None	None	2017-Present 2016-Present Present	<u>CPF Group</u> Executive Director and Chief Operating Officer - International Trade and Business Development Executive Vice President - Chicken Integration Business (Bangkok, Minburi and Eastern Region) Director	Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. Subsidiaries of Charoen Pokphand Foods Ptc.	Agro-industrial and food Agro-industrial and food
Mr. Sathit Sangkharubordee Executive Director and Chief Operating Officer - Restaurant Business	62	-	Bachelor Degree in Agricultural Economics Kasetsart University Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Certification Program Nc.218/2016 Thai Institute of Directors Association	0.0022%	None	None	2017-Present 2015-Present Present	<u>CPF Group</u> Executive Director Chief Operating Officer - Restaurant Business Director	Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. Subsidiaries of Charoen Pokphand Foods Ptc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Mr. Paisan Chirakitchareem Executive Director and Chief Financial Officer	58	-	Master Degree in Business Administration National Institute of Development Administration Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Enrollment in Director Certification program Nc. 98/2008 Thai Institute of Directors Association	0.0012%	None	None	2017-Present 2003-Present 2012-Present Present	<u>CPF Group</u> Executive Director Chief Financial Officer Director Director	Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. Subsidiaries of Charoen Pokphand Foods Ptc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Ms. Patchara Chantbunchachai Executive Director and Company Secretary	59	-	Bachelor Degree in Accounting Thammasat University Enrollment in Risk Management Program for Corporate Leaders (November 7-8, 2017) Enrollment in Corporate Governance for Executives (December 7-8, 2017) Enrollment in Director Accreditation Program on May4, 2005 Enrollment in Director Certification program Nc. 195/2014 Thai Institute of Directors Association	0.0054%	None	None	2017-Present 2008-Present 2012-Present Present 2017-Present 2010-2018	<u>CPF Group</u> Executive Director Company Secretary Director Director <u>Other Juristic Person</u> Committee and Chairman of Accounting Profession in Accounting System Committee Member of the Committee	Charoen Pokphand Foods Ptc. Charoen Pokphand Foods Ptc. CPF (Thailand) Ptc. Subsidiaries of Charoen Pokphand Foods Ptc. Federation of Accounting Professions Thai Company Secretary Club	Agro-industrial and food Agro-industrial and food Agro-industrial and food

¹ Executives according to the announcement of SEC nc. Kor Chor 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee

Attachment 1 item 1.2 Information about CPF shares held by directors and executives ¹

Name - Surname	Balance as of December 31,		Increase (Decrease) during the year
	2016	2017	
1. Mr. Dhanin Chearavanont	0	0	0
Spouse and minor children	0	0	0
2. Mr. Prasert Poongkumarn	120,033	144,039	24,006
Spouse and minor children	1,215,950	1,215,950	0
3. Mr. Min Tieworn	0	0	0
Spouse and minor children	0	0	0
4. Mr. Chingchai Lohawatanakul	24,195,131	24,195,131	0
Spouse and minor children	0	0	0
5. Mr. Adirek Sripratak	3,844,778	3,844,778	0
Spouse and minor children	0	0	0
6. Dr. Chaiyawat Wibulwasdi	0	0	0
Spouse and minor children	0	0	0
7. Emeritus Professor Supapun Ruttanaporn	20,000	20,000	-
Spouse and minor children	0	0	0)
8. Professor Dr. Pongsak Angkasith	50,000	50,000	0
Spouse and minor children	0	0	0
9. Mr. Rungson Sriworasat	0	0	N/A
Spouse and minor children	0	0	0
10. Pol. Gen. Phatcharavat Wongsuwan	0	0	N/A
Spouse and minor children	0	0	0
11. Mr. Phongthep Chiaravanont	1,100,000	1,100,000	0
Spouse and minor children	890,000	890,000	0
12. Mr. Pong Visedpaitoon	0	0	0
Spouse and minor children	0	0	0
13. Mrs. Arunee Watcharananan	8,108,928	8,180,000	71,072
Spouse and minor children	0	0	0
14. Mr. Sooksunt Jiumjaiswanglerg ²	N/A	0	N/A
Spouse and minor children	N/A	0	N/A
15. Mr. Sukhawat Dansermasuk	630,433	630,433	0
Spouse and minor children	0	0	0
16. Dr. Sujint Thammasart, D.V.M.	138,348	138,348	0
Spouse and minor children	0	0	0
17. Mr. Virachai Ratanabanchuen	281,000	281,000	0
Spouse and minor children	0	0	0
18. Mr. Teerasak Urunanon	136,288	136,288	0
Spouse and minor children	0	0	0
19. Mr. Somkuan Choowatanapakorn	200,000	200,000	0
Spouse and minor children	0	0	0
20. Mr. Sompop Mongkolpitaksuk	103,334	103,334	0
Spouse and minor children	0	0	0
21. Mr. Pisit Ohmpornuwat	0	0	0
Spouse and minor children	2,000	2,000	0
22. Mr. Prasit Boondoungprasert ³	N/A	0	N/A
Spouse and minor children	N/A	0	N/A
23. Mr. Sathit Sangkanarubordee	189,533	189,533	0
Spouse and minor children	0	0	0
24. Mr. Paisan Chirakitchareon	99,417	99,417	0
Spouse and minor children	0	0	0

¹ Executive according to the definition in announcement by Office of the Securities and Exchange Commission (SEC) at KorChor 17/2008
Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities

² Appointed as the director, effective since April 25, 2017

³ Appointed as executive according to the definition in announcement by SEC at KorChor 17/2008, effective since March 15, 2017



Charoen Pokphand Foods Public Company Limited

Attachment 2
Report of the Audit Committee

Report of the Audit Committee

By the appointment of the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Audit Committee consists of 4 independent directors including Dr. Chaibawat Wibulswasdi, Chairman of the Audit Committee, Emeritus Professor Supapun Ruttanaporn, Professor Dr. Pongsak Angkasith and Mr. Rungson Sriworasat members of the Audit Committee.

In 2017, the Audit Committee has convened totally 8 meetings; whereas, Dr. Chaibawat Wibulswasdi participated in 6 meetings, Mr. Rungson Sriworasat participated in 7 meetings and Emeritus Professor Supapun Ruttanaporn and Professor Dr. Pongsak Angkasith participated in all 8 meetings.

Significant activities carried out by the Audit Committee during 2017 under the scope of duties and responsibilities assigned by the Board of Director can be summarized, as follows:

1. Reviewed the financial statements and financial reports of 2016 and of 1st Quarter, 2nd Quarter and 3rd Quarter of 2017 covering the review of compliance with the accounting standards, selection of the accounting policies and proper disclosure of data in financial statements to be proposed to the Board of Directors and to be submitted to the Stock Exchange of Thailand;
2. Reviewed the adequacy and suitability of the internal control system and risk management performed by the Company's Management and as reported by Head of the Internal Audit Department for effective and efficient operations of the Company and for provision of sustainable returns to all stakeholders;
3. Reviewed the independence of the Internal Audit Department; and reviewed and approved the annual internal audit plans and also reviewed the Charter of the Internal Audit Department; and evaluated the performance of duties of the Head of the Internal Audit Department;
4. Reviewed the Company's operations whether they were in conformity with the laws governing securities and exchange, requirements of the Stock Exchange of Thailand and laws relating to the Company's businesses;
5. Reviewed the entry of transactions and disclosure of data relating to transactions with people with potential conflicts of interest in 2016 whether they were proper and in accordance with the criteria announced by the Capital Market Supervisory Board;
6. Reviewed policies and guidelines of the Company to ensure that they were in accordance with the Company's good governance principle as prescribed by the Stock Exchange of Thailand;
7. Reviewed the performance of duties of the Board of Directors to ensure that they were in compliance with the Code of Best Practices prescribed as guidelines by the Stock Exchange of Thailand;
8. Reviewed the audit plan, audit results and opinions as well as the independence of the Auditor; nominated the Company's auditor; and proposed the audit fees to the Board of Directors to be proposed to the shareholders' meeting;
9. Participated in the meetings with the Auditor without attendance by the Company's Management so that the Auditor would be able to report events and data relating to the Company independently and to exchange their opinions freely;
10. Reviewed the Charter of the Audit Committee to be in conformity with practices and related laws; and also evaluated the results of performance of duties of the Audit Committee in person which was summarized that the performances of the Audit Committee were in accordance with the Code of Conduct as prescribed by the Office of the Securities and Exchange Commission;
11. Participated in the meetings with executives and team members of the Company and its subsidiaries to acknowledge guidelines of management and business operation, including the change of the Company's management structure, monitoring the progress of the investment projects approved by the Board as well as the complaints and whistle blow.

The Audit Company has performed its duties independently upon the responsibilities delegated by the Board in the determined timeframe with knowledge, abilities and due consideration and has given its opinions that the Company

has provided proper measures of risk management, effective internal control system and environment/community-conscious operation. Moreover, the Audit Company has further given its opinions that the business operation with full abilities of the top management and all employees of the Company under the good governance principle would enable to generate satisfactory and sustainable growth of the Company; as a result, all stakeholders of the Company would be able to receive sustainable returns.

On behalf of the Audit Committee

Chaiyawat Wibulswasdi

(Dr. Chaiyawat Wibulswasdi)

Chairman of the Audit Committee

February 23, 2018



Charoen Pokphand Foods Public Company Limited

Attachment 3

Report of the Remuneration and Nominating Committee

Report of the Remuneration and Nominating Committee

By the appointment of the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Remuneration and Nominating Committee consists of 3 members, i.e. Pol. Gen. Phatcharavat Wongsuwan, Chairman of the Remuneration and Nominating Committee, Mr. Prasert Poongkumarn and Professor Dr. Pongsak Angkasith. In 2017, the Remuneration and Nominating Committee has convened totally 2 meetings with all members participated.

Significant activities carried out by the Remuneration and Nominating Committee during 2017 can be summarized, as follows:

1. Conducted an annual evaluation of the performance of the Board of Directors for the year 2016;
2. Considered the individuals qualified to be nominated as directors replacing those who retire by rotation to be proposed to the Board of Directors and to the Annual General Shareholders' Meeting. The Remuneration and Nominating Committee took into consideration the Board Skills Matrix and Board diversity as well as the qualification of the nominated persons such as knowledge, capability and experience that will benefit the Company's business and possess the qualifications required by the Public Limited Company Act B.E. 2535, the Notification of the Board of Governors of the Stock Exchange of Thailand and the Notification of the Capital Market Supervisory Board;
3. Considered the suitability of the directors' remuneration for the year 2017 to be proposed to the Board of Directors and to the Annual General Shareholders' Meeting;

In addition, the Remuneration and Nominating Committee has also reviewed the process of providing an opportunity for minority shareholders to nominate individuals with proper qualifications for directorship. The Company has clearly disseminated the criteria and period for receipt of proposed nominations to shareholders through the Company's website.

The Remuneration and Nominating Committee has prudently and carefully performed the duties as assigned by the Board of Directors with utmost benefit of the Company, shareholders and all stakeholders. All members of the Committee paid attention to the meeting attendance and expressed their opinion including provided useful information in relation to the nomination of qualified person to be elected as the director and determination of remuneration.

On behalf of the Remuneration and Nominating Committee

Pol. Gen. Phatcharavat Wongsuwan

(Pol. Gen. Phatcharavat Wongsuwan)

Chairman of the Remuneration and Nominating Committee

December 19, 2017



Charoen Pokphand Foods Public Company Limited

Attachment 4

Report of the Corporate Governance Committee

Report of the Corporate Governance Committee

By the appointment of the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Corporate Governance Committee consists of 3 members, i.e. Dr. Chaiyawat Wibulswasdi, Chairman of the Corporate Governance Committee, Mr. Rungson Sriworasat and Mr. Adirek Sripratak.

In 2017, the Corporate Governance Committee has convened totally 3 meetings; whereas, Dr. Chaiyawat Wibulswasdi and Mr. Rungson Sriworasat participated in all 3 meetings whereas Mr. Adirek Sripratak (the appointment was effective from May 11, 2017 onwards) participated in 1 meeting from 2 meetings. Dr. Veeravat Kanchanadul who retired by rotation in the 2017 Annual General Shareholders' meeting date participated in 1 meeting from 1 meeting.

Significant activities carried out by the Corporate Governance Committee during 2017 under the roles and responsibilities assigned by the Board of Director can be summarized, as follows:

1. Assessed the compliance with the corporate governance policy for the year 2016;
2. Assessed the performance of the Corporate Governance Committee for the year 2016;
3. Prepared a report of the Corporate Governance Committee for the year 2016 and published in the Company's annual report;
4. Reviewed and revised the corporate governance matters to enhance the governance of the Company in line with international standards;
5. Summarized and reported the key content of Corporate Governance Code for listed companies 2017 ("SEC CG Code") to the Board of Directors in order to apply for the corporate governance according to the business of the Company.

On August 18, 2017, the Company was formally certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC"). Moreover, for the year 2017, CPF was awarded the "Excellent" Corporate Governance Scoring from Thai Institute of Directors ("IOD") for two consecutive years confirming our dedication on business operation with social and environment responsibility upon good corporate governance basis for utmost benefit and sustainability of all parties.

The Corporate Governance Committee confidents that the supervision ensuring that Company continuously complies with its corporate governance policy by put forth and encourage directors and executives to strictly adhere to the policy will be part of the establishment of the organization's sustainability together with the economic growth and safeguarding the society and the environment for the benefit of the Company, shareholders and other stakeholders.

On behalf of the Corporate Governance Committee

Chaiyawat Wibulswasdi

(Dr. Chaiyawat Wibulswasdi)

Chairman of the Corporate Governance Committee

February 20, 2018



Charoen Pokphand Foods Public Company Limited

Attachment 5

Report of the Corporate Social Responsibility and Sustainable Development Committee

Report of the Corporate Social Responsibility and Sustainable Development Committee

By the appointment of the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Corporate Social Responsibility and Sustainable Development Committee consists of 4 members, i.e. Dr. Chaibawat Wibulswasdi, Chairman of the CSR&SD Committee, Professor Dr. Pongsak Angkasith, Mr. Adirek Sripratak and Mr. Sooksunt Jiumjaiswanglerg.

In 2017, the Corporate Social Responsibility and Sustainable Development Committee has convened totally 2 meetings; whereas, Dr. Chaibawat Wibulswasdi and Professor Dr. Pongsak Angkasith participated in 2 meetings and Mr. Adirek Sripratak participated in 1 meeting. Mr. Sooksunt Jiumjaiswanglerg, (the appointment was effective from May 11, 2017 onwards) participated in 1 meeting from 1 meeting.

Significant activities carried out by the Corporate Social Responsibility and Sustainable Development Committee during 2017 under the roles and responsibilities assigned by the Board of Director can be summarized, as follows:

1. Supported on “Driving towards 2020 Sustainability Target” following CSR to Sustainability Strategic Directions under three pillars: Food Security, Self-Sufficiency and Balance of Nature;
2. Reviewed the performance of the Corporate Social Responsibility and Sustainable Development Committee for the year 2016;
3. Validated and approved the Sustainability Report 2016;
4. Advised the participation in sustainability rankings and indices either country level or international level;
5. Promoted the Company role in supporting the UN’s Sustainable Development Goals (SDGs).

With the commitment to continuous improvement and development, the Company has been selected as a member of Dow Jones Sustainability Indices (DJSI) Emerging Markets and listed in Thailand Sustainability Investment (THSI) for the third year in a row. This is the first year that the Company was also included in FTSE4Good Emerging Indices. In addition, the Company was awarded the CDP Hong Kong and South East Asia Awards 2017 in Best Performance across Programs recognizing for the Company’s outstanding assessment in sustainable environmental management in climate, water and forest as well as received the Outstanding Sustainability Report Award 2017 from CSR Club of the Thai Listed Companies Association sponsored by the Securities and Exchange Commission (SEC) and Thaipat Institute.

The Corporate Social Responsibility and Sustainable Development Committee will continue to make significant progress towards sustainable and inclusive growth.

On behalf of the Corporate Social Responsibility
and Sustainable Development Committee

Chaibawat Wibulswasdi

(Dr. Chaibawat Wibulswasdi)

Chairman of the Corporate Social Responsibility
and Sustainable Development Committee

February 28, 2018



Charoen Pokphand Foods Public Company Limited

Attachment 6

Report of the Board of Directors' Responsibility on the Financial Statements

Report of the Board of Directors' Responsibility on the Financial Statements

The Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as the financial information stated in the Company's Annual Report. These financial statements are prepared in accordance with Thai Accounting Standards and Thai Financial Reporting Standards promulgated by the Federation of Accounting Professions and including generally accepted accounting principles in Thailand. Appropriate accounting policies are chosen and consistently applied, estimates and underlying assumptions are prudently made, and significant information is adequately disclosed in the Notes to the financial statements to ensure that the financial statements are reliable and benefit to shareholders and investors.

The Board of Directors has established and maintained an internal control system in order to provide a reasonable assurance that accounting records are accurate, complete and adequate for protection of assets of the Company, prevention of frauds and materially irregular transactions.

The Audit Committee, whose members are independent directors, was designated by the Board to review the quality of the financial reporting and the effectiveness of internal control system and report the review result to the Board.

In this regard, the Board has the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance of the reliability of the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2017.

Dhanin Chearavanont
(Mr. Dhanin Chearavanont)
Chairman of the Board



Charoen Pokphand Foods Public Company Limited

Attachment 7

Financial Statements for the Year 2017

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2017
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
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บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
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Independent Auditor's Report

To the Shareholders of Charoen Pokphand Foods Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Charoen Pokphand Foods Public Company Limited and its subsidiaries (the "Group") and of Charoen Pokphand Foods Public Company Limited (the "Company") respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2017, the consolidated and separate statements of income, 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 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

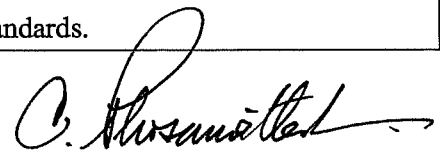
Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements in 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.

Recognition and measurement of identifiable assets acquired and liabilities assumed from the business combination	
Refer to notes 3 (a) and 4 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>During the year 2017, the Group acquired the business in China, United Kingdom, and Germany. At the reporting date, the Group had completed the fair value assessment of the net assets acquired in China and United Kingdom and the Group is still assessing the fair value of the net assets acquired in Germany. Management has provisionally estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record.</p> <p>I considered this as the key audit matter because the accounting for the business combination is complex and the identification and fair value measurement of assets acquired and liabilities assumed requires significant judgment.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • involving KPMG valuation specialist to evaluate the valuation methodology and the identification of significant assets acquired and liabilities assumed and inquiring about the qualifications and independence of the independent valuers of the Group; • evaluating the key assumptions used by the Group in determining the fair value based on information in the valuation report from an independent valuer such as discount rate, long-term growth rates, tax rates, royalty rates, historical rates of customers retention, and the estimation of the future business operating results; • evaluating the appropriateness in identification of significant assets acquired and liabilities assumed prepared by the Group and inquiring of management for methodologies used in assessing the estimated fair value; and • evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.

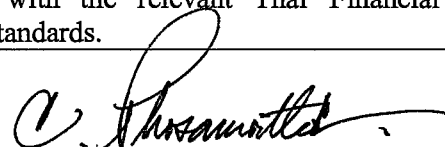


Impairment testing of investments in subsidiaries, intangible assets, property, plant and equipment and goodwill	
Refer to notes 3 (j), 3 (l), 3 (m), 3 (o), 11, 17, 18 and 19 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company have investments and business operations in many countries and there is a risk from various external factors such as the fluctuation in economies, politics, laws, and trade regulations, the change in environment, climate, and disease. There is a risk that the operating results of certain businesses and the investments in certain countries might be significantly less than the initial forecast and budget and might result in the assets' carrying value being higher than the recoverable amounts, which might represent losses from impairment.</p> <p>I considered this as the key audit matter because the impairment testing involved a significant level of management judgment.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • evaluating the management's assessment on the reasonableness of the indicators and impairment testing of investments, intangible assets, property, plant and equipment and goodwill including evaluating the key assumptions which supports the management's forecast; and • inquiring of management about the discounted cash flow projection model, understanding the Group and the Company's business, strategies and testing a sample of inputs and key assumptions applied in the discounted cash flow model including testing the calculation. • evaluating the assumptions applied in preparing cash flow projections by comparing the key assumptions with internal and external sources of information, taking into account the accuracy of the past cash flow projections in comparison to the actual operating results, and testing the mathematical accuracy of the impairment calculation; and • evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.



Recognition of deferred tax assets	
Refer to notes 3 (x) and 21 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company have recognised deferred tax assets which were calculated from temporary differences and unutilised tax losses by considering the forecast of future taxable profits whether they will be sufficient for the utilisation of temporary differences and unutilised tax losses prior to the expiry of tax losses or not.</p> <p>I considered this as the key audit matter because the consideration of the forecast of future taxable profits of management involved a significant level of judgment in determining the key assumptions.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> evaluating the assumptions used by management in the forecast of future taxable profits of the Group and the Company in comparison to the key assumptions used by management in the preparation of the forecast of future taxable profits with the internal and external sources of information and considering the reasonableness of the forecast of future taxable profits by comparing the past forecast to the actual operating results and the operation plans; and evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.

Measurement of biological assets	
Refer to note 3 (h) and 9 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group measured certain types of biological assets at fair value less costs to sell. Management assessed the fair value by using market comparison approach which used key unobservable inputs such as quoted prices based on market prices at the end of the reporting period.</p> <p>I considered this as the key audit matter because management's estimation of the fair value of biological assets involved a significant level of judgment.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> evaluating the approach used by management in the measurement of biological assets including information used in the classification and categorising age, weight, and quantity of biological assets and comparing the quoted prices used by the Group to the internal and external sources of data and the available market prices at the reporting date; and evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.



- 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 represents 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

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of financial position

(Unit: Thousand Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets	<i>Note</i>	2017	2016	2017	2016
<i>Current assets</i>					
Cash and cash equivalents	6	22,971,716	34,100,378	3,608,756	9,067,360
Current investments		3,866,394	6,756,586	-	-
Accounts receivable - trade and others	7	36,133,672	30,678,922	3,658,844	3,551,428
Short-term loans to subsidiaries	5	-	-	36,556,000	34,582,797
Short-term loans to joint venture	5	558,541	-	-	-
Current portion of long-term loans to subsidiaries	5	-	-	-	866,785
Inventories	8	55,117,570	54,991,065	3,630,932	3,026,138
Current biological assets	9	29,973,327	29,177,777	1,159,072	1,153,521
Advance payments for purchase of goods		6,657,021	3,440,623	-	-
Prepaid expenses		2,110,715	2,127,342	152,511	199,387
Accrued dividend income	5	170,632	176,668	3,600,000	-
Restricted deposits at financial institutions	20	818,209	1,472,236	-	-
Other current assets	5	6,069,307	3,447,272	319,223	235,587
Total current assets		164,447,104	166,368,869	52,685,338	52,683,003

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of financial position

(Unit: Thousand Baht)

Assets (Continued)	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2017	2016	2017	2016
Non-current assets					
Investments held as available for sale	10	5,910,158	5,265,228	-	-
Investments in subsidiaries	11	-	-	133,236,916	120,795,534
Investments in associates	13	84,225,527	75,785,532	334,809	334,809
Investments in joint ventures	14	6,949,351	4,581,774	1,882,164	-
Investments in related companies	15	1,542,009	1,604,989	678,170	678,170
Investments in other companies		34,395	420,565	-	-
Long-term loans to subsidiaries	5	-	-	16,939,090	6,012,844
Long-term loans to associate	5	2,700	-	-	-
Investment properties	16	1,729,341	1,371,945	199,863	199,863
Property, plant and equipment	17	189,060,060	176,176,780	16,839,701	17,071,785
Non-current biological assets	9	7,764,161	7,524,720	-	-
Goodwill	18	99,522,368	107,491,745	-	-
Other intangible assets	19	16,484,693	18,688,277	36,600	39,573
Restricted deposits at financial institutions	20	2,577	1,076	-	-
Deferred tax assets	21	4,727,324	3,302,684	2,990,483	2,331,312
Leasehold rights	22	7,869,990	7,728,437	-	-
Other non-current assets		3,225,190	5,866,409	161,005	223,586
Total non-current assets		429,049,844	415,810,161	173,298,801	147,687,476
Total assets		593,496,948	582,179,030	225,984,139	200,370,479

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of financial position

(Unit: Thousand Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and shareholders' equity	<i>Note</i>	2017	2016	2017	2016
<i>Current liabilities</i>					
Bank overdrafts and short-term borrowings					
from financial institutions	23	68,077,205	68,389,281	3,477	6,629
Bills of exchange	23	35,945,586	43,562,400	15,440,590	21,055,490
Accounts payable - trade and others	24	34,837,343	31,561,944	1,384,152	1,358,257
Short-term borrowings from					
joint ventures	5, 23	417,608	290,600	-	-
Current portion of long-term borrowings	23	25,251,497	23,189,797	9,000,000	8,849,628
Accrued expenses		10,996,851	10,583,205	167,846	165,877
Income tax payable		1,625,305	1,832,589	-	-
Other current liabilities		13,467,004	11,088,686	1,465,120	1,658,640
Total current liabilities		190,618,399	190,498,502	27,461,185	33,094,521
<i>Non-current liabilities</i>					
Long-term borrowings	23	159,018,495	177,295,450	64,000,000	73,000,000
Deferred tax liabilities	21	9,985,310	13,680,506	-	-
Provision for employee benefits	25	5,765,752	5,484,489	1,619,785	1,531,137
Provisions and others		1,467,136	1,513,673	-	-
Total non-current liabilities		176,236,693	197,974,118	65,619,785	74,531,137
Total liabilities		366,855,092	388,472,620	93,080,970	107,625,658

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of financial position

(Unit: Thousand Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and shareholders' equity	Note	2017	2016	2017	2016
(Continued)					
Shareholders' equity					
Share capital	26				
Authorised share capital		9,291,530	7,742,942	9,291,530	7,742,942
Issued and paid-up share capital		8,611,242	7,742,942	8,611,242	7,742,942
Treasury shares	27	(2,909,249)	(1,135,146)	-	-
Share premium	28				
Share premium on ordinary shares		57,298,909	36,462,883	56,408,882	35,572,855
Other premium		3,470,021	3,470,021	3,470,021	3,470,021
Surplus from change in shareholders' equity					
in subsidiaries and associates		3,949,783	4,001,573	-	-
Surplus on common control transactions		(5,159)	(5,159)	490,423	490,423
Retained earnings					
Appropriated	28				
Legal reserve		929,166	820,666	929,166	820,666
Unappropriated		82,115,694	74,782,483	45,171,051	41,825,530
Other components of shareholders' equity		(445,209)	7,557,420	2,822,384	2,822,384
Total		153,015,198	133,697,683	117,903,169	92,744,821
Subordinated perpetual debentures	29	15,000,000	-	15,000,000	-
Total shareholders' equity attributable to equity holders of the Company		168,015,198	133,697,683	132,903,169	92,744,821
Non-controlling interests	12	58,626,658	60,008,727	-	-
Total shareholders' equity		226,641,856	193,706,410	132,903,169	92,744,821
Total liabilities and shareholders' equity		593,496,948	582,179,030	225,984,139	200,370,479

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of income

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
Income	5				
Revenue from sale of goods		501,507,496	464,464,888	28,231,395	29,705,456
Interest income		936,923	790,842	3,548,936	4,126,526
Dividend income		97,287	73,658	13,958,276	12,542,016
Net foreign exchange gains		-	387,664	-	565,882
Gains on sale of investments	13	10,428,763	2,125,803	-	-
Other income		2,226,472	2,327,344	87,136	156,197
Total income		515,196,941	470,170,199	45,825,743	47,096,077
Expenses	5				
Cost of sale of goods	8, 34	441,421,552	391,822,154	25,755,071	26,566,679
Losses on changes in fair value of biological assets	9	56,554	888,852	-	-
Distribution costs	31, 34	20,597,460	18,760,445	907,894	993,472
Administrative expenses	32, 34	31,190,622	26,712,415	3,082,584	3,446,789
Net foreign exchange losses		21,487	-	1,205,919	-
Finance costs	35	11,743,356	10,601,235	3,727,784	3,737,583
Total expenses		505,031,031	448,785,101	34,679,252	34,744,523
Share of profit of associates and joint ventures	13, 14	7,983,044	6,512,494	-	-
Profit before income tax expense (income)		18,148,954	27,897,592	11,146,491	12,351,554
Income tax expense (income)	36	250,648	7,211,808	(468,673)	1,347,238
Profit for the year		17,898,306	20,685,784	11,615,164	11,004,316
Profit for the year attributable to:					
Equity holders of the Company		15,259,320	14,702,819	11,615,164	11,004,316
Non-controlling interests		2,638,986	5,982,965	-	-
Profit for the year		17,898,306	20,685,784	11,615,164	11,004,316
Basic earnings per share (in Baht)	38	1.91	1.99	1.37	1.42

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of comprehensive income

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December 2017	2016	Year ended 31 December 2017	2016
Profit for the year		17,898,306	20,685,784	11,615,164	11,004,316
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value change on investments held as available for sale	10	699,469	271,172	-	-
Foreign currency translation differences	36	(10,946,096)	986,888	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	36	396,846	(19,210)	-	-
Total items that will be reclassified subsequently to profit or loss		(9,849,781)	1,238,850	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Revaluation differences on assets		109,484	8,027,259	-	1,929,126
Gains (losses) on remeasurements of defined benefit plans		(51,070)	1,474,111	-	580,116
Income tax relating to items that will not be reclassified subsequently to profit or loss	36	(1,908)	(1,870,898)	-	(501,849)
Total items that will not be reclassified subsequently to profit or loss		56,506	7,630,472	-	2,007,393
Other comprehensive income (expense) for the year, net of income tax		(9,793,275)	8,869,322	-	2,007,393
Total comprehensive income for the year		8,105,031	29,555,106	11,615,164	13,011,709
Total comprehensive income attributable to:					
Equity holders of the Company		7,225,082	24,347,629	11,615,164	13,011,709
Non-controlling interests		879,949	5,207,477	-	-
Total comprehensive income for the year		8,105,031	29,555,106	11,615,164	13,011,709

The accompanying notes are an integral part of these financial statements.

Charoen Pokphand Foods Public Company Limited

and its Subsidiaries

Statements of changes in equity

(Unit: Thousand Baht)

	Consolidated financial statements														
	Other components of equity														
	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Other premium	Surplus from change in shareholders' equity in subsidiaries and associates	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Revaluation differences on assets	Fair value change on investments held as available for sale	Foreign currency translation differences	Total other components of shareholders' equity	Total shareholders' equity attributable to equity holders of the Company	Non-controlling interests	Total shareholders' equity
Year ended 31 December 2016															
Balance at 1 January 2016	7,742,942	(1,135,146)	36,462,883	3,470,021	3,997,711	(5,159)	820,666	65,919,003	7,272,105	(3,145,843)	(5,034,508)	(908,246)	116,364,675	57,360,275	173,724,950
Transactions with owners,															
recorded directly in equity															
<i>Distributions to owners</i>															
Dividends paid	-	-	-	-	-	-	-	(7,018,771)	-	-	-	-	(7,018,771)	(3,754,609)	(10,773,380)
Total distributions to owners								(7,018,771)					(7,018,771)	(3,754,609)	(10,773,380)
<i>Changes in ownership interests in subsidiaries and associates</i>															
Acquisitions of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,060,408	1,060,408
Acquisitions of non-controlling interests without a change in control	-	-	-	-	38	(14)	-	(14)	232	-	70	302	326	(329)	(3)
Changes in interests in associates	-	-	-	-	3,824	-	-	-	-	-	-	-	3,824	-	3,824
New shares issued by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	135,505	135,505
Total changes in ownership interests in subsidiaries and associates					3,862	(14)	-	(14)	232	-	70	302	4,150	1,195,584	1,199,734
Total transactions with owners, recorded directly in equity	-	-	-	-	3,862	-	-	(7,018,785)	232	-	70	302	(7,014,621)	(2,559,025)	(9,573,646)
Comprehensive income															
for the year															
Profit	-	-	-	-	-	-	-	14,702,819	-	-	-	-	14,702,819	5,982,965	20,685,784
Other comprehensive income															
- Gains on remeasurements of defined benefit plans	-	-	-	-	-	-	-	1,172,578	-	-	-	-	1,172,578	(4,044)	1,168,534
- Others	-	-	-	-	-	-	-	-	6,457,730	251,533	1,762,969	8,472,232	8,472,232	(771,444)	7,700,788
Total comprehensive income for the year	-	-	-	-	-	-	-	15,875,397	6,457,730	251,533	1,762,969	8,472,232	24,347,629	5,207,477	29,555,106
Transferred to retained earnings	-	-	-	-	-	-	-	6,868	(6,868)	-	-	(6,868)	-	-	-
Balance at 31 December 2016	7,742,942	(1,135,146)	36,462,883	3,470,021	4,001,573	(5,159)	820,666	74,782,483	13,723,199	(2,894,310)	(3,271,469)	7,557,420	133,697,683	60,008,727	193,706,410

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

(Unit: Thousand Bahr)

Consolidated financial statements															
Note	Surplus from change in shareholders' equity				Other components of equity							Subordinated perpetual debentures	Total shareholders' equity attributable to the Company	Non-controlling interests	Total shareholders' equity
	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Revaluation differences on assets	Fair value change on investments held as available for sale	Foreign currency transition differences	Total other components of shareholders' equity				
Year ended 31 December 2017															
Balance at 1 January 2017															
Transactions with owners, recorded directly in equity															
<i>Contributions by and distributions to owners</i>															
27	868,300	-	20,836,026	-	-	-	-	-	-	-	-	21,704,326	-	-	21,704,326
28	-	(1,774,103)	-	-	-	-	-	-	-	-	-	(1,774,103)	-	-	(1,774,103)
Treasury shares purchased															
Dividends paid															
	868,300	(1,774,103)	20,836,026	-	-	(7,417,154)	-	-	-	-	-	(7,417,154)	-	(2,411,951)	(9,829,105)
<i>Total contributions by and distributions to owners</i>															
<i>Changes in ownership interests</i>															
<i>in subsidiaries and associates</i>															
Acquisitions of subsidiaries with non-controlling interests															
Acquisitions of non-controlling interests															
without a change in control															
Changes in interests in associates															
New shares issued by subsidiaries															
Liquidation of subsidiaries															
	-	-	-	-	-	-	-	-	-	-	-	-	-	(36,562)	(36,562)
<i>Total changes in ownership interests in subsidiaries and associates</i>															
	-	-	-	-	(51,790)	-	6	194	-	2,152	2,346	(49,438)	-	149,933	100,495
<i>Total transactions with owners, recorded directly in equity</i>															
	868,300	(1,774,103)	20,836,026	-	(51,790)	(7,417,148)	194	-	-	2,152	2,346	12,463,631	-	(2,462,018)	10,201,613
<i>Comprehensive income</i>															
<i>for the year</i>															
Profit															
Other comprehensive income															
- Losses on remeasurement of defined benefit plans															
- Others															
	-	-	-	-	-	15,259,320	-	-	-	-	-	15,259,320	-	2,638,986	17,898,306
<i>Total comprehensive income for the year</i>															
	-	-	-	-	-	15,230,057	-	101,122	75,093	(8,181,190)	(8,004,975)	7,225,082	-	879,949	8,105,031
<i>Transfer to legal reserve</i>															
29	-	-	-	108,500	-	(108,500)	-	-	-	-	-	-	15,000,000	-	15,000,000
<i>Issuance cost of subordinated perpetual debentures - net of income tax</i>															
29	-	-	-	-	-	(61,580)	-	-	-	-	-	(61,580)	-	-	(61,580)
<i>Interest paid on subordinated perpetual debentures - net of income tax</i>															
29	-	-	-	-	-	(309,618)	-	-	-	-	-	(309,618)	-	-	(309,618)
<i>Balance at 31 December 2017</i>															
	8,611,242	(2,969,149)	57,298,909	3,470,021	929,166	82,115,694	(5,159)	13,824,515	(2,819,217)	(11,450,507)	(445,109)	153,015,198	15,000,000	58,626,658	226,641,856

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

Separate financial statements

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of changes in equity

(Unit: Thousand Baht)

	Separate financial statements									
	Other components of equity									
	Issued and paid-up share capital	Share premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Revaluation differences on assets	Subordinated perpetual debentures	Total shareholders' equity	Total equity
<i>Note</i>										
Year ended 31 December 2017										
Balance at 1 January 2017	7,742,942	35,572,855	3,470,021	490,423	820,666	41,825,530	2,822,384	-	2,822,384	92,744,821
Transactions with owners, recorded directly in equity										
<i>Contributions by and distributions to owners</i>										
26 Issue of ordinary shares	868,300	20,836,027	-	-	-	-	-	-	-	21,704,327
39 Dividends paid	-	-	-	-	-	(7,789,945)	-	-	-	(7,789,945)
Total contributions by and distributions to owners	868,300	20,836,027	-	-	-	(7,789,945)	-	-	-	13,914,382
Total transactions with owners, recorded directly in equity	868,300	20,836,027	-	-	-	(7,789,945)	-	-	-	13,914,382
Comprehensive income for the year										
Profit	-	-	-	-	-	11,615,164	-	-	-	11,615,164
Total comprehensive income for the year	-	-	-	-	-	11,615,164	-	-	-	11,615,164
Transfer to legal reserve	-	-	-	-	108,500	(108,500)	-	-	-	-
Issue of subordinated perpetual debentures	-	-	-	-	-	-	-	15,000,000	-	15,000,000
Issuance cost of subordinated perpetual debentures - net of income tax	-	-	-	-	-	(61,580)	-	-	-	(61,580)
Interest paid on subordinated perpetual debentures - net of income tax	-	-	-	-	-	(309,618)	-	-	-	(309,618)
Balance at 31 December 2017	8,611,242	56,408,882	3,470,021	490,423	929,166	45,171,051	2,822,384	15,000,000	2,822,384	132,903,169

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of cash flows

(Unit: Thousand Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2017	2016	2017	2016
Cash flows from operating activities					
Profit for the year		17,898,306	20,685,784	11,615,164	11,004,316
Adjustments to reconcile profit to cash receipts (payments)					
Depreciation	16, 17	14,385,569	12,284,721	1,803,511	1,815,842
Amortisation		1,496,822	963,839	8,221	8,347
Depreciation of biological assets	9	5,366,291	5,259,442	136,768	151,158
Bad and doubtful debts expense	7	184,581	205,369	(5)	14,299
(Reversal of) losses on inventory devaluation	8	10,197	(88,598)	(4,780)	(82,143)
Interest income		(936,923)	(790,842)	(3,548,936)	(4,126,526)
Dividend income		(97,287)	(73,658)	(13,958,276)	(12,542,016)
Finance costs	35	11,743,356	10,601,235	3,727,784	3,737,583
Gains on sale of investments	13	(10,428,763)	(2,125,803)	-	-
Gains from liquidation of subsidiaries		(1,766)	-	(2,324)	-
Provisions for employee benefits	25	551,546	718,361	142,032	197,312
Impairment losses on investment properties	16	-	8,002	-	893
Losses (gains) on sale and write-off of property, plant and equipment		234,953	10,505	51,218	(68,182)
Losses (gains) on sale and write-off of other intangible assets		5	278,295	(1)	52,753
(Reversal of) impairment losses on plant and equipment and assets held for sale		669,239	62,317	(53,754)	(1,770)
Unrealised losses (gains) on exchange rates		10,055	(72,808)	953,133	(271,204)
Impairment losses on investments	11	-	-	8,655	128,500
Losses on changes in fair value of biological assets	9	56,554	888,852	-	-
Share of profits of associates and joint ventures	13, 14	(7,983,044)	(6,512,494)	-	-
Income tax expense (income)	36	250,648	7,211,808	(468,673)	1,347,238
		33,410,339	49,514,327	409,737	1,366,400
Changes in operating assets and liabilities					
Accounts receivable - trade and others		(5,257,836)	(3,206,628)	(107,410)	546,812
Inventories		(296,329)	(701,948)	(600,013)	1,266,187

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of cash flows

(Unit: Thousand Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December	Year ended 31 December	Year ended 31 December	Year ended 31 December
	Note	2017	2016	2017	2016
Cash flows from operating activities					
(Continued)					
Current and non-current biological assets		(8,245,373)	(7,776,494)	(142,320)	(250,506)
Other current assets		(3,535,259)	672,390	91,263	705,630
Other non-current assets		(745,755)	(2,728,142)	186	13,348
Accounts payable - trade and others		5,701,018	2,089,229	25,894	(162,542)
Other current liabilities		1,341,625	852,204	(10,708)	(584,489)
Employee benefits paid		(278,714)	(910,078)	(53,384)	(55,507)
Income tax paid		(4,837,852)	(6,573,759)	(46,021)	(1,145,270)
Net cash provided by (used in)					
operating activities		17,255,864	31,231,101	(432,776)	1,700,063
Cash flows from investing activities					
Interest received		945,064	777,506	3,354,587	4,126,999
Dividends received		3,592,307	3,705,652	10,358,276	18,469,002
Short-term loans to subsidiaries		-	-	(11,488,400)	(660,227)
Short-term loans to joint venture		(556,607)	-	-	-
Proceeds from current investments		2,565,408	530,688	-	-
Acquisition of investments		(12,363,780)	(10,155,317)	(14,332,200)	(34,201,243)
Proceeds from sale of investments		15,811,535	4,273,503	-	-
Net consideration paid for acquisition of subsidiaries	4	(2,154,233)	(40,688,006)	-	-
Long-term loans to subsidiaries		-	-	(1,497,378)	16,639,919
Long-term loans to associate	5	(2,700)	-	-	-
Acquisition of investment properties		-	(8,860)	-	-
Acquisition of property, plant and equipment		(30,475,043)	(22,174,627)	(1,480,157)	(1,139,575)
Acquisition of other intangible assets	19	(132,741)	(201,349)	(5,238)	(5,076)
Proceeds from sale of investment properties		-	480	-	-
Proceeds from sale of property, plant and equipment		320,322	1,348,138	5,090	345,151
Proceeds from sale of other intangible assets		82	-	3	283
Acquisition of leasehold rights		(31,645)	(191,420)	-	-
Proceeds from liquidation of subsidiaries		-	-	2,324	-
Net cash provided by (used in)					
investing activities		(22,482,031)	(62,783,612)	(15,083,093)	3,575,233

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of cash flows

		<i>(Unit: Thousand Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
<i>Note</i>		2017	2016	2017	2016
<i>Cash flows from financing activities</i>					
	Interest paid	(11,751,387)	(10,538,041)	(3,954,262)	(3,596,991)
	Proceeds from (repayment of) short-term borrowings from financial institutions and subsidiaries	3,251,892	(20,303,312)	-	(7,132,158)
	Proceeds from (repayment of) bills of exchange	(8,360,479)	24,392,400	(5,968,426)	1,981,297
	Proceeds from (repayment of) short-term borrowings from joint ventures	140,802	(63,705)	-	-
	Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(19,356)	(15,961)	-	-
	Proceeds from long-term borrowings from financial institutions	9,524,517	37,726,772	-	-
	Repayment of long-term borrowings from financial institutions	(13,156,107)	(27,083,380)	(1,849,200)	(616,400)
	Proceeds from issue of debentures	-	53,516,429	-	9,060,000
	Repayment of debentures	(7,000,000)	(16,885,878)	(7,000,000)	(6,060,000)
	Proceeds from issue of subordinated perpetual debentures	29 15,000,000	-	15,000,000	-
	Payment of financial transaction costs	(336,780)	(497,778)	(87,596)	(20,107)
	Proceeds from issue of new ordinary shares	20,171,864	135,506	21,704,327	-
	Dividend paid of the Company - net of dividends paid to subsidiaries (for share held in treasury)	(7,411,616)	(7,018,475)	(7,784,407)	(7,355,500)
	Dividends paid to non-controlling interests	(2,456,433)	(3,746,080)	-	-
	Payment for the acquisition of non-controlling interests	(114,406)	-	-	-
	Net cash provided by (used in) financing activities	(2,517,489)	29,618,497	10,060,436	(13,739,859)

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**

Statements of cash flows

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
Note	2017	2016	2017	2016
Net decrease in cash and cash equivalents,				
before effect of exchange rates	(7,743,656)	(1,934,014)	(5,455,433)	(8,464,563)
Effect of exchange rate changes on				
cash and cash equivalents	(1,307,531)	520,207	(19)	132,176
Net decrease in cash and cash equivalents	(9,051,187)	(1,413,807)	(5,455,452)	(8,332,387)
Cash and cash equivalents at beginning of year	30,973,674	32,387,481	9,060,731	17,393,118
Cash and cash equivalents at ending of year	21,922,487	30,973,674	3,605,279	9,060,731

**Supplemental disclosures of cash flows
information:**

1. Cash and cash equivalents

These consisted of:

Cash and cash equivalents	6	22,971,716	34,100,378	3,608,756	9,067,360
Overdrafts	23	(1,049,229)	(3,126,704)	(3,477)	(6,629)
Net		21,922,487	30,973,674	3,605,279	9,060,731

2. Non-cash transactions

As at 31 December 2017 the Group and the company had accrued dividend income amounting to Baht 171 million and Baht 3,600 million respectively (2016: The Group had accrued dividend income amounting to Baht 177 million).

The accompanying notes are an integral part of these financial statements.

**Charoen Pokphand Foods Public Company Limited
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**Charoen Pokphand Foods Public Company Limited
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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 executive directors on 23 February 2018.

1 General information

Charoen Pokphand Foods Public Company Limited, the “Company”, is incorporated in Thailand on 17 January 1978 and has its registered head office at 313 C.P. Tower, Silom Road, Silom, Bangrak, Bangkok 10500, Thailand.

The Company was listed on the Stock Exchange of Thailand on 21 December 1987.

The principal activities of the Company and its subsidiaries (together referred to the “Group”) are operating in agro-industrial and integrated food businesses. The Group’s business operations are located throughout Thailand and overseas. The businesses are divided into 2 main segments as follows:

- 1) The livestock business comprises chicken, duck and pigs
- 2) The aquaculture business comprises shrimp and fish

The Group’s two main businesses are vertically integrated, starting from sourcing of raw materials for animal feed production, manufacturing animal feed, breeding animals, farming animals for commercial purposes, processing meat, producing ready-to-eat food products, and including operating food retail outlets and restaurants. The Group’s main products are divided into 3 main categories as follows:

- 1) Animal feed
- 2) Animal farm products such as animal breeder, live animal and meat, etc.
- 3) Processed foods and ready meals

Details of the Company’s subsidiaries as at 31 December were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
<i>Thailand operations and businesses related to operations in Thailand</i>				
<i>Livestock business</i>				
<i>Direct subsidiaries</i>				
1) Bangkok Produce Merchandising Public Company Limited	Animal feed raw materials distribution	Thailand	99.44	99.44
2) Chester’s Food Company Limited	Restaurant	Thailand	99.99	99.99
3) CPF (Thailand) Public Company Limited	Agro-industrial and integrated food	Thailand	99.98	99.98
4) C.P. Merchandising Co., Ltd.	Investment and international trading	Thailand	99.99	99.99
<i>Indirect subsidiaries</i>				
1) CPF Trading Co., Ltd.	Wholesale and retail food products	Thailand	99.97	99.97
2) CPF Premium Foods Co., Ltd. ⁽¹⁾	Food processing plant	Thailand	-	99.99
3) CPF Denmark A/S	Importer and distributor of processed meat and ready meals	Denmark	52.00	52.00

**Charoen Pokphand Foods Public Company Limited
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For the year ended 31 December 2017

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
4) CPF Europe S.A. (4.1 to 4.3 are subsidiaries of CPF Europe S.A.)	Importer and distributor of processed meat and ready meals	Belgium	99.99	99.99
4.1) CP Chozen Limited (4.1.1 to 4.1.2 are subsidiaries of CP Chozen Limited)	Investment	United Kingdom	71.50	71.50
4.1.1) Chozen Holdings Limited	Restaurant	United Kingdom	71.50	71.50
4.1.2) Chozen Noodle Trading Limited	Property lease-out	United Kingdom	71.50	71.50
4.2) Tops Foods NV	Production and distributor of ready meals	Belgium	84.08	84.08
4.3) Paulsen Food GmbH	Distributor of processed meat and investment	Germany	95.00	-
5) CPF Food Trading Co., Ltd.	Importer and distributor of processed meat and ready meals	China	100.00	100.00
6) CP Foods (UK) Limited (6.1 to 6.61 are subsidiaries of CP Foods (UK) Limited)	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.1) Fusion Abbey Park Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.2) Fusion Alfrick Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.3) Fusion Bracewell Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.4) Fusion Bransford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.5) Fusion Broadway Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.6) Fusion Brothwood Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.7) Fusion Calis Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.8) Fusion Carnoustie Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.9) Fusion Charlton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.10) Fusion Crowle Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.11) Fusion Dalaman Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.12) Fusion Defford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.13) Fusion Dormington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.14) Fusion Driscoll Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.15) Fusion Dumbleton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.16) Fusion Eastoe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52

**Charoen Pokphand Foods Public Company Limited
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
6.17) Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.18) Fusion Everton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.19) Fusion Exning Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.20) Fusion Fethiye Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.21) Fusion Gatley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.22) Fusion Gocek Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.23) Fusion Gray Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.24) Fusion Harper Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.25) Fusion Hartford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.26) Fusion Hawstead Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.27) Fusion Head Street Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.28) Fusion Heath Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.29) Fusion Irvine Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.30) Fusion Kaitaia Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.31) Fusion Kroma Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.32) Fusion Krone Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.33) Fusion Lineker Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.34) Fusion Littleworth Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.35) Fusion Madeley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.36) Fusion McMahon Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.37) Fusion Mountfield Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.38) Fusion Moyes Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.39) Fusion Newlands Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.40) Fusion Niamh Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.41) Fusion Pershore Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.42) Fusion Priest Lane Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52

Charoen Pokphand Foods Public Company Limited
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
6.43) Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.44) Fusion Reid Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.45) Fusion Richardson Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.46) Fusion Samui Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.47) Fusion Sharp Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.48) Fusion Sheedy Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.49) Fusion Soham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.50) Fusion Southall Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.51) Fusion Stevens Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.52) Fusion Thetford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.53) Fusion Turgay Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.54) Fusion Uzumlu Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.55) Fusion Van Den Hauwe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.56) Fusion Wadborough Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.57) Fusion Wellington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.58) Fusion Whistler Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.59) Fusion Wright Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.60) Fusion Yamac Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.61) The Foodfellas Limited ⁽²⁾	Importer of ingredients and food products	United Kingdom	34.51	34.51
7) Westbridge Food Group Limited (7.1 to 7.6 is subsidiaries of Westbridge Food Group Limited)	Investment	United Kingdom	100.00	-
7.1) Westbridge Foods Limited (7.1.1 is subsidiary of Westbridge Foods Limited)	Importer and distributor of meat and ready meals	United Kingdom	100.00	-
7.1.1) Westbridge Foods (Thailand) Limited	Provision and development for Asian food product	Thailand	99.99	-
7.2) Westbridge (Qingdao) Trading Co., Ltd.	Provision and development for Asian food product	China	100.00	-
7.3) Wignall Holdings Limited ⁽³⁾ (7.3.1 is subsidiary of Wignall Holdings Limited)	Investment	United Kingdom	100.00	-
7.3.1) Westbridge Foods (Haydock) Limited	Distribution of meat products	United Kingdom	100.00	-

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
7.4) Westbridge Holding B.V.	Investment	Netherlands	100.00	-
7.5) Westbridge Foods (France) SARL	Distribution of meat products	France	100.00	-
7.6) Food Trac Limited (7.6.1 is subsidiary of Food Trac Limited)	Distribution of meat products	United Kingdom	100.00	-
7.6.1 Westbridge Group License Companies	Importer of poultry meat products	United Kingdom	100.00	-
<i>Aquaculture business</i>				
<i>Direct subsidiary</i>				
1) Seafoods Enterprise Co., Ltd. ⁽¹⁾	Shrimp processing plant	Thailand	-	99.99
<i>Indirect subsidiary</i>				
1) C.P. Food Products, Inc.	Importer and distributor of seafood products	United States of America	100.00	100.00
<i>Other businesses</i>				
<i>Direct subsidiaries</i>				
1) CPF Training Center Co., Ltd.	Training center service provider	Thailand	99.99	99.99
2) CPF IT Center Co., Ltd.	Information technology service provider	Thailand	99.99	99.99
3) CPF Food Research and Development Center Co., Ltd.	Food research and development	Thailand	99.99	99.99
<i>Overseas operations</i>				
<i>Direct subsidiaries</i>				
1) Bellisio Investment, LLC. (1.1 is a subsidiary of Bellisio Investment, LLC.)	Investment	United States of America	100.00	100.00
1.1) Bellisio Parent, LLC. ⁽³⁾ (1.1.1 to 1.1.10 are subsidiaries of Bellisio Parent, LLC.)	Investment	United States of America	100.00	100.00
1.1.1) Arden International, LLC. ⁽⁴⁾	Production and distributor of ready meals	United States of America	-	100.00
1.1.2) Arden Kitchens, LLC. (Delaware) ⁽⁴⁾	Production and distributor of ready meals	United States of America	-	100.00
1.1.3) Arden Kitchens, LLC. (Minnesota) ⁽⁴⁾	Production and distributor of ready meals	United States of America	-	100.00
1.1.4) Bellisio Finance, LLC. ⁽⁴⁾	Investment	United States of America	-	100.00
1.1.5) Bellisio Foods, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.6) Bellisio Foods Canada Corp.	Production and distributor of ready meals	Canada	100.00	100.00
1.1.7) Bellisio Holdco, LLC. ⁽⁴⁾	Investment	United States of America	-	100.00
1.1.8) Michelina's, LLC. ⁽⁴⁾	Production and distributor of ready meals	United States of America	-	100.00
1.1.9) Overhill Farms, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.10) The All American Gourmet Company ⁽³⁾	Production and distributor of ready meals	United States of America	100.00	100.00

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	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2017	2016
2)	Charoen Pokphand Foods Kenya Co., Ltd. ⁽³⁾	Animal feedmill and livestock farming	Kenya	99.99	99.99
3)	CPF Investment Limited	Investment	British Virgin Islands	100.00	100.00
4)	CPF Poland S.A. W Organizacji	Agro-industrial products and food	Poland	66.67	-
5)	C.P. Aquaculture (Beihai) Co., Ltd.	Production and sale of animal feed	China	100.00	100.00
6)	C.P. Aquaculture (Dongfang) Co., Ltd.	Shrimp hatchery business	China	100.00	100.00
7)	C.P. Aquaculture (Hainan) Co., Ltd. ⁽³⁾	Aquaculture farming and hatchery business	China	100.00	100.00
8)	C.P. Aquaculture (Zhanjiang) Co., Ltd.	Shrimp hatchery business	China	100.00	-
9)	C.P. Foods Holdings Limited	Investment	British Virgin Islands	100.00	100.00
10)	C.P. Foods International Limited	Investment	British Virgin Islands	100.00	100.00
11)	CPF Netherlands B.V. (11.1 to 11.2 are subsidiaries of CPF Netherlands B.V.)	Investment	Netherlands	99.99	99.99
11.1)	Russia Baltic Pork Invest ASA (11.1.1 to 11.1.9 are subsidiaries of Russia Baltic Pork Invest ASA)	Investment	Norway	75.82	75.82
11.1.1)	Farm Construction Limited Liability Company	Swine farm construction	Russia	75.82	75.82
11.1.2)	Finagro ASP	Financial service	Denmark	75.82	75.82
11.1.3)	Kornevo Limited Liability Company	Livestock farming	Russia	75.82	75.82
11.1.4)	Management Company RBPI Group Limited Liability Company	Property lease-out	Russia	75.82	75.82
11.1.5)	NNPP Limited Liability Company	Livestock farming	Russia	75.82	75.82
11.1.6)	NNPP-2 Limited Liability Company	Livestock farming	Russia	75.82	75.82
11.1.7)	Pravdinsk Pig Production Closed Joint Stock Company	Livestock farming	Russia	75.82	75.82
11.1.8)	Pravdinsk Pig Production -2 Limited Liability Company	Livestock farming	Russia	75.82	75.82
11.1.9)	Rechnoe Limited Liability Company	Biological waste management services provider	Russia	75.82	-

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			2017	2016
11.2) Stesha LLC. (11.2.1 to 11.2.2 are subsidiaries of Stesha LLC.)	Investment	Russia	99.99	99.99
11.2.1) CJSC Poultry Parent Stock Production Woyskovitsy	Livestock farming and breeding	Russia	79.99	79.99
11.2.2) CJSC Poultry Production Severnaya	Animal feedmill, livestock farming and food processing plant	Russia	79.99	79.99
Direct and indirect subsidiaries				
1) Charoen Pokphand Foods Philippines Corporation (1.1 is a subsidiary of Charoen Pokphand Foods Philippines Corporation)	Production and sale of animal feed, farming and shrimp hatchery business	Philippines	99.99	99.99
1.1) A.P.P. Enterprise, Inc. ⁽²⁾	Property lease-out	Philippines	39.60	39.60
2) Charoen Pokphand Foods (Overseas) LLC. (2.1 to 2.6 are subsidiaries of Charoen Pokphand Foods (Overseas) LLC.)	Animal feedmill and livestock farming	Russia	99.99	99.99
2.1) CPF Agro LLC.	Livestock farming	Russia	99.99	99.99
2.2) CPF Foods LLC.	Livestock farming	Russia	99.99	99.99
2.3) CPF Ryazan LLC.	Livestock farming	Russia	99.99	99.99
2.4) CPF Serebryanie Prudy LLC.	Livestock farming	Russia	99.99	99.99
2.5) CPF Trading LLC.	Importer and distributor of meat products	Russia	99.99	99.99
2.6) CPF Zaraysk LLC.	Livestock farming	Russia	99.99	99.99
3) Chia Tai Enterprises International Limited (3.1 to 3.9 are subsidiaries of Chia Tai Enterprises International Limited)	Investment	Bermuda	50.43	50.43
3.1) C.P. Enterprises Limited	Investment	Hong Kong	50.43	50.43
3.2) Chia Tai Huazhong Biochemistry Limited	Investment	Hong Kong	50.43	50.43
3.3) Chia Tai Pucheng Biochemistry Limited	Investment	Hong Kong	50.43	50.43
3.4) ECI Machinery Co., Ltd.	Investment	British Virgin Islands	50.43	50.43
3.5) Golden Industrial Investment Limited	Investment	Hong Kong	50.43	50.43
3.6) Pucheng Chia Tai Biochemistry Limited ⁽²⁾	Production and sale of chlortetracycline	China	35.17	35.17
3.7) Shanghai C.P. Industrial Trading Co., Ltd. ⁽³⁾	Sale of machine and spare part	China	50.43	50.43
3.8) Zhumadian Huazheng Property Co., Ltd. ⁽⁴⁾	Real estate property	China	-	35.17
3.9) Zhumadian Huazhong Chia Tai Co., Ltd. ⁽²⁾	Production and sale of chlortetracycline	China	35.17	35.17

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	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2017	2016
4)	C.P. Standart Gida Sanayi ve Ticaret A.S.	Agro-industrial and integrated food	Turkey	100.00	100.00
5)	C.P. Pokphand Co., Ltd. (5.1 to 5.109 are subsidiaries of C.P. Pokphand Co., Ltd.)	Investment in agro-industrial and food	Bermuda	50.43	50.43
5.1)	Beijing CP Consultation Services Co., Ltd.	Provision of consulting service on economic and trade	China	50.43	50.43
5.2)	CP Food Enterprise (Qinhuangdao) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.3)	C.P. Aquaculture (Yangjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.4)	C.P. Food Enterprises (Ningbo) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.5)	C.P. Food (Hengshui) Co., Ltd.	Production and sale of processed food	China	50.43	50.43
5.6)	C.P. Food (Kaifeng) Co., Ltd.	Production and sale of processed food	China	50.43	-
5.7)	C.P. Food (Nantong) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.8)	C.P. Food (Xiangyang) Co., Ltd.	Production and sale of processed food	China	50.43	50.43
5.9)	C.P. Food (Xuzhou) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.10)	C.P. Food (Zhanjiang) Co., Ltd.	Production and sale of processed food	China	50.43	50.43
5.11)	C.P. Premix (Guanghan) Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.89	45.89
5.12)	C.P. Premix (Hangzhou) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.13)	C.P. Premix (Liuzhou) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.14)	C.P. Premix (Nantong) Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.15)	C.P. Premix (Shenyang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.16)	C.P. Premix (Tianjin) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.17)	C.P. Standard Resources Limited	Investment	Hong Kong	50.43	50.43
5.18)	C.P. Vietnam Corporation	Production and sale of animal feed, farming and processed food	Vietnam	64.89	64.89
5.19)	C.T. Progressive (H.K.) Limited	Investment	Bermuda	50.43	50.43
5.20)	Changsha Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.21)	Charoen Pokphand (China) Investment Limited	Investment	British Virgin Islands	50.43	50.43
5.22)	Chengdu Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30

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			2017	2016
5.23) Chia Tai (Beijing) Investment Management Co., Ltd.	Rendering management and advisory service	China	50.43	50.43
5.24) Chia Tai (China) Investment Co., Ltd.	Investment and trading	China	50.43	50.43
5.25) Chia Tai Feed (Harbin) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.26) Chia Tai Feed (Hefei) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.27) Chia Tai Feed (Helin) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.28) Chia Tai Feed (Hengshui) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.29) Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.30) Chia Tai Feed (Yiwu) Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	27.74	-
5.31) Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.32) Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.33) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.34) Chia Tai Food (Suqian) Co., Ltd. (Formerly known as COFCO Meat (Suqian) Co., Ltd.)	Poultry farming, production and sale of chicken meat products	China	50.43	-
5.35) Chia Tai (Hainan) Agro-Industry Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	50.43	50.43
5.36) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.37) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.38) Chongqing Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.39) Chongqing Shuangqiao Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.40) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.41) CP China Investment Limited	Investment	Cayman Islands	50.43	50.43
5.42) CP Food Investment Limited	Investment	Hong Kong	50.43	50.43
5.43) CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.44) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.45) Fujian Baojiashun Food Development Co., Ltd. ⁽²⁾	Production of processed poultry meat	China	35.30	35.30

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			2017	2016
5.46) Fujian Chia Tai Food Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	35.30
5.47) Fujian Hetai Agro-Industry Co., Ltd. ⁽²⁾	Farming and sale of poultry	China	35.30	35.30
5.48) Fujian Longzeji Feed Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	35.30	35.30
5.49) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.50) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.51) Ganzhou Chia Tai Industrial Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	40.34	40.34
5.52) Guang An Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.53) Guangdong Chia Tai Biotechnology Co., Ltd.	Production and sale of probiotics	China	50.43	50.43
5.54) Guangxi Chia Tai Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.55) Guilin Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.56) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.57) Hannick Limited	Property investment	Hong Kong	50.43	50.43
5.58) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.59) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.60) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.61) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.62) Hubei Chia Tai Co., Ltd.	Production and sale of animal feed, breeding and processed meat	China	50.43	50.43
5.63) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.64) Inner Mongolia Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.58	45.58
5.65) Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.66) Jiangsu Huai Yin Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	44.38	44.38
5.67) Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.68) Jilin Chia Tai Food Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.69) Jinan Chia Tai Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	32.78	32.78
5.70) Jiujiang Chia Tai Feedstuffs Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26

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			2017	2016
5.71) Kaifeng Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.72) Kunming Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	46.59	46.59
5.73) Lanzhou Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.70	45.70
5.74) Longyan Baotai Agro-Industry Co., Ltd. ⁽²⁾	Farming and sale of poultry	China	35.30	35.30
5.75) Mianyang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	40.34	40.34
5.76) Modern State Investments Limited	Investment	British Virgin Islands	50.43	50.43
5.77) Nanchang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.78) Nanning C.P. Food Co., Ltd	Production and sale of processed food	China	50.43	50.43
5.79) Nanning Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	46.21	46.21
5.80) Nantong Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.81) Nantong Chia Tai Feedmill Co., Ltd. ⁽²⁾ (Formerly known as Nantong Chia Tai Feed Co., Ltd.)	Production and sale of animal feed	China	30.26	-
5.82) Nanyang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.89	45.89
5.83) Neijiang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.84) Ningbo Chia Tai Agriculture Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	35.30
5.85) Pingdingshan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.86) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.87) Shaanxi Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	48.41	48.41
5.88) Shanghai Han Tong International Trading Co., Ltd. ⁽³⁾	Sale of processed poultry meat	China	35.30	35.30
5.89) Shanxi Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.21	30.21
5.90) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.91) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.92) Shuangliu Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.93) Tai Zhou Chia Tai Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	48.41	48.41
5.94) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.95) Urumqi Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	47.11	47.11
5.96) Weinan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.97) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.98) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	China	50.43	50.43

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			2017	2016
5.99) Wuxuan Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.100) Xiamen Chia Tai Agriculture Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.101) Xiamen Sumpo Food Trading Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	35.30
5.102) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.103) Xuzhou Chia Tai Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	32.78	32.78
5.104) Yichang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.105) Yinchuan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.106) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.107) Zhangjiakou Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.108) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.109) Zhumadian Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.76	30.76
6) CPF Tanzania Limited ⁽³⁾	Animal feedmill and livestock farming	Tanzania	99.99	99.99
Indirect subsidiaries				
1) Bright Excel Investments Limited	Investment	British Virgin Islands	100.00	100.00
2) C.P. Cambodia Co., Ltd. (2.1 is a subsidiary of C.P. Cambodia Co., Ltd.)	Production and sale of animal feed, livestock farming and processed food	Cambodia	100.00	100.00
2.1) Cambodia Property and Trading Co., Ltd. ⁽²⁾	Property lease-out	Cambodia	49.00	49.00
3) C.P. Laos Co., Ltd.	Animal feedmill and livestock farming	Laos	99.99	99.99
4) Charoen Pokphand (Taiwan) Investment Limited	Investment	Bermuda	100.00	100.00
5) Charoen Pokphand (USA), Inc. ⁽³⁾	Broiler chicken integration	United States of America	99.97	99.97
6) Charoen Pokphand Enterprise (Taiwan) Co., Ltd. ⁽²⁾ (6.1 to 6.7 are subsidiaries of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	Chicken integration and livestock farming	Taiwan	32.68	32.68
6.1) Arbor Acres (Taiwan) Co., Ltd. ⁽²⁾	Livestock farming	Taiwan	16.34	16.34
6.2) Charoen Pokphand (Taiwan) Co., Ltd. ⁽²⁾	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	29.41	29.41
6.3) Chia Tai Lianyungang Co., Ltd. ⁽²⁾	Investment	Hong Kong	32.68	32.68
6.4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	22.88	22.88
6.5) Plenty Type Limited ⁽²⁾	Investment	Cayman Islands	32.68	32.68
6.6) Rui Fu Foods Co., Ltd. ⁽²⁾	Layer chicken business	Taiwan	16.67	16.67
6.7) Rui Mu Foods Co., Ltd. ⁽²⁾	Layer chicken business	Taiwan	16.99	16.99

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			2017	2016
7) Charoen Pokphand Foods (Malaysia) Sdn. Bhd. (7.1 to 7.3 are subsidiaries of Charoen Pokphand Foods (Malaysia) Sdn. Bhd.)	Investment in aquaculture integration business and swine business	Malaysia	99.99	99.99
7.1) Asia Aquaculture (M) Sdn. Bhd.	Shrimp farming and processing plant	Malaysia	99.99	99.99
7.2) Makin Jernih Sdn. Bhd. (7.2.1 to 7.2.3 are subsidiaries Of Makin Jernih Sdn. Bhd.)	Investment	Malaysia	99.99	99.99
7.2.1) AA Meat Shop Sdn. Bhd.	Livestock processing retailer	Malaysia	99.99	99.99
7.2.2) Chau Yang Farming Sdn. Bhd.	Livestock farming	Malaysia	99.99	99.99
7.2.3) Tip Top Meat Sdn. Bhd.	Livestock processing plant	Malaysia	99.99	99.99
7.3) Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution	Malaysia	99.99	99.99
8) Charoen Pokphand Foods Canada Inc.	Import and export food products	Canada	70.00	70.00
9) Coinaton Investments Limited (9.1 is a subsidiary of Coinaton Investments Limited)	Investment	British Virgin Islands	100.00	100.00
9.1) Chun Ta Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
10) CPF (INDIA) Private Limited	Production and sale of animal feed, farming and processed food	India	99.99	99.99
11) CPF Japan Co., Ltd	Importer and distributor of processed meat and ready meals	Japan	99.99	99.99
12) CPVN Limited	Investment	British Virgin Islands	100.00	100.00
13) Forward Pass Limited (13.1 is a subsidiary of Forward Pass Limited)	Investment	British Virgin Islands	100.00	100.00
13.1) Ta Chung Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
14) New Splendid Holdings Limited	Investment	British Virgin Islands	100.00	100.00
15) Norfolk Foods (Private) Limited	Production and sale of ready meal	Sri Lanka	80.00	80.00

(1) Liquidation completed

(2) The Company has the power to govern those companies

(3) Operations wound up

(4) Closed

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2 Basis of preparation of the financial statements

2.1 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 several new and revised TFRS that are relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2017. The adoption of these new and revised TFRS have no material effect on the accounting policies, methods of computation, and financial performance or financial position of the Group.

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 2018 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 44 to the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

- Investments held as available for sale are measured at fair value.
- Certain types of biological assets are measured at fair value less costs to sell.
- Land used for operations is measured at revalued amounts.
- Defined benefit obligations have been measured at their present value.

2.3 Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million Baht unless otherwise stated.

2.4 Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

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Accounting policies which have the information about judgments that have significant effects on the amounts recognised in the financial statements is included in the following notes to the financial statements:

Note 11, 13 and 14	Consolidation of entities that the Group has control and significant influence over
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Accounting policies which have the information about significant areas of estimation uncertainty and critical judgments that have the most significant effect on the amount recognised in the financial statements is included in the following notes to the financial statements:

Note 4	Measurement of fair value of assets acquired and liabilities assumed
Note 9	Measurement of biological assets
Note 11, and 13 to 19	Assumptions used in discounted cash flow projections
Note 21	Utilisation of tax losses
Note 21 and 36	Deferred and current taxation
Note 25	Measurement of defined benefit obligations
Note 40	Valuation of financial instruments

Measurement of fair values

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs.

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.

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 as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 9 Biological assets
- Note 16 Investment properties
- Note 17 Property, plant and equipment
- Note 40 Financial instruments

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”) and the Group’s interests in associates and joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations when the Group has control, as described in subsidiaries section, other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The acquisition date is the date on which control is transferred to the acquirer. All relevant facts and circumstances are considered in determining the acquisition date and determining whether control is transferred from one party to another. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Goodwill, at initial recognition, is measured at the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, when purchase price is more than the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When purchase price is less than net recognised amount of the identifiable assets acquired and liabilities assumed, gain on bargain purchase is immediately recognised in profit or loss.

Any consideration/contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. In the event that contingent consideration is classified as asset or liability, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs that are incurred in connection with a business combination are recorded as expenses as incurred.

If the 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 by the subsequently obtained information, 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.

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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. If subsidiaries of the Group use accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to their financial statements to comply with the accounting policies of the Parent in preparing the consolidated financial statements.

Losses in a subsidiary which related to non-controlling interests are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree or the fair value.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. 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. Subsequently it is accounted for as new types of investment depending on the level of influence retained.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

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Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses, are eliminated in full in preparing the consolidated financial statements. Unrealised gains or losses arising from associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that 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 using the foreign exchange rates ruling at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustment entries arising on the acquisition of foreign operations are translated to Thai Baht at the foreign exchange rate ruling at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in foreign currency translation differences in equity until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the Group shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

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A monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item and related hedging transactions are considered to form part of a net investment in a foreign operation and are presented in the same way as foreign exchange differences arising from translation.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks, arising from operating, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement is recognised depending on the nature of the item being hedged.

(d) *Hedging*

Hedge of future foreign currency transactions

The Group has a policy to mitigate the foreign exchange risk of the foreign currencies monetary transactions by entering into forward exchange contracts. In this regard, all monetary transactions are translated to the functional currency of the Company and subsidiaries at the rates prevailing at the reporting date, adjusted by net receivables/ payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward contract term. The amortised forward premium/discount and gains or losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange gains or losses on the foreign currency monetary transactions being hedged.

For hedges of anticipated future transactions, the Group recognises gains and losses on forward exchange contracts and the related forward premium/discount as deferred transaction until the transactions are completed then recognises gains or losses in profit or loss.

Hedge of interest rates

Interest differentials under swap arrangements are accrued in proportion to the interval of time and relevant underlying notional principal and recorded as adjustments to the interest expense relating to the hedged loans.

(e) *Cash and cash equivalents*

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits, highly liquid short-term investments and bank overdrafts that are repayable on demand.

Deposits that have a restriction on use are presented separately in the account "Restricted deposits at financial institutions" in the statement of financial position.

(f) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

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The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off after performing the appropriate procedures prescribed in the Revenue Code.

(g) Inventories

Raw materials, work in progress and finished goods

Finished goods and raw materials are measured principally at the lower of average cost and net realisable value.

Work in progress is measured principally at the lower of cost and net realisable value.

Chemicals, medical and supplies are measured principally at the lower of average cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of 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.

(h) Biological assets

Biological assets are measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of a biological asset), except for the case where the fair value cannot be measured reliably, they are measured at cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

Non-current biological assets, mainly consisting of swine breeders, are separately presented under the caption "Non-current assets". Other biological assets are presented under the caption "Current assets" in the statement of financial position.

(i) Non-current assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

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(j) Investments

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments held as available for sale

Investments held as available for sale are investments in marketable equity securities that are non-subsidiaries and/or non-associates and/or non-joint ventures, other than those securities held for trading or intended to be held to maturity. Investments held as available for sale are, subsequent to initial recognition, stated at fair value which is determined using quoted bid price at the reporting date. The changes, therein, other than impairment losses are recognised directly in equity. When there is objective evidence that the value of the asset is impaired, impairment losses are recognised in profit or loss.

General investments

General investments are investments in equity securities of related and other companies that are non-subsidiaries and/or non-associates and/or non-joint ventures, which are not marketable and are stated at cost less accumulated impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(k) Investment properties

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, capitalised borrowing costs, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each type of property. The estimated useful lives are 5-50 years.

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Transfers to property and plant

The carrying amount of investment properties is transferred to property and plant at the date of change in use and measured in accordance with accounting policy of property and plant.

(l) Property, plant and equipment

Recognition and measurement

Owned assets of the Group

Land used for operations is measured at revalued amounts. Land acquired after the latest revaluation was made is stated at cost less accumulated impairment losses.

Plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs, and 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. Purchase software that is integral to the functionality of the related equipment is capitalised as part of the 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 in profit or loss. When revalued assets are sold, the amounts included in the revaluation differences on assets are transferred to retained earnings.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets approximated to that which would be determined using fair values at the reporting date.

Any increase in value net of deferred tax liability is recognised in other comprehensive income and presented in "Revaluation differences on assets" in other components of equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. Any value of subsequent increase will credit to other comprehensive income only for the amount higher than the previous decrease in value.

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A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset.

Transfers to investment properties

Transfers from owner-occupied property to investment property are stated at carrying amount of the property transferred at the date of the change in use.

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 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 part of an item of property, plant and equipment. The estimated useful lives are as follows:

Utilities system	3 - 40	years
Buildings and constructions	2 - 60	years
Building improvements and leasehold improvements	2 - 40	years
Water and electricity systems	3 - 30	years
Machinery and equipment	2 - 30	years
Furniture, fixtures and office equipment	3 - 20	years
Vehicles	2 - 25	years

No depreciation is provided on land and assets under construction and installation.

Depreciation methods, estimated useful lives and residual values are reviewed at each financial year-end.

(m) Intangible assets

Goodwill

The measurement of goodwill that arises upon the acquisition of subsidiaries 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. The carrying amount of goodwill related to associates and joint ventures is included in the carrying amount of the investment in associates and joint ventures.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

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Expenditure on development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, borrowing cost and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and 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 impairment losses.

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 trademarks, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life.

The estimated useful lives are as follows:

Development cost of software applications	4 - 20	years
Software licenses	3 - 20	years
Trademarks	8 - 20 years and indefinite useful life	
Customer relationship	10 - 15	years
Recipes	15	years
Trademark licenses	15	years

Amortisation methods, estimated useful lives and residual values are reviewed at each financial year-end.

(n) Leasehold rights

Payments made by the Group for leasehold rights are measured at cost and amortisation is recognised in the profit or loss on a straight line basis over the periods of the leasehold.

(o) 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.

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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 unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income.

When there is objective evidence that the value of the available-for-sale investments is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount 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. The reversal of a financial asset is recognised as follows:

- (1) For financial assets carried at amortised cost and available-for-sale investments that are debt securities, the reversal is recognised in profit or loss.
- (2) For equity securities, the reversal is recognised directly 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 of the assets 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.

(p) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(q) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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(r) Employee benefits

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in profit or loss in the periods during which services are rendered by employees.

Post-employment benefit - defined benefit plans

Obligations for defined benefit plans are calculated by using actuarial techniques and separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted by using the projected unit credit method to determine the present value of the defined benefit obligation and the current service cost.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Termination benefits

Termination benefits are expensed at the earlier of:

- (1) When the Group can no longer withdraw the offer of those benefits or
- (2) 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 benefit obligations are recognised in profit or loss in the periods during which services are rendered by employees.

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.

(s) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

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(t) Treasury shares

Treasury shares are the Company's ordinary shares held by subsidiaries. At the acquisition date, they are recognised at fair value and deducted in the equity in the consolidated financial statements. When the ordinary shares held by the subsidiaries are disposed, the Company will recognise the gain net of tax from the disposal as surplus and net losses of tax are debited to retained earnings after setting off against any remaining balance of surplus.

(u) Revenue

Revenue excluding value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue from sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Rental income

Rental income from operating lease contracts is recognised in profit or loss on a straight line basis over the term of the lease.

Other income

Other operating income and interest income are recognised in profit or loss on the accrual basis. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

(v) Finance costs

Interest and expenses incurred from financing are charged to profit or loss for the period on the accrual basis, 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 period of time to be prepared for its intended use or sale.

The interest component of finance lease payments is recognised as finance costs in profit or loss using the effective interest rate method.

(w) Expenses

Operating 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.

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Contingent lease payments are accounted for by revising the minimum lease payment over the remaining term of the lease when the lease adjustment is confirmed.

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.

When an arrangement is or contains a lease, 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 incremental borrowing rate.

(x) Income tax

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the income tax of business combination or the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax

Current tax is calculated from the taxable income for the year, using tax rates enacted at the reporting date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for goodwill which is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the temporary differences associated with investment in subsidiaries and associates that is probable that it will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of 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 determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

(y) Basic earnings per share

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated from the profit or loss attributable to ordinary shareholders of the Company less cumulative interest expense (net of income tax) on subordinated perpetual debentures and divided by the weighted average number of ordinary shares held by third parties outstanding during year.

(z) Segment reporting

Segment results that are reported to the Group’s management (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 Business combination by acquisition of shares

4.1 Share acquisition of Bellisio Parent, LLC (“Bellisio Parent”)

On 21 November 2016, the Company incorporated Bellisio Investment, LLC (“Bellisio Invest”) in the United States of America with registered share capital of U.S. Dollar 585 million and on 20 December 2016, Bellisio Invest acquired the entire interests in Bellisio Parent, which is incorporated in the United States of America from Bellisio Consolidated Equity, LLC. In this regard, the total value of the transaction is U.S. Dollar 1,104 million or Baht 39,103 million.

The main business of Bellisio Parent is investment holding and there are subsidiaries whose main business are production and distribution of ready-to-eat single serve frozen food under well-known brands.

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The Company obtained control of Bellisio Parent on 20 December 2016 (“Acquisition date”) through the acquisition of 100.00% of Bellisio Parent’s total issued and paid-up share capital.

As at 31 December 2017, the Group had completed the fair value assessment of the net assets acquired and had adjusted the accounting record of the business combination according to the new information obtained within one year from the acquisition date as follows:

	<i>(Unit: Million Baht)</i>		
	Fair value before adjusted	Adjusted	Fair value after adjusted
Cash and cash equivalents	768	-	768
Accounts receivable - trade and others	1,802	-	1,802
Inventories	2,271	-	2,271
Other current assets	702	-	702
Property, plant and equipment	5,448	-	5,448
Other intangible assets - customer relationship	5,128	-	5,128
Other intangible assets - trademarks	3,474	(95)	3,379
Other intangible assets - trademark licenses	2,986	(234)	2,752
Other intangible assets - recipes	2,100	-	2,100
Accounts payable - trade and others	(1,368)	-	(1,368)
Other current liabilities	(784)	(488)	(1,272)
Deferred tax liabilities	(6,480)	127	(6,353)
Other non-current liabilities	(44)	-	(44)
Net assets	16,003	(690)	15,313
Goodwill	23,100	660	23,760
Consideration transferred	39,103	(30)	39,073
Cash received from acquisition of subsidiary	(768)	-	(768)
Net consideration paid for acquisition of subsidiary	38,335	(30)	38,305

The factors contributing to the goodwill are the large food market in the United States of America which has strong growth potential and channel for the Company to export product to North America as well as multiple synergy benefits such as expansion of retail distribution channel and penetration of food services in the Asian food segment. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

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4.2 Share acquisition of Chia Tai Food (Suqian) Co., Ltd.

On 2 December 2016 Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary, agreed to acquire investments from COFCO Poultry Industry Co., Ltd. (“the Seller”) for the following transactions:

- 1) Acquire the entire interest in Chia Tai Food Suqian Co., Ltd. (“Suqian Chia Tai”) at a consideration of Renminbi 187 million or equivalent to approximately Baht 953 million; and
- 2) Settle loan of Suqian Chia Tai at the amount of Renminbi 384 million or equivalent to approximately Baht 1,957 million to the Seller.

Suqian Chia Tai is incorporated in China and principally engaged in poultry farming, production and sale of chicken meat products primarily in China.

During 2016, CTI made advance payment as specified in the agreements for the 2 transactions above at the total amount of Renminbi 571 million or equivalent to approximately Baht 2,910 million.

CTI obtained control of Suqian Chia Tai on 20 January 2017 (“Acquisition date”) through the acquisition of 100.00% of Suqian Chia Tai’s total issued and paid-up share capital which equaled to 50.43% interests of the Group.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Consideration transferred

	<i>(Unit: Million Baht)</i> Fair value
Cash	2,910

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Identifiable assets acquired and liabilities assumed

	<i>(Unit: Million Baht)</i>
	Fair value
Cash and cash equivalents	62
Accounts receivable - trade and others	75
Inventories	157
Current biological assets	46
Other current assets	284
Plant and equipment	2,648
Leasehold rights	144
Deferred tax assets	250
Short-term borrowings from financial institutions	(331)
Accounts payable - trade and others	(245)
Other current liabilities	(180)
Net assets	2,910
Consideration transferred	2,910
Cash received from acquisition of subsidiary	(62)
Net consideration paid for acquisition of subsidiary	2,848

As at 31 December 2017 the Group had completed the fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2016).

The consolidated statement of income for the year ended 31 December 2017 includes operating results of Suqian Chia Tai for the period from 20 January 2017 to 31 December 2017. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2017
Revenue from sale of goods	1,894
Loss for the period attributable to equity holders of the Company	(175)

4.3 Share acquisition of Westbridge Food Group Limited (“WFGL”)

On 2 April 2017 CPF Investment Limited (“CPFI”), a 100% directly owned foreign subsidiary of the Company, entered into Share Purchase Agreement (“Share Purchase Agreement” or “SPA”) with Peter McNeil, Sarah McNeil, Evelyn McNeil, James McNeil, Sarah Parker, Nicholas Shaw, Sally Dowling, James Middleton, Stephen Thomas, Yvonne Ford, Colin Mann, Mark Whaley and Trustee (as specified in the SPA) (together referred to as the “the Sellers”), to acquire entire ordinary shares of WFGL at total amount of GBP 52 million or equivalent to approximately Baht 2,251 million.

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WFGL is incorporated in United Kingdom. WFGL and subsidiaries (“WFGL Group”) principally engages in the sale of meat and ready-to-eat products to customers who are retailers, food services and food manufacturers in the United Kingdom and countries in the European Union and invests in companies in the United Kingdom and the Netherlands that have the quotas of importing poultry meat and products made from poultry meat to the European Union.

The Group obtained control of WFGL Group on 3 April 2017 (“Acquisition date”) through the acquisition of 1,741 ordinary shares (equal to 100.00% of WFGLs’ total issued and paid-up shares).

CPFI paid for shares at the amount of GBP 47 million or equivalent to approximately Baht 2,021 million. As at 31 December 2017, CPFI still has outstanding payable of GBP 5 million or equivalent to approximately Baht 230 million.

The Group has applied Thai Financial Reporting Standards No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Consideration transferred

	(Unit: Million Baht) Fair value
Cash	2,251

Identifiable assets acquired and liabilities assumed

	(Unit: Million Baht) Fair value
Cash and cash equivalents	458
Accounts receivable - trade and others	754
Inventories	1,311
Other current assets	161
Investment in joint ventures	6
Plant and equipment	50
Intangible assets - customer relationship	444
Intangible assets - import licenses	204
Other intangible assets	11
Deferred tax assets	2
Bank overdrafts	(324)
Short-term borrowings from financial institutions	(331)
Accounts payable - trade and others	(113)
Income tax payable	(42)
Other current liabilities	(581)
Deferred tax liabilities	(119)
Provisions for employee benefits	(5)
Net assets	1,886
Goodwill	365
Consideration transferred	2,251
Cash received from acquisition of subsidiary	(134)
Net consideration paid for acquisition of subsidiary	2,117

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As at 31 December 2017 the Group had completed the fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2016). However, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the fact that the Group can expand networks and channels for retails, food services and food manufacturers in the United Kingdom and the European Union which have high growth potential. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

The consolidated statement of income for the year ended 31 December 2017 includes operating results of WFGL for the period from 3 April 2017 to 31 December 2017. Significant details are as follows:

	<i>(Unit: Million Baht)</i> For the year ended 31 December 2017
Revenue from sale of goods	6,630
Profit for the period attributable to equity holders of the Company	72

4.4 Share acquisition of Paulsen Food GmbH (“PF”)

On 4 October 2017 CPF Europe S.A. (“CPF EU”), a 99.99% indirectly owned subsidiary of the Company, had completed the acquisition of 23,750 ordinary shares of Paulsen Food GmbH (“PF”) from Peter Paulsen Import-Export GmbH & Co. Handels KG (“PP” or the “Seller”), representing 95% of total issued and paid-up shares of PF (the “Acquisition”) at the amount of Euro 11.5 million or equivalent to approximately Baht 444 million which was fully paid.

PF is incorporated in Germany. PF and subsidiaries (“PF Group”) principally engages in the sale of meat to customers who are food services and food manufacturers in Germany and other countries in the European Union and invest in companies in Germany which have import quota licenses for the import of poultry meat and other poultry products to the European Union.

The Group obtained control of PF Group on 4 October 2017 (“Acquisition date”) through the acquisition of 23,750 ordinary shares (equal to 95% of PF’s total issued and paid-up shares).

The Group has applied Thai Financial Reporting Standards No. 3 (revised 2016) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

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Consideration transferred

	(Unit: Million Baht)
	Fair value
Cash	444

Identifiable assets acquired and liabilities assumed

	(Unit: Million Baht)
	Fair value
Cash and cash equivalents	115
Accounts receivable - trade and others	94
Inventories	301
Other current assets	11
Accounts payable - trade and others	(121)
Short-term borrowings from financial institutions	(39)
Net assets	361
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(18)
Goodwill	101
Consideration transferred	444
Cash received from acquisition of subsidiary	(115)
Net consideration paid for acquisition of subsidiary	329

As at 31 December 2017 the Group is still assessing the final fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2016). In this regards, the Group has provisionally estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record. However, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the fact that the Group will have more import quota licenses for poultry meats and other poultry products to the European Union. Furthermore, the Group will increase its distribution channels for food services and food manufacturers in Germany and the European Union which are high potential market. Goodwill arising from business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

The consolidated statement of income for the year ended 31 December 2017 includes operating results of PF for the period from 4 October 2017 to 31 December 2017. Significant details are as follows:

	(Unit: Million Baht)
	For the year ended 31 December 2017
Revenue from sale of goods	1,399
Profit for the period attributable to equity holders of the Company	10

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If the acquisition of Suqian Chia Tai, WFGL and PF had occurred on 1 January 2017, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the year ended 31 December 2017 would have been as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2017
Revenue from sale of goods	503,578
Profit for the period attributable to equity holders of the Company	15,251

5 Related party transactions

Related parties are those parties considered to be related to the Group. Related parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions or where the Group and parties are subject to common control or common significant influence.

The entity which holds significant influence over the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 48.49% of the Company's voting rights as of the latest closing date of shareholder register book on 30 August 2017.

The pricing policies for particular types of transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods	The price list of the Group
Purchase of raw material and goods	The price list of the suppliers
Purchase and sale of property, plant and equipment	Fair value
Purchase and sale of investments	Fair value
Interest income/interest expense	Source of fund cost plus fund management expenses
Dividend income	Upon declaration
Rental and service fees	Standard rates as specified by the lessors or service providers
Technical service fees	Rate per quantity of feed production/rate per sale value of animal feed/rate per total revenue
Insurance premium	Standard rates as specified by the insurers
Trademark license fee	Rate per sales value under trademark
Other income/other expenses	Standard service rates as specified by the service providers

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5.1 Significant transactions with related parties for the years ended 31 December

		<i>(Unit: Million Baht)</i>	
		Consolidated financial statements	Separate financial statements
		2017	2016
(a)	Income		
	Significant influence entity		
	Training and seminar income	2	1
	Software application income	1	1
	Rental, service and other income	1	1
	Subsidiaries		
	Dividend income	-	-
	Interest income	-	-
	Sale of goods	-	-
	Rental, service and other income	-	-
	Gain on sale of fixed assets	-	-
	Associates, joint ventures and related companies		
	Sale of goods	55,373	42,538
	Rental, service and other income	186	209
	Dividend income	94	70
	Software application income	36	27
	Training and seminar income	14	24
	Interest income	13	4
(b)	Expenses and others		
	Significant influence entity		
	Purchase of raw materials and goods	10,266	9,632
	Trademark license fees	1,079	89
	Technical service fees	816	1,867
	Subsidiaries		
	Purchase of raw materials and goods	-	-
	Software application fees	-	-
	Rental and service fees	-	-
	Training and seminar fees	-	-
	Other expenses	-	-
	Loss on sale of fixed assets	-	-
	Associates, joint ventures and related companies		
	Purchase of raw materials and goods	61,803	51,666
	Construction costs of buildings, structures and others	2,885	2,507
	Rental and service fees	1,656	1,541
	Purchase of equipment and others	267	204
	Trademark license fees	50	32
	Software application fees	30	30

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		(Unit: Million Baht)	
		Consolidated	Separate
		financial statements	financial statements
		2017	2016
		2017	2016
(b) Expenses and others (Continued)			
Associates, joint ventures and related companies			
Loss on sale of fixed assets	30	-	-
Interest expenses	9	7	-
Technical service fees	4	-	-
Insurance premium	-	203	81
Other expenses	1,559	1,272	129

5.2 Balances with related parties as at 31 December were as follows:

5.2.1 Accounts receivable - trade and others

		(Unit: Million Baht)	
		Consolidated	Separate
		financial statements	financial statements
		2017	2016
		2017	2016
Significant influence entity	2	1	-
Subsidiaries	-	-	1,080
Associates and joint ventures	3,911	3,271	41
Related companies	8,216	6,048	170
Total	12,129	9,320	1,291

5.2.2 Short-term loans

		(Unit: Million Baht)	
		Consolidated financial statements	
		Outstanding balance	Average balance
		2017	2016
		2017	2016
Associate	-	-	2
Joint venture	559	-	158
Total	559	-	160

		(Unit: Million Baht)	
		Separate financial statements	
		Outstanding balance	Average balance
		2017	2016
		2017	2016
Subsidiaries	36,556	34,583	31,922
Total	36,556	34,583	46,535

The Company computes the average balance from the outstanding balances of short-term loans at the end of each month excluding accrued interest income.

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The currency denomination of short-term loans as at 31 December was as follows:

	Consolidated		<i>(Unit: million Baht)</i> Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Functional currencies of each company in the Group	559	-	36,556	25,068
Foreign currencies				
- United States Dollar	-	-	-	9,254
- Ruble	-	-	-	261
Total	559	-	36,556	34,583

5.2.3 Advance payments for purchase of goods

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Joint ventures	3	1	-	-
Associates	4,500	1,830	-	-
Total	4,503	1,831	-	-

5.2.4 Accrued dividend income

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Subsidiary	-	-	3,600	-
Associates	171	177	-	-
Total	171	177	3,600	-

5.2.5 Accrued interest income

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Subsidiaries	-	-	291	97
Total	-	-	291	97

5.2.6 Long-term loans

	<i>(Unit: Million Baht)</i> Consolidated financial statements			
	Outstanding balance		Average balance	
	2017	2016	2017	2016
Associate	3	-	-	-
Total	3	-	-	-

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5.2.6 Long-term loans (continued)

(Unit: Million Baht)

	Separate financial statements			
	Outstanding balance		Average balance	
	2017	2016	2017	2016
Subsidiaries	16,939	6,880	17,838	8,112
<i>Less current portion</i>	-	(867)		
Net	16,939	6,013		

The Company computes the average balance from the outstanding balances of long-term loans at the end of each month excluding accrued interest income.

The currency denomination of long-term loans as at 31 December was as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Functional currencies of each company in the Group	3	-	-	-
Foreign currencies	-	-		
- United States Dollar	-	-	16,939	6,013
- Ruble	-	-	-	867
Total	3	-	16,939	6,880

5.2.7 Accounts payable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Significant influence entity	459	366	93	54
Subsidiaries	-	-	52	136
Associates and joint ventures	321	282	8	5
Related companies	3,061	4,033	77	70
Total	3,841	4,681	230	265

5.2.8 Short-term borrowings

(Unit: Million Baht)

	Consolidated financial statements			
	Outstanding balance		Average balance	
	2017	2016	2017	2016
Joint ventures	418	291	482	354
Total	418	291	482	354

The Company computes the average balance from the outstanding balances of short-term borrowings at the end of each month excluding accrued interest expense.

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5.3 Balances of loans/borrowings and interest rates

Balances of loans/borrowings and interest rates as at 31 December are summarised as follows:

Consolidated financial statements						
<i>(Unit: Million Baht)</i>						
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2017	2016	2017	2016	2017	2016
Short-term loans to joint venture	559	-	-	-	4.85	-
Short-term borrowings from joint ventures	418	291	-	-	2.00	2.00
Separate financial statements						
<i>(Unit: Million Baht)</i>						
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2017	2016	2017	2016	2017	2016
Short-term loans to subsidiaries	-	9,254	36,556	25,329	7.13	7.38
Long-term loans to subsidiaries	16,939	6,880	-	-	6.34	5.26

5.4 Key management personnel compensation

Key management personnel compensation consists of:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2017	2016	2017	2016
For the year ended 31 December				
Short-term employee benefits	481	474	247	235
Post-employment under defined benefit plans	9	12	4	5
Total	490	486	251	240
As at 31 December				
Provisions for employee benefits	232	284	90	111
Total	232	284	90	111

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5.5 Commitments

As at 31 December, the Group had commitments with related parties as follows:

5.5.1 Capital commitments

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2017	2016	2017	2016
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	337	389	7	80

5.5.2 Commitments under operating lease agreements

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2017	2016	2017	2016
Within one year	1,027	940	275	291
Over one year but within five years	1,881	1,790	245	379
Over five years	476	373	-	-
Total	3,384	3,103	520	670

The Company and certain subsidiaries had lease agreements with related parties covering office premises (including related facilities service agreements), land, farms and vehicles for periods of 1 to 18 years, expiring in 2018 to 2034.

5.6 Significant agreements

As at 31 December 2017, the Group had the following significant agreements with related parties:

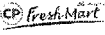
5.6.1 Technical service agreements


The Company and certain local subsidiaries have technical service agreements with a significant influence entity, Charoen Pokphand Group Company Limited ("CPG"). Under the terms of the agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feeds for the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the technical service fee, which is calculated from the feed production quantity dependent upon the types of feed as stipulated in the agreements, to CPG. The minimum service fee ranges from Baht 0.1 million to Baht 1.3 million per month. These agreements are in effect starting from 1 January 2017 to 31 December 2017. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2018 with the same conditions and fee rates.

In addition, certain foreign subsidiaries have agreements to obtain the technical service assistance from CPG. The foreign subsidiaries are committed to pay service fees to CPG in accordance with the terms and conditions stipulated in the agreements.

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5.6.2 Trademark agreements

A subsidiary (CPF Trading Company Limited) has trademark agreements with CPG for the right to use  trademark. In this regard, the subsidiary is committed to pay the trademark license fees to CPG at the rates stipulated in the agreements. This agreement is effective starting from 1 July 2017 to 30 June 2020.

The Company and certain subsidiaries have trademark agreements with CPG, for the right to use  trademark. In this regard, the Company and subsidiaries are committed to pay the trademark license fees to CPG at the rates stipulated in the agreements. These agreements are effective starting from 1 January 2017 to 31 December 2017. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2018 with the same conditions and fee rates.

A foreign subsidiary (C.P. Vietnam Corporation) entered into trademark agreement with CPG to use trademarks as stipulated in the agreements. In this regard, the subsidiary is committed to pay the trademark license fee to CPG at the rate as stipulated in the agreements. This agreement is effective starting from 1 January 2017 to 31 December 2019.

A subsidiary has a trademark agreement with a related company, Star Marketing Co., Ltd. (“STAR”), for the right to use STAR trademark. In this regard, the subsidiary is committed to pay the trademark license fee to STAR, which is calculated from the sale value under the trademark at the rates as stipulated in the agreement. This agreement is effective starting from 1 January 2014 to 31 December 2018.

5.6.3 Application system service agreement

A subsidiary had an application system service agreement with a related company, Freewill Solutions Co., Ltd. (“Freewill”). Under the terms of the agreement, Freewill agrees to provide the subsidiary the application system service. In this regard, the subsidiary is committed to pay the application system service fee to Freewill at the agreed rate stipulated in the agreement. This agreement is effective starting from 1 January 2015 to 31 December 2019.

5.6.4 Service agreements for import and export transactions

The Company and certain subsidiaries have service agreements with a related company, C.P. Intertrade Co., Ltd. (“CPI”). Under the terms of the agreements, CPI agrees to provide documentation services and others relating to import and export transactions of the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the service fees to CPI at the agreed rate stipulated in the agreements. These agreements are in effect since 1 July 2017 to 30 June 2019.

5.6.5 Software application agreements

A subsidiary (CPF IT Center Co., Ltd.) has information technology service and software application agreements with local and foreign related companies. The terms and the service fees are stipulated in the agreements. The agreements may be terminated upon either party agreeing to terminate the agreements or either party being in breach of the agreements.

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6 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash at financial institutions and on hand	19,803	28,626	3,609	9,067
Highly liquid short-term investments	3,169	5,474	-	-
Total	22,972	34,100	3,609	9,067

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Functional currencies of each company in the Group	21,733	28,857	3,609	5,058
Foreign currencies				
- United States Dollar	756	4,760	-	4,009
- Euro	116	59	-	-
- Renminbi	94	94	-	-
- Taiwan Dollar	85	84	-	-
- Hongkong Dollar	25	20	-	-
- Norway Krone	18	39	-	-
- Pound Sterling	12	73	-	-
- Others	133	114	-	-
Total	22,972	34,100	3,609	9,067

7 Accounts receivable - trade and others

		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Related parties	5	12,129	9,320	1,291	1,525
Other parties		24,778	22,141	2,373	2,033
Total		36,907	31,461	3,664	3,558
Less allowance for doubtful accounts		(773)	(782)	(5)	(7)
Net		36,134	30,679	3,659	3,551
Bad and doubtful debts expense for the year ended 31 December		185	205	-	14

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The outstanding balances of the doubtful accounts receivable - trade and others as at 31 December classified by aging were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
Periods over credit terms:				
Over 3 months to 6 months	67	130	-	1
Over 6 months to 12 months	90	103	-	-
Over 12 months	616	549	5	6
Total	773	782	5	7

The currency denomination of accounts receivable - trade and others as at 31 December was as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
Functional currencies of each company in the Group	33,749	28,347	2,300	2,278
Foreign currencies				
- United States Dollar	1,309	1,286	450	310
- Won	411	424	-	-
- Singapore Dollar	294	306	-	-
- Euro	163	165	89	237
- Australian Dollar	75	7	338	194
- Swedish Krona	69	62	-	-
- Yen	43	51	13	-
- Pound Sterling	4	15	60	28
- Renminbi	1	-	401	460
- Ruble	-	-	-	36
- Others	16	16	8	8
Total	36,134	30,679	3,659	3,551

8 Inventories

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
Raw materials	29,828	32,415	2,118	1,618
Chemicals and supplies	2,588	2,462	153	153
Work in progress	1,547	1,350	241	131
Finished goods	15,476	13,923	1,215	1,219
Inventories in transit	6,248	5,293	-	6
Total	55,687	55,443	3,727	3,127
Less allowance for decline in value of inventories	(569)	(452)	(96)	(101)
Net	55,118	54,991	3,631	3,026

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The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2017 amounted to Baht 350,894 million (2016: Baht 294,415 million) in the consolidated statement of income and Baht 15,045 million (2016: Baht 16,289 million) in the separate statement of income.

In 2017 the Group recognised losses for decline in value of inventories of Baht 10 million (2016: reversal of allowance for decline in value of inventories of Baht 86 million) and the Company recognised a reversal of allowance for decline in value of inventories of Baht 5 million (2016: Baht 82 million).

9 Biological assets

Movements for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	
	2017	2016	2017	2016
At 1 January	36,703	34,978	1,154	1,054
Increase due to business combination	46	243	-	-
Increase due to purchase/raise	151,567	146,964	9,981	9,782
Decrease due to sales/harvest	(142,922)	(138,613)	(9,698)	(9,390)
Depreciation	(5,366)	(5,259)	(137)	(151)
Losses on change in fair value less costs to sell	(57)	(889)	-	-
Currency translation differences	(1,849)	(138)	-	-
Other	(385)	(583)	(141)	(141)
Balance at 31 December	37,737	36,703	1,159	1,154
Current				
Livestock	28,104	27,516	-	-
Aquatic	1,869	1,662	1,159	1,154
Total current	29,973	29,178	1,159	1,154
Non-current				
Livestock	7,764	7,525	-	-
Total non-current	7,764	7,525	-	-
Total	37,737	36,703	1,159	1,154

Biological assets comprise livestock biological assets such as swine, chicken, duck etc. and aquatic biological assets such as shrimp and fish. Biological assets, other than fattening swine which are measured at fair value using quoted prices at the end of reporting period as references, are measured at cost less accumulated depreciation and impairment losses due to the short production cycle. In particular, the market prices or fair values at present condition of the biological assets which are breeders are unavailable; and valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, disease etc.

Cost includes all costs incurred from the acquisition of biological assets and throughout the growth cycle such as cost of new-born animals, feed costs, and other costs.

Bearer biological assets, for example breeders, are depreciated using the straight line method over the productive period or the units of production method which ranges approximately from 4 months to 36 months depending on the type of biological assets.

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An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Livestock	789,645	693,792	-	-
Aquatic	17,046	14,823	4,111	5,359

The estimates of physical quantities of the Group's biological assets were based on experience and historical data. The Group estimates the physical quantities of aquatic biological assets using a sampling method to project the overall weight.

Fair value measurement

The fair value of the Group's biological assets including carrying amount in the consolidated financial statements are as follows:

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
Biological assets at fair value	13,244	-	3,218	10,026	13,244
less costs to sell					
31 December 2016					
Biological assets at fair value					
less costs to sell	13,505	-	2,991	10,514	13,505

The valuation technique and the inputs used in measuring the fair value of those biological assets categorised in Level 2 is market comparison approach which use quoted prices based on market prices at the reporting date.

The following table shows the valuation technique used in measuring the fair value of biological assets, as well as the significant unobservable inputs used for those categorised in Level 3.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	<p>Reference market price as at 31 December 2017</p> <ul style="list-style-type: none"> • Suckling swine Baht 1,720 to Baht 2,007 per head • Weanling swine Baht 2,323 per head • Fattening swine Baht 45 to Baht 47 per kilogram 	<p>On the reporting date, if market price increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by Baht 916 million.</p>

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The fair value of biological assets is performed by the Group's relevant finance department and operations team using a series of systematic procedures. The fair value measurements are categorised into each hierarchy based on inputs of swine market in each country as reference. The fair value of swine are determined based on market price per head or weight of swine.

10 Investments held as available for sale

Movements for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
At 1 January	5,265	3,659	-	-
Acquisitions/additional investments	-	1,334	-	-
Transfer from investment in other companies	240	-	-	-
Changes in fair value	699	271	-	-
Currency translation differences	(294)	1	-	-
At 31 December	5,910	5,265	-	-

Details of investments held as available for sale

Investments held as available for sale as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>					
	Ownership interest		Consolidated		Separate	
	(both direct and indirect)		financial statements		financial statements	
	2017	2016	2017	2016	2017	2016
Marketable securities						
- at fair value						
True Corporation Public Company Limited - at cost	2.21	2.21	7,859	8,153	-	-
Zhejiang Huatong Meat Products Co., Ltd.	3.74	-	240	-	-	-
Changes in fair value			(2,189)	(2,888)	-	-
Total			5,910	5,265	-	-

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Carrying amounts and fair values of financial instruments carried at fair value

The fair values of financial assets together with the carrying amounts in the consolidated statement of financial position were as follows:

		<i>(Unit: Million Baht)</i>			
	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
<i>Non-current</i>					
Equity securities available for sale	5,910	5,910	-	-	5,910
31 December 2016					
<i>Non-current</i>					
Equity securities available for sale	5,265	5,265	-	-	5,265

11 Investments in subsidiaries

Movements during the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
At 1 January	-	-	120,795	86,938
Acquisitions/additional investments	-	-	12,450	33,986
Impairment losses	-	-	(8)	(129)
At 31 December	-	-	133,237	120,795

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Details of investments in subsidiaries and dividend income

Investments in subsidiaries as at 31 December, and dividend income for the years then ended were as follows:

(Unit: Million Baht)

	Separate financial statements							
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment	
	2017	2016	2017	2016	2017	2016	2017	2016
							At cost - net	Dividend income
							2017	2016
Marketable securities								
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	4,691	4,691	87
Chia Tai Enterprises International Limited	4.98	4.98	840	840	500	500	500	-
Total					5,191	5,191	5,191	255
Non-marketable securities								
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	1,230	-
CPF (Thailand) Public Company Limited	99.98	99.98	10,512	9,110	29,401	22,393	29,401	-
CPF Training Center Co., Ltd.	99.99	99.99	20	20	20	20	20	-
CPF IT Center Co., Ltd.	99.99	99.99	250	250	250	250	250	-
C.P. Merchandising Co., Ltd.	99.99	99.99	9,000	9,000	9,000	9,000	9,000	13,815
Chester Food Co., Ltd.	99.99	99.99	80	80	450	450	450	-
CPF Food Research & Development Center Co., Ltd.	99.99	99.99	250	125	250	125	250	-
Bellisio Investment, LLC	100.00	100.00	20,925	20,925	20,925	20,925	20,925	-

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Details of investments in subsidiaries and dividend income (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
C.P. Aquaculture (Beihai) Co., Ltd.	100.00	100.00	602	602	602	602	-	-	602	602	-	-
C.P. Aquaculture (Dongfang) Co., Ltd.	100.00	100.00	755	755	755	755	-	-	755	755	-	-
C.P. Aquaculture (Hainan) Co., Ltd.	100.00	100.00	126	126	126	126	-	-	126	126	-	-
C.P. Aquaculture (Zhanjiang) Co., Ltd.	100.00	-	333	-	333	-	-	-	333	-	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	49.03	5.63	4,406	3,409	1,587	618	-	-	1,587	618	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	(8)	(4)	-	4	-	-
Charoen Pokphand Foods (Overseas) LLC.	8.15	10.21	3,420	2,819	1,394	1,394	(938)	(938)	456	456	-	-
Charoen Pokphand Foods Philippines Corporation	27.78	27.78	3,954	3,954	1,055	1,055	-	-	1,055	1,055	-	-
CPF Investment Limited	100.00	100.00	48,661	44,663	48,661	44,663	-	-	48,661	44,663	-	-
CPF Tanzania Limited	58.26	58.26	224	224	129	129	(129)	(125)	-	4	-	-
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
C.P. Foods International Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
CPF Netherlands B.V.	99.99	99.99	12,541	12,541	12,926	12,926	-	-	12,926	12,926	-	-
CPF Poland S.A. W Organizacji	66.67	-	27	-	17	-	-	-	17	-	-	-
Total			129,121	116,671			(1,075)	(1,067)	128,046	115,604	13,815	12,249
Grand Total			134,312	121,862			(1,075)	(1,067)	133,237	120,795	13,902	12,504

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12 Non-controlling interests

Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations as at 31 December 2017 were as follows:

	(Unit: Million Baht)			
	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy CJSC Poultry Production Severnaya
Non-controlling interests percentage*	49.57	49.57	67.32	20.01
Current assets	62,305	2,464	5,674	559
Non-current assets	80,788	6,398	10,989	804
Current liabilities	(53,216)	(529)	(5,643)	(21)
Non-current liabilities	(36,495)	(870)	(1,930)	-
Net assets	53,382	7,463	9,090	1,342
Goodwill of non-controlling interests	15,239	1,187	-	101
Carrying amount of non-controlling interests**	41,746	4,109	5,381	368
				5,013

* The non-controlling interests percentage of sub-group represents only direct holding on the respective intermediate subsidiary, whereas, many indirect subsidiaries are not wholly-owned by the intermediate subsidiary with various percentages of ownership interests.

** The carrying amount of non-controlling interests of sub-group are derived from the above various percentages of ownership interests of indirect subsidiaries.

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Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations for the year ended 31 December 2017 were as follows:

	(Unit: Million Baht)				
	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Revenue	191,824	2,623	22,270	860	10,909
Profit for the year	959	567	1,658	122	898
Other comprehensive income	(158)	(169)	(440)	(31)	(265)
Total comprehensive income	801	398	1,218	91	633
Profit attributable to non-controlling interests	941	46	1,141	24	180
Other comprehensive income attributable to non-controlling interests	(155)	(75)	(303)	(6)	(53)
Cash flows from operating activities	(869)	(6)	1,948	70	2,528
Cash flows from investing activities	(9,146)	(55)	(3,160)	(6)	(2,297)
Cash flows from financing activities	10,051	16	1,155	(57)	(2,985)
Effect of exchange rate changes on balances held in foreign currencies	547	26	(11)	-	(14)
Net increase (decrease) in cash and cash equivalents	583	(19)	(68)	7	(2,768)
Dividend paid to non-controlling interests	1,615	60	620	11	94

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Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations as at 31 December 2016 were as follows:

	(Unit: Million Baht)			
	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy CJSC Poultry Production Severnaya
Non-controlling interests percentage*	49.57	49.57	67.32	20.01
Current assets	61,141	2,541	5,142	449
Non-current assets	75,262	6,096	8,650	898
Current liabilities	(38,789)	(731)	(4,506)	(20)
Non-current liabilities	(42,120)	(757)	(532)	-
Net assets	55,494	7,149	8,754	1,327
Goodwill of non-controlling interests	16,778	1,306	-	97
Carrying amount of non-controlling interests**	43,975	4,242	4,883	361
				4,863

* The non-controlling interests percentage of sub-group represents only direct holding on the respective intermediate subsidiary, whereas, many indirect subsidiaries are not wholly-owned by the intermediate subsidiary with various percentages of ownership interests.

** The carrying amount of non-controlling interests of sub-group are derived from the above various percentages of ownership interests of indirect subsidiaries.

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Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations for the year ended 31 December 2016 were as follows:

	<i>(Unit: Million Baht)</i>			
	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woykovitsy CJSC Poultry Production Severnaya
Revenue	187,483	3,163	19,986	10,883
Profit for the year	10,831	418	1,424	891
Other comprehensive income	(3,177)	(370)	720	905
Total comprehensive income	7,654	48	2,144	1,796
Profit attributable to non-controlling interests	4,541	47	968	178
Other comprehensive income attributable to non-controlling interests	(1,332)	(173)	489	181
Cash flows from operating activities	11,804	685	1,845	1,817
Cash flows from investing activities	(14,928)	189	(1,191)	(656)
Cash flows from financing activities	3,033	(262)	(568)	(161)
Effect of exchange rate changes on balances held in foreign currencies	(602)	(32)	(12)	1
Net increase (decrease) in cash and cash equivalents	(693)	580	74	(44)
Dividend paid to non-controlling interests	3,220	25	417	-

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13 Investments in associates

Movements during the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
At 1 January	75,786	65,312	335	335
Share of profit	7,437	6,134	-	-
Dividend income	(3,336)	(3,083)	-	-
Acquisition/additional investments	10,125	9,178	-	-
Disposals	(5,632)	(1,529)	-	-
Currency translation differences	(146)	(177)	-	-
Others	(8)	(49)	-	-
At 31 December	84,226	75,786	335	335

The Group accounts for the investment in ordinary shares of an associate (CP ALL Public Company Limited), which is a listed company in the Stock Exchange of Thailand, in the consolidated financial statements by the equity method. As at 31 December 2017, the fair value of this investment was Baht 236,440 million (2016: Baht 197,935 million).

During the year 2017, a subsidiary sold a portion of the investments in an associate with the carrying amount of Baht 5,632 million (2016: Baht 1,529 million) with gain on sale of investments amounting to Baht 10,429 million (2016: Baht 2,126 million), which is presented in the consolidated statement of income.

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Details of investments in associates and dividend income

Investments in associates as at 31 December, and dividend income for the years then ended were as follows:

	Consolidated financial statements												(Unit: Million Baht)	
	Ownership interest (both direct and indirect) (%)		Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Marketable security														
CP ALL Public Company Limited	34.28	35.24	8,983	8,983	64,400	59,061	77,307	69,144	-	-	77,307	69,144	3,176	2,817
Total					64,400	59,061	77,307	69,144	-	-	77,307	69,144	3,176	2,817
Non-marketable securities														
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	163	163	-	-	163	163	-	-
Ross Breeders Siam Co., Ltd.	49.99	49.99	70	70	35	35	110	102	-	-	110	102	20	7
Siam Rivea Co., Ltd.	29.99	29.99	5	5	2	2	2	2	-	-	2	2	-	-
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	186	134	-	-	186	134	49	94
BHJ Kalino Food AB (“BHJ”)*	15.08	15.08	5	5	24	24	29	29	-	-	29	29	2	2
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	759	712	-	-	759	712	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,359	1,352	-	-	1,359	1,352	-	-

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

	Consolidated financial statements									
	Ownership interest (both direct and indirect)		Paid-up share capital		Cost method		Equity method		Accumulated impairment	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Chai Tai Conti (Cixi)										
Investment										
Management Co., Ltd.	25.21	25.21	5	5	8	3	7	2	7	2
Cixi Zhuda Investment										
Center Limited										
Partnership **	0.50	-	3	-	-	-	-	-	-	-
Conti Chia Tai										
International										
Limited	25.21	25.21	767	767	1,052	1,052	1,621	1,481	1,621	1,481
Ningxia Xiao Ming										
Animal Husbandry										
Co., Ltd. **	8.34	8.34	293	293	749	749	738	748	738	748
Qingdao Yi Bang Bio										
Engineering Co., Ltd. **	6.05	6.05	147	147	1,358	1,358	1,424	1,378	1,424	1,378
Zhan Jiang Deni										
Carburetor										
Co., Ltd. ***	14.12	14.12	581	581	424	424	521	539	521	539
Total					<u>4,165</u>	<u>4,160</u>	<u>6,919</u>	<u>6,642</u>	<u>6,919</u>	<u>6,642</u>
Grand total					<u>68,565</u>	<u>63,221</u>	<u>84,226</u>	<u>75,786</u>	<u>84,226</u>	<u>75,786</u>
									<u>3,336</u>	<u>3,083</u>

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* BHJ is an associate in which 29.00% of the total issued and paid share capital were held by CPF Denmark A/S (“CPF DM”), a 52.00% indirectly owned subsidiary. In this regard, the Group accounted for its investment in BHJ using the equity method based on 15.08% shareholding in the consolidated financial statements.

** Ningxia Xiao Ming Animal Husbandry Co., Ltd. (“Ningxia Xiao Ming”), Qingdao Yi Bang Bio Engineering Co., Ltd. (“Qingdao Yi Bang”) and Cixi Zhuda Investment Center Limited Partnership (“Cixi Zhuda”) are associates in which 16.54%, 12.00%, and 1.00% respectively of the total issued and paid-up share capital were held by Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary. Therefore, the Group accounted for its investments in Ningxia Xiao Ming, Qingdao Yi Bang and Cixi Zhuda using the equity method based on 8.34%, 6.05%, and 0.5% shareholding in the consolidated financial statements respectively. In this regard, CTI exercises significant influence in these companies by having representatives in the board of directors and involving in setting the policy and making the significant decisions for them. Therefore, the Group classified the aforementioned investments as investments in associates.

*** Zhan Jiang Deni Carburetor Co., Ltd. (“Zhanjiang Deni”) is an associate in which 28.00% of the total issued and paid-up share capital were held by Chia Tai Enterprises International Limited (“CTEIP”), a 50.43% directly and indirectly owned subsidiary. In this regard, the Group accounted for its investment in Zhanjiang Deni using the equity method based on 14.12% shareholding in the consolidated financial statements.

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Non-marketable securities</i>												
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	-	-	159	159	-	-
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	-	-	176	176	-	-
Total					335	335	-	-	335	335	-	-

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Significant associates

The following table summarises the financial information of an associate that the Group considered as material by reconciling financial information with the carrying amount of the interests in the associate as summarised below:

	<i>(Unit: Million Baht)</i>	
	CP ALL Public Company Limited and its subsidiaries	
	2017	2016
<i>Financial information of the associate</i>		
Revenue	489,450	451,939
Profit from continuing operations	20,066	16,772
Other comprehensive income	(244)	(698)
Total comprehensive income	19,822	16,074
Attributable to non-controlling interests	111	143
Attributable to the equity holder of the associate	19,711	15,931
Current assets	66,574	69,899
Non-current assets	293,725	282,369
Current liabilities	(112,107)	(113,818)
Non-current liabilities	(167,963)	(178,847)
Net assets	80,229	59,603
Attributable to non-controlling interests	24,305	14,407
Attributable to the equity holder of the associate	55,924	45,196
<i>Reconciliation of the carrying amount of the interests in the associate</i>		
Group's interest in net assets of the associate at 1 January	15,934	12,886
Total comprehensive income attributable to the Group	6,852	5,560
Dividends received during year	(3,176)	(2,817)
Difference from change in ownership	(439)	298
Group's interests in net assets of the associate at end of year	19,171	15,927
Goodwill	58,136	53,217
Carrying amount of the interests in the associate at 31 December	77,307	69,144

Immaterial associates

The following is summarised financial information for the Group's interest in immaterial associates:

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2017	2016
Carrying amount of interests in immaterial associates	6,919	6,642
Group's share of:		
- Profit from continuing operations	498	331
- Other comprehensive income	(67)	16
- Total comprehensive income	431	347

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Contingent liabilities relating to the investments in associates as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2017</u>	<u>2016</u>
Group's share of contingent liabilities	36	36

14 Investments in joint ventures

Movements during the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
			financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
At 1 January	4,582	4,419	-	-
Share of profit	546	378	-	-
Dividend income	(47)	(184)	-	-
Acquisitions/additional investments	1,882	-	1,882	-
Acquired through business acquisition	6	-	-	-
Currency translation differences	(20)	(31)	-	-
At 31 December	<u>6,949</u>	<u>4,582</u>	<u>1,882</u>	<u>-</u>

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Details of investments in joint ventures

Investments in joint ventures as at 31 December, and dividend income for the years then ended were as follows:

Consolidated financial statements										
	Ownership interest (both direct and indirect)		Paid-up share capital		Cost method		Equity method		Accumulated impairment	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(%)									
Non-marketable securities										
CP-Meiji Co., Ltd. ("CP-Meiji")*	59.99	59.99	500	500	1,200	1,200	1,939	1,656	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	215	192	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	21	20	-	-
Jilin Chia Tai Enterprise Co., Ltd.	25.21	25.21	261	261	211	211	220	216	-	-
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	263	262	-	-
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,433	2,236	-	-
SuperDrob Zakłady Drobiarsko - Mięsne S.A.	33.00	-	2,825	-	-	-	1,854	-	-	-
Westbridge Foods Holding B.V.**	50.00	-	1	-	-	-	4	-	-	-
Total					3,060	4,948	6,949	4,582	4	6
									47	184

(Unit: Million Baht)

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* CP-Meiji is a joint venture because the articles of association of CP-Meiji specifies that each investor has joint control over significant financial and operating decisions and has right to the net assets of CP-Meiji. The Group accounts for investments in joint ventures using the equity method in the consolidated financial statements.

** Westbridge Foods Holding B.V. is a joint venture because each investor has joint control over significant financial and operating decisions and has right to the net assets of Westbridge Foods Holding B.V. The Group accounts for investments in joint ventures using the equity method in the consolidated financial statements.

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The Group has considered that none of the joint ventures is regarded as individually material to the Group.

Immaterial joint ventures

The following is summarised financial information for the Group's interest in immaterial joint ventures based on the amounts reported in the Group's consolidated financial statements:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	2017	2016
Carrying amount of interests in immaterial joint ventures	6,949	4,582
Group's share of:		
- Profit from continuing operations	546	378
- Other comprehensive income	(20)	(31)
- Total comprehensive income	526	347

Contingent liabilities and commitments relating to the investments in joint ventures as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	2017	2016
Group's share of the commitments	213	216
Group's share of the contingent liabilities	77	-

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Details of investments in joint venture (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest		Paid-up share		Cost method		Accumulated		At cost - net		Dividend income	
	(%)		capital				impairment					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<i>Non-marketable security</i>												
SuperDrob Zakłady Drobiarsko												
- Mięśnie S.A.	33.00	-	2,825	-	1,882	-	-	-	1,882	-	-	-
Total					1,882	-	-	-	1,882	-	-	-

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15 Investments in related companies

Movements during the years ended 31 December were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	1,605	1,608	678	678
Currency translation differences	(63)	(3)	-	-
At 31 December	1,542	1,605	678	678

Details of investments in related companies

Investments in related companies as at 31 December were as follows:

(Unit: Million Baht)

	Ownership interest (both direct and indirect) (%)		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
<i>Non-marketable securities</i>						
General investments in equity securities - at cost						
CPPC Public Company Limited	6.58	6.58	110	110	55	55
C.P. Land Public Company Limited	6.49	6.49	276	276	95	95
Chia Tai (Jilin) Co., Ltd.	10.00	10.00	5	5	-	-
Kinghill Limited	13.96	13.96	1,151	1,214	528	528
Total			1,542	1,605	678	678

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16 Investment properties

Movements for the years ended 31 December were as follows:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2017	2016	2017	2016
<i>At cost</i>				
At 1 January	1,372	1,379	200	201
Additions	-	9	-	-
Transfers from property, plant and equipment	404	83	-	-
Transfer to property, plant and equipment	-	(41)	-	-
Depreciation	(38)	(42)	-	-
Impairment losses	-	(8)	-	(1)
Currency translation differences	(9)	(8)	-	-
At 31 December	1,729	1,372	200	200

Appraisal prices of the Group and the Company's investment properties were valued by the independent professional valuers using Market Comparison Approach, at fair market values as at 31 December 2017 totalling Baht 3,879 million and Baht 1,055 million respectively (2016: Baht 3,557 million and Baht 1,055 million respectively).

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	Quotation and actual sales prices of comparable investment properties adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

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17 Property, plant and equipment

(Unit: Million Baht)

	Consolidated financial statements					
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	Total
Cost/revaluation						
As at 1 January 2016	23,212	82,082	73,030	12,376	26,057	216,757
Additions	184	810	2,018	947	19,400	23,359
Acquired through business acquisitions	18	3,795	5,385	180	784	10,162
Surplus on revaluation	7,981	-	-	-	-	7,981
Reversal of surplus on revaluation	(3)	-	-	-	-	(3)
Transfers	110	9,763	10,419	443	(20,785)	(50)
Transfers from investment properties	5	43	-	-	-	48
Transfers to investment properties	(83)	-	-	-	-	(83)
Disposals	(49)	(977)	(1,130)	(491)	(2)	(2,649)
Currency translation differences	40	(285)	(1,825)	(325)	(875)	(3,270)
At 31 December 2016 and 1 January 2017	31,415	95,231	87,897	13,130	24,579	252,252
Additions	454	574	1,965	1,047	27,503	31,543
Acquired through business acquisitions	-	1,478	1,207	15	3	2,703
Surplus on revaluation	109	-	-	-	-	109
Reversal of surplus on revaluation	-	-	-	-	(56)	(56)
Transfers	1,532	10,984	14,910	772	(28,092)	106
Transfers to investment properties	(28)	(376)	-	-	-	(404)
Disposals	(16)	(788)	(1,087)	(746)	(38)	(2,675)
Currency translation differences	(226)	(3,536)	(3,011)	(545)	(724)	(8,042)
At 31 December 2017	33,240	103,567	101,881	13,673	23,175	275,536

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(Unit: Million Baht)

Consolidated financial statements						
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	Total
<i>Accumulated depreciation and impairment losses</i>						
At 1 January 2016	-	(26,390)	(33,487)	(7,281)	-	(67,158)
Depreciation charge for the year	-	(4,698)	(6,132)	(1,413)	-	(12,243)
Impairment losses	-	(25)	-	-	-	(25)
Transfers	-	(16)	20	2	-	6
Disposals	-	687	966	424	-	2,077
Currency translation differences	-	106	943	219	-	1,268
At 31 December 2016 and 1 January 2017	-	(30,336)	(37,690)	(8,049)	-	(76,075)
Depreciation charge for the year	-	(5,291)	(7,610)	(1,446)	-	(14,347)
Impairment losses	-	(271)	(436)	(5)	-	(712)
Transfers	-	(43)	(23)	(5)	-	(71)
Disposals	-	663	916	686	-	2,265
Currency translation differences	-	953	1,205	306	-	2,464
At 31 December 2017	-	(34,325)	(43,638)	(8,513)	-	(86,476)
<i>Net book value</i>						
Owned assets	23,212	55,692	39,542	5,083	26,057	149,586
Assets under finance leases	-	-	1	12	-	13
At 1 January 2016	23,212	55,692	39,543	5,095	26,057	149,599
Owned assets	31,415	64,895	50,176	5,065	24,579	176,130
Assets under finance leases	-	-	31	16	-	47
At 31 December 2016 and 1 January 2017	31,415	64,895	50,207	5,081	24,579	176,177
Owned assets	33,240	69,242	58,189	5,136	23,175	188,982
Assets under finance leases	-	-	54	24	-	78
At 31 December 2017	33,240	69,242	58,243	5,160	23,175	189,060

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(Unit: Million Baht)

Separate financial statements

	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	Total
<i>Cost/revaluation</i>						
At 1 January 2016	4,583	11,905	11,022	1,161	1,632	30,303
Additions	-	1	228	39	906	1,174
Surplus on revaluation	1,929	-	-	-	-	1,929
Reversal of surplus on revaluation	1	-	-	-	-	1
Transfers	-	839	496	5	(1,340)	-
Disposals	(42)	(533)	(614)	(48)	(2)	(1,239)
At 31 December 2016 and 1 January 2017	6,471	12,212	11,132	1,157	1,196	32,168
Additions	58	54	334	61	1,001	1,508
Transfers	-	655	587	3	(1,050)	195
Disposals	-	(91)	(126)	(24)	-	(241)
At 31 December 2017	6,529	12,830	11,927	1,197	1,147	33,630
<i>Accumulated depreciation and impairment losses</i>						
At 1 January 2016	-	(6,472)	(6,759)	(959)	-	(14,190)
Depreciation charge for the year	-	(812)	(912)	(92)	-	(1,816)
Disposals	-	381	482	47	-	910
At 31 December 2016 and 1 January 2017	-	(6,903)	(7,189)	(1,004)	-	(15,096)
Depreciation charge for the year	-	(837)	(887)	(80)	-	(1,804)
Loss on impairment	-	-	(28)	-	-	(28)
Transfer	-	-	(82)	-	-	(82)
Disposals	-	76	120	24	-	220
At 31 December 2017	-	(7,664)	(8,066)	(1,060)	-	(16,790)
<i>Net book value</i>						
Owned assets	4,583	5,433	4,263	202	1,632	16,113
At 1 January 2016	4,583	5,433	4,263	202	1,632	16,113
Owned assets	6,471	5,309	3,943	153	1,196	17,072
At 31 December 2016 and 1 January 2017	6,471	5,309	3,943	153	1,196	17,072
Owned assets	6,529	5,166	3,861	137	1,147	16,840
At 31 December 2017	6,529	5,166	3,861	137	1,147	16,840

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The gross amount of the Group's and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2017 amounted to Baht 47,323 million (2016: Baht 43,185 million) in the consolidated statement of financial position, and Baht 9,371 million (2016: Baht 7,947 million) in the separate statement of financial position.

Capitalised borrowing cost in 2017 of the Group and the Company in accordance with acquisition of property plant and equipment amounted to Baht 709 million and Baht 28 million respectively (2016: Baht 1,091 million and Baht 34 million respectively) which is recognised as a part of cost of assets.

Fair value measurement

Appraisal prices of the Group and the Company's land were valued by the independent professional valuers using Market Comparison Approach, at fair market values totalling Baht 33,240 million and Baht 6,529 million respectively (2016: Baht 31,415 million and Baht 6,471 million respectively).

The fair value measurement for the land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Market comparison approach	Quotation and actual sales prices of comparable land adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

18 Goodwill

		<i>(Unit: Million Baht)</i>	
		Consolidated financial statements	
	<i>Note</i>	2017	2016
Cost			
At 1 January		107,492	81,298
Acquired through business acquisitions	4	466	23,230
Fair value adjustments		741	-
Currency translation differences		(9,177)	2,964
At 31 December		99,522	107,492
Impairment loss			
At 1 January		-	-
Impairment loss		-	-
At 31 December		-	-
Net book value			
At 1 January		107,492	81,298
At 31 December		99,522	107,492

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Goodwill is allocated to cash-generating unit by segment and countries of operation. Goodwill was mainly arising from the acquisitions of shares of C.P. Pokphand Co., Ltd., Chia Tai Enterprises International Limited, CJSC Poultry Production Severnaya, and Bellisio Parent, LLC.

Impairment testing

In evaluating and testing of impairment, the Group determined the recoverable amount on the higher of its value in use by estimating discounted future cash flows and the fair value less cost of disposal if sale the business.

In this regard, the preparation of future cash flows that the Group expects to receive is derived from the determination of financial assumptions based on the management's assessment by considering the factors related to future trends in the relevant industries and historical financial data from external and internal sources of information.

The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as targeted capital structure, cost of debt and cost of equity.

Terminal growth rate

Terminal growth rates were determined based on average consumer price index, inflation rates and growth rates of the relevant industries of the countries of the operation as well as the long-term growth plan.

Budgeted future cash flow that the Group expects to receive

Budgeted future cash flow that the Group expects to receive comprises of budgeted revenue growth, and costs and related expenses by taking into account the average growth rate in the past and budgeted sale quantity, selling price, and expenses and referencing to future trend of market growth along with the business strategies and the operation in the future.

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19 Other intangible assets

(Unit: Million Baht)

	Consolidated financial statements				
	Development cost of software applications	Recipes	Customer relationships	Trademarks, rights and others	Total
Cost					
At 1 January 2016	600	-	1,442	6,056	8,098
Additions	46	-	-	158	204
Acquired through business acquisitions	-	2,100	5,914	6,522	14,536
Transfers	-	-	-	27	27
Disposals	(1)	-	-	(18)	(19)
Currency translation differences	(4)	26	(15)	63	70
At 31 December 2016 and 1 January 2017	641	2,126	7,341	12,808	22,916
Additions	26	-	-	108	134
Acquired through business acquisitions	12	-	444	204	660
Fair value adjustments	-	-	(171)	(329)	(500)
Transfers	52	-	-	(17)	35
Disposals	(3)	-	-	(1)	(4)
Currency translation differences	(9)	(176)	(504)	(633)	(1,322)
At 31 December 2017	719	1,950	7,110	12,140	21,919
Accumulated amortisation					
At 1 January 2016	(322)	-	(148)	(3,113)	(3,583)
Amortisation charge for the year	(55)	-	(108)	(498)	(661)
Disposals	-	-	-	16	16
At 31 December 2016 and 1 January 2017	(377)	-	(256)	(3,595)	(4,228)
Amortisation charge for the year	(60)	(139)	(524)	(486)	(1,209)
Disposals	2	-	-	1	3
At 31 December 2017	(435)	(139)	(780)	(4,080)	(5,434)
Net book value					
At 1 January 2016	278	-	1,294	2,943	4,515
At 31 December 2016 and 1 January 2017	264	2,126	7,085	9,213	18,688
At 31 December 2017	284	1,811	6,330	8,060	16,485

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(Unit: Million Baht)

	Separate financial statements		
	Development cost of software applications	Others	Total
Cost			
At 1 January 2016	7	92	99
Additions	-	5	5
Disposals	-	(1)	(1)
At 31 December 2016 and 1 January 2017	7	96	103
Additions	-	6	6
At 31 December 2017	7	102	109
Accumulated amortisation			
At 1 January 2016	(6)	(50)	(56)
Amortisation charge for the year	-	(8)	(8)
Disposals	-	1	1
At 31 December 2016 and 1 January 2017	(6)	(57)	(63)
Amortisation charge for the year	-	(9)	(9)
At 31 December 2017	(6)	(66)	(72)
Net book value			
At 1 January 2016	1	42	43
At 31 December 2016 and 1 January 2017	1	39	40
At 31 December 2017	1	36	37

The gross amount of the Group's and the Company's fully amortised intangible assets that were still in use as at 31 December 2017 amounted to Baht 593 million in the consolidated statement of financial position, and Baht 24 million in the separate statement of financial position (2016: Baht 528 million and Baht 20 million respectively).

20 Restricted deposits at financial institutions

As at 31 December 2017 certain subsidiaries had restricted deposits at financial institutions totalling Baht 821 million in order to comply with conditions for using credit facilities of foreign financial institutions (2016: Baht 1,473 million).

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21 Deferred income tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
Deferred tax assets	4,727	3,303	2,990	2,331
Deferred tax liabilities	(9,985)	(13,681)	-	-
Net deferred tax assets (liabilities)	(5,258)	(10,378)	2,990	2,331

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Movements of deferred tax assets and liabilities during the year 2017 were as follows:

	Consolidated financial statements						(Unit: Million Baht)
	At 1 January 2017	Profit or loss	Charged/Credited to Other comprehensive income	Shareholders' equity	Acquired in business combination	Currency translation differences	At 31 December 2017
<i>Deferred tax assets (liabilities)</i>							
Biological assets	(350)	(35)	-	-	-	26	(359)
Investments	(232)	2	(223)	-	-	(1)	(454)
Tax losses	4,013	1,544	-	127	304	(108)	5,880
Other intangible assets	(5,879)	1,914	-	-	24	489	(3,452)
Property, plant and equipment	(7,410)	574	(8)	-	(11)	190	(6,665)
Employee benefit obligations	765	46	6	-	-	(9)	808
Others	(1,285)	256	-	(45)	(29)	87	(1,016)
Net	(10,378)	4,301	(225)	82	288	674	(5,258)

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Movements of deferred tax assets and liabilities during the year 2016 were as follows:

	Consolidated financial statements						(Unit: Million Baht)
	At 1 January 2016	Profit or loss	Charged/Credited to Other comprehensive income	Shareholders' equity	Acquired in business combination	Currency translation differences	At 31 December 2016
<i>Deferred tax assets (liabilities)</i>							
Biological assets	(524)	165	-	-	-	9	(350)
Investments	(71)	8	(19)	-	-	(150)	(232)
Tax losses	4,308	(230)	-	-	-	(65)	4,013
Other intangible assets	(785)	103	-	-	(5,156)	(41)	(5,879)
Property, plant and equipment	(4,507)	(99)	(1,565)	2	(1,483)	242	(7,410)
Employee benefit obligations	1,081	(1)	(306)	-	3	(12)	765
Others	(599)	(657)	-	-	(24)	(5)	(1,285)
Net	(1,097)	(711)	(1,890)	2	(6,660)	(22)	(10,378)

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Movements of deferred tax assets and liabilities during the year were as follows:

	<i>(Unit: Million Baht)</i>			
	Separate financial statements			At 31 December 2017
	At 1 January 2017	Charged/Credited to (Note 36)	Other comprehensive income	
<i>Deferred tax assets (liabilities)</i>				
Investments	27	2	-	29
Land	(705)	-	-	(705)
Employee benefit obligations	269	13	-	282
Tax losses	2,761	577	127	3,465
Others	(21)	(15)	(45)	(81)
Net	2,331	577	82	2,990

	<i>(Unit: Million Baht)</i>			
	Separate financial statements			At 31 December 2016
	At 1 January 2016	Charged/Credited to (Note 36)	Other comprehensive income	
<i>Deferred tax assets (liabilities)</i>				
Investments	1	26	-	27
Land	(319)	-	(386)	(705)
Employee benefit obligations	358	27	(116)	269
Tax losses	2,915	(154)	-	2,761
Others	106	(127)	-	(21)
Net	3,061	(228)	(502)	2,331

As at 31 December 2017 the Group had temporary differences arising from unutilised tax losses which have not been recognised as deferred tax assets in the statement of financial position totalling Baht 11,115 million (2016: Baht 14,598 million) because it is not probable that tax benefit will be utilised in the foreseeable future.

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22 Leasehold rights

Movements for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
At 1 January	7,728	6,946	-	-
Additions	412	513	-	-
Acquired through business acquisitions	144	1,054	-	-
Transfer to other current assets	114	(7)	-	-
Amortisation	(278)	(275)	-	-
Currency translation differences	(250)	(503)	-	-
At 31 December	7,870	7,728	-	-

23 Interest-bearing liabilities

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current				
Bank overdrafts	1,049	3,127	3	7
Bills of exchange	35,946	43,562	15,441	21,055
Promissory notes	11,371	9,833	-	-
Short-term borrowings from financial institutions	47,486	45,450	-	-
Packing credits	7,239	8,408	-	-
Liabilities under trust receipts	932	1,572	-	-
Total	104,023	111,952	15,444	21,062

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		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Note		2017	2016	2017	2016
Short-term borrowings from joint ventures	5	418	291	-	-
Current portion of long-term debts					
Long-term borrowings from financial institutions		16,235	16,180	-	1,850
Debentures		9,000	7,000	9,000	7,000
Liabilities under finance leases		16	10	-	-
Total		25,251	23,190	9,000	8,850
Total current		129,692	135,433	24,444	29,912
Non-current					
Long-term debts					
Long-term borrowings from financial institutions		51,110	59,485	-	-
Debentures		97,976	107,140	64,000	73,000
Exchangeable Bonds		9,895	10,645	-	-
Liabilities under finance leases		37	25	-	-
Total		159,018	177,295	64,000	73,000
Total non-current		159,018	177,295	64,000	73,000
Grand total		288,710	312,728	88,444	102,912

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2017	2016	2017	2016
Functional currencies of each company in the Group	274,568	296,996	88,444	101,063
Foreign currencies				
- United States Dollar	12,783	13,229	-	1,849
- Euro	1,347	2,503	-	-
- Zloty	12	-	-	-
Total	288,710	312,728	88,444	102,912

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The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December were as follows:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2017	2016	2017	2016
Within one year	129,676	135,423	24,444	29,912
After one year but within five years	103,405	122,548	30,560	35,560
After five years	55,576	54,722	33,440	37,440
Total	288,657	312,693	88,444	102,912

The Group had secured interest-bearing liabilities as at 31 December 2017 totalling Baht 33,641 million (2016: Baht 30,692 million). Value of assets used for secured interest-bearing liabilities totalled Baht 30,322 million (2016: Baht 37,875 million).

Long-term borrowings from financial institutions

As at 31 December 2017 the Group had significant secured borrowing agreements as follows:

The first agreement

On 1 March 2012 a foreign subsidiary, CPF Investment Limited (“CPFI”) entered into a secured long-term borrowing agreement with certain financial institutions (“the agreement”). Details were as follows:

<u>Approved credit facility</u>	<u>Carrying amount as at 31 December 2017</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
U.S. Dollar 462.50 million	U.S. Dollar 254 million (Approximately equivalent to Baht 8,270 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2019

CPFI drewdown the above long-term borrowing facilities to pay for the shares of C.P. Pokphand Company Limited (“CPP”) whose shares are listed in the Stock Exchange of Hong Kong. In this regard, CPFI must pledge CPP shares as collateral for the above borrowings and must comply with the covenants as specified in the agreement.

As at 31 December 2017 CPFI pledged 4,750 million shares of CPP with a fair value of Baht 12,273 million.

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The second agreement

On 2 July 2012 CPFI entered into secured long-term borrowing agreement with a financial institution (“the agreement”). Subsequently, on 24 March 2017 CPFI has amended the borrowing agreement. Details were as follows:

Borrowing agreements	Approved credit facilities	Carrying amount as at 31 December 2017	Interest rate (% per annum)	Term of payment
Facility 1	U.S. Dollar 100 million	U.S. Dollar 59 million (Approximately equivalent to Baht 1,934 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2022
Facility 2	U.S. Dollar 30 million	U.S. Dollar 30 million (Approximately equivalent to Baht 967 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2022

CPFI drew down the above long-term borrowing facilities to finance investing activity and for general corporate operations. In this regard, CPFI must pledge CPP shares as collateral for the above borrowings and must comply with the covenants as specified in the agreement.

As at 31 December 2017 CPFI pledged 1,234 million shares of CPP with a fair value of Baht 3,189 million.

On 17 June 2016 C.P. Pokphand Co., Ltd. (“CPP”), a 50.43% owned subsidiary of the Group has entered into a long term loan agreement with various financial institutions (“the agreement”) amounting to U.S. Dollar 600 million.

Details of the long-term borrowing agreement are as follows:

Approved credit facility	Carrying amount as at 31 December 2017	Interest rate (% per annum)	Term of payment
U.S. Dollar 600 million	U.S. Dollar 595 million (Approximately equivalent to Baht 19,374 million)	Floating interest rate LIBOR plus specified rate	Every 6 months, mature in 2021

CPP fully drew down the above long-term borrowing for loan repayment and investing activity and/or general corporate operations of CPP. In this regard, CPP must comply with the covenants as specified in the agreement.

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Debentures

As at 31 December 2017, the Company and certain subsidiaries had debentures as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Charoen Pokphand Foods Public Company Limited (the “Company”)				
Debentures #2/2010	-	5,000	-	5,000
Debentures #1/2011	10,000	10,000	10,000	10,000
Debentures #2/2011	6,000	6,000	6,000	6,000
Debentures #2/2012	15,000	15,000	15,000	15,000
Debentures #1/2013	6,000	6,000	6,000	6,000
Debentures #2/2013	8,000	10,000	8,000	10,000
Debentures #1/2015	12,000	12,000	12,000	12,000
Debentures #2/2015	6,940	6,940	6,940	6,940
Debentures #1/2016	9,060	9,060	9,060	9,060
Total	73,000	80,000	73,000	80,000
CPF (Thailand) Public Company Limited (“CPFTH”)				
Debentures #1/2016	16,000	16,000	-	-
Debentures #2/2016	13,000	13,000	-	-
Total	29,000	29,000	-	-
C.P. Foods Holdings Limited (“CPFH”)				
Exchangeable Bonds	9,895	10,645	-	-
Total	9,895	10,645	-	-
Chia Tai (China) Investment Co., Ltd. (“CTI”)				
Debenture	4,976	5,140	-	-
Total	4,976	5,140	-	-
Grand Total	116,871	124,785	73,000	80,000
<i>Less current portion</i>	<i>(9,000)</i>	<i>(7,000)</i>	<i>(9,000)</i>	<i>(7,000)</i>
Net	107,871	117,785	64,000	73,000

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Details of debentures of the Company are as follows:

Debenture # 1/2011

On 19 August 2011 the Company issued Baht 10 billion unsubordinated and unsecured debentures in registered name form divided into:

- The first series of Baht 3 billion with a term of 7 years, bearing interest at the fixed rate of 4.65% per annum.
- The second series of Baht 3 billion with a term of 10 years, bearing interest at the fixed rate of 4.87% per annum.
- The third series of Baht 4 billion with a term of 30 years, bearing interest at the fixed rate of 5.42% per annum. The debenture holders have the redemption right at the end of year 15.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 19 August 2011.

Debenture # 2/2011

On 21 December 2011 the Company issued Baht 6 billion unsubordinated and unsecured debenture in registered name form with a term of 30 years, and bearing interest at the fixed rate of 5.42% per annum. The debenture holders have the redemption right at the end of year 15.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 21 December 2011.

Debenture # 2/2012

On 3 August 2012 the Company issued Baht 15 billion unsubordinated and unsecured debentures in registered name form. The debentures are divided into:

- The first series of Baht 6 billion with a term of 7 years, fully repayable on 3 August 2019 and bearing interest at the fixed rate of 4.35% per annum in the first year to the fourth year and 5.00% per annum in the fifth year to the seventh year.
- The second series of Baht 4 billion with a term of 10 years, fully repayable on 3 August 2022 and bearing interest at the fixed rate of 4.40% per annum in the first year to the fourth year and 5.00% per annum in the fifth year to the ninth year and 6.00% per annum in the tenth year.
- The third series of Baht 5 billion with a term of 20 years, fully repayable on 3 August 2032 and bearing interest at the fixed rate of 5.30% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 3 August 2012.

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Debenture # 1/2013

On 9 May 2013 the Company issued Baht 6 billion unsubordinated and unsecured debentures in registered name form with a term of 5 years, fully repayable on 9 May 2018 and bearing interest at the fixed rate of 3.93% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 9 May 2013.

Debenture # 2/2013

On 2 August 2013 the Company issued Baht 10 billion unsubordinated and unsecured debentures in registered name form. The debentures are divided into:

- The first series of Baht 2 billion with a term of 4 years, bearing interest at the fixed rate of 4.04% per annum.
- The second series of Baht 2.5 billion with a term of 6 years, bearing interest at the fixed rate of 4.54% per annum.
- The third series of Baht 5.5 billion with a term of 8 years, bearing interest at the fixed rate of 4.90% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 2 August 2013.

Debenture # 1/2015

On 13 May 2015 the Company issued Baht 12 billion unsubordinated and unsecured debentures in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 6.5 billion with the term of 5 years, bearing interest at the fixed rate of 3.21% per annum.
- The second series of Baht 5.5 billion with the term of 8 years, bearing interest at the fixed rate of 3.98% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 13 May 2015.

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Debenture # 2/2015

On 29 July 2015 the Company issued Baht 6.94 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 1.94 billion with the term of 8 years, bearing interest at the fixed rate of 3.97% per annum.
- The second series of Baht 3 billion with the term of 10 years, bearing interest at the fixed rate of 4.28% per annum.
- The third series of Baht 2 billion with the term of 12 years, bearing interest at the fixed rate of 4.51% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 29 July 2015.

Debenture # 1/2016

On 12 April 2016 the Company issued Baht 9.06 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 3.06 billion with a term of 4 years, bearing interest at the fixed rate of 2.28% per annum.
- The second series of Baht 3.5 billion with a term of 8 years, bearing interest at the fixed rate of 3.11% per annum.
- The third series of Baht 2.5 billion with a term of 15 years, bearing interest at the fixed rate of 3.73% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 12 April 2016.

In this regard, the Company must comply with the specific covenants of the above debentures such as to maintain debt to equity ratio in the semi-annual and annual consolidated financial statements and separate financial statements through the terms of debentures, etc.

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Details of debentures of CPFTH are as follows:

Debenture # 1/2016

On 20 January 2016 CPFTH issued Baht 16 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 7.45 billion with the term of 5 years, bearing interest at the fixed rate of 3.10% per annum.
- The second series of Baht 2.15 billion with the term of 7 years, bearing interest at the fixed rate of 3.47% per annum.
- The third series of Baht 3.35 billion with the term of 10 years, bearing interest at the fixed rate of 3.87% per annum.
- The fourth series of Baht 3.05 billion with the term of 12 years, bearing interest at the fixed rate of 4.15% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 4 April 2017 and were registered with the Thai Bond Market Association on 20 January 2016.

Debenture # 2/2016

On 15 July 2016 the Company issued Baht 13 billion unsubordinated and unsecured debentures without debenture holder representative. The debentures are divided into:

- The first series of Baht 5 billion with the term of 4 years, bearing interest at the fixed rate of 2.51% per annum.
- The second series of Baht 3.3 billion with the term of 7 years, bearing interest at the fixed rate of 3.09% per annum.
- The third series of Baht 1.4 billion with the term of 10 years, bearing interest at the fixed rate of 3.46% per annum.
- The fourth series of Baht 1.1 billion with the term of 12 years, bearing interest at the fixed rate of 3.65% per annum.
- The fifth series of Baht 2.2 billion with the term of 15 years, bearing interest at the fixed rate of 3.95% per annum.

The debentures had a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 4 April 2017 and were registered with the Thai Bond Market Association on 15 July 2016.

In this regard, CPFTH must comply with the specific covenants of the above debentures such as to maintain debt to equity ratio in the annual separate financial statements through the terms of debentures.

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Details of Exchangeable Bonds of CPFH are as follows:

Exchangeable Bonds

On 15 January 2016, C.P. Foods Holdings Limited (“CPFH”) a 100.00% owned subsidiary of the Company redeemed the Exchangeable Bonds (“EBs”) with an aggregate principal amount of U.S. Dollar 274.8 million or approximately Baht 9,991.7 million as the EB holders exercised their put options pursuant to the terms and conditions of EBs (“terms and conditions”). For the remaining principal amount of U.S. Dollar 15.6 million or approximately Baht 567.2 million of the EBs, CPFH requested to exercise the right to redeem the remaining EBs pursuant to the terms and conditions on 18 January 2016 and finally exercised the right to redeem and canceled all EBs on 3 March 2016. Therefore, the EBs were ceased from listing in Singapore Exchange Securities Trading Limited.

On 12 September 2016, the Board of Directors of CPFH passed a resolution to approve CPFH to issue and offer U.S. Dollar 300 million 0.5% Exchangeable Bonds due 2021 (“EBs”). The EBs holders can exchange the EBs into a pro rata share of the Exchange Property with a sponsor undertaking from the Company. The Exchange Property, at the EBs issue date, initially comprised 135,285,000 shares in CP ALL Public Company Limited (“CPALL Shares”), which belong to CPFH and which were deposited with the Custody Account with UBS AG London Branch (the “Custodian” or “UBS”) pursuant to the details set out in the terms and conditions of the EBs. Under the terms and conditions of the EBs, the EB holders have the options to (1) exchange the EBs into CPALL Shares as held by CPFH, or (2) put the EBs to CPFH on the date falling 2 years from the issue date of the EBs, or (3) hold the EBs until maturity, whereby in the case of (2) and (3) CPFH will repay the EB holders in cash. In accordance with the terms and conditions of the EBs, where the EB holders exercise the exchange right, CPFH has to deliver CPALL Shares to the EBs holders or redeem the EBs using cash of equivalent market value of CPALL Shares. The initial exchange ratio of EBs is 90,190 CPALL Shares for each U.S. Dollar 200,000 principal amount of EBs (1 CPALL Share equivalent to Baht 77.35 (rounded up) at the exchange rate U.S. Dollar 1: Baht 34.881). In addition, CPFH, as the EBs issuer, has option to early redeem the whole amount of the EBs as specified in the terms and conditions of the EBs.

The issuance and offering of the EBs was completed on 22 September 2016 and the EBs were listed on Singapore Exchange Securities Trading Limited on 23 September 2016.

As at 31 December 2017 the carrying amount of the EBs were U.S. Dollar 304 million or equivalent to Baht 9,895 million.

In addition, CPFH has a securities lending agreement over the Exchange Property (“CPALL Shares”) with UBS (the “Borrower”). Under the terms of the agreement, CPFH agrees to lend to the Borrower up to 75 million CPALL Shares (equal to 0.83% of CPALL’s total issued and paid-up share capital) from the Custody Account with the terms and condition of service fees as stipulated in the agreement. In this regard, CPFH may recall CPALL Shares from the Borrower to deliver to EBs holders, if there are insufficient CPALL Shares in the Custody Account. As at 31 December 2017, there was no share lending.

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Details of debenture of CTI are as follows:

The First Tranche of Domestic Bonds (“Debenture”)

On 14 November 2016 Chia Tai (China) Investment Company Limited (“CTI”), a 50.43% indirectly owned subsidiary, issued a debenture with total aggregate value of Renminbi 1 billion with 3.69% interest rate per annum due in 2021. The debenture holders have the redemption right from CTI on the third years from the issuing date.

The debentures were listed on Shanghai Exchange Securities Trading Limited on 29 November 2016 with latest credit rating of “AA” rated by China Chengxin Securities Rating Co., Ltd. on 10 May 2017.

As at 31 December 2017 the carrying amount of the debenture was Renminbi 994 million or equivalent to Baht 4,976 million.

24 Accounts payable - trade and others

	<i>Note</i>	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
		2017	2016	2017	2016
Related parties	5	3,841	4,681	230	265
Other parties		30,996	26,881	1,154	1,093
Total		34,837	31,562	1,384	1,358

The currency denomination of accounts payable - trade and others as at 31 December was as follows:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2017	2016	2017	2016
Functional currencies of each company in the Group	29,314	25,882	1,384	1,313
Foreign currencies				
- United States Dollar	4,769	5,154	-	45
- Euro	634	442	-	-
- Yen	31	56	-	-
- Other	89	28	-	-
Total	34,837	31,562	1,384	1,358

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25 Provisions for employee benefits

The Group has defined benefit plans for employee's retirement based on the Labor law requirements of each country.

A foreign subsidiary established a retirement fund with a financial institution, and the retirement fund is managed by the financial institution.

Employee benefit obligations as at 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Present value of funded - defined benefit obligations	721	546	-	-
Fair value of plan assets	(337)	(346)	-	-
	384	200	-	-
Present value of unfunded - defined benefit obligations	5,382	5,284	1,620	1,531
Total	5,766	5,484	1,620	1,531

Movements in the present value of the defined benefit obligations and the fair value of plan assets for the year ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Defined benefit obligations at 1 January	5,830	7,272	1,531	1,969
Benefits paid by the plans	(288)	(602)	(53)	(56)
Current service costs and interest	556	719	142	198
Defined benefit plan actuarial (gains) losses	42	(1,522)	-	(580)
Acquired through business acquisitions	5	10	-	-
Others	(39)	(47)	-	-
Defined benefit obligations at 31 December	6,106	5,830	1,620	1,531
Fair value of plan assets at 1 January	346	28	-	-
Expected return on plan assets	4	1	-	-
Defined benefit plan actuarial gains (losses)	(1)	1	-	-
Contributions paid	25	335	-	-
Benefits paid by the plans	(35)	(27)	-	-
Currency translation differences	(2)	8	-	-
Fair value of plan assets at 31 December	337	346	-	-

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Expenses or income recognised in the statement of income for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current service costs	376	450	96	123
Interest costs	180	269	46	75
Expected return on plan assets	(4)	(1)	-	-
Total	<u>552</u>	<u>718</u>	<u>142</u>	<u>198</u>

Expenses classified by function were recognised in the statements of income for the years ended 31 December as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales of goods	257	307	72	90
Distribution costs	74	104	13	23
Administrative expenses	221	307	57	85
Total	<u>552</u>	<u>718</u>	<u>142</u>	<u>198</u>
Actual return on plan assets	<u>4</u>	<u>1</u>	<u>-</u>	<u>-</u>

Actuarial gains (losses) recognised in other comprehensive income for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Included in retained earnings:				
At 1 January	328	(845)	228	(236)
Recognised during the year	(29)	1,173	-	464
At 31 December	<u>299</u>	<u>328</u>	<u>228</u>	<u>228</u>

Principal actuarial assumptions at 31 December were as follows:

	Consolidated		<i>(Unit: %)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	1.00 - 11.00	1.25 - 11.00	3.00	3.00
Future salary increases	2.00 - 9.00	2.00 - 9.00	3.00 - 6.50	3.00 - 6.50

Assumptions regarding future mortality are based on mortality tables of each country.

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As at 31 December 2017, the weighted-average duration of the defined benefit obligation was 9 years (2016 : 10 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Defined benefit obligation as at 31 December 2017				
Discount rate (1% movement)	(615)	716	(169)	198
Future salary increases (1% movement)	687	(604)	189	(166)
Defined benefit obligation as at 31 December 2016				
Discount rate (1% movement)	(551)	642	(153)	178
Future salary increases (1% movement)	617	(543)	171	(150)

26 Share capital

	<i>Par value per share (in Baht)</i>	<i>(Unit: Million Shares/Million Baht)</i>			
		Consolidated financial statements/ Separate financial statements			
		<u>2017</u>		<u>2016</u>	
		<u>Number of shares</u>	<u>Baht</u>	<u>Number of shares</u>	<u>Baht</u>
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	7,743	7,743	7,743	7,743
Issue of new shares					
- ordinary shares	1	1,549	1,549	-	-
At 31 December					
- ordinary shares	1	<u>9,292</u>	<u>9,292</u>	<u>7,743</u>	<u>7,743</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	7,743	7,743	7,743	7,743
Issue of new shares					
- ordinary shares	1	868	868	-	-
At 31 December					
- ordinary shares	1	<u>8,611</u>	<u>8,611</u>	<u>7,743</u>	<u>7,743</u>

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Issue of ordinary shares

On 27 June 2017, the Extraordinary General Shareholders' Meeting No. 1/2017 of the Company had the resolution to approve the increase of the registered share capital of the Company from the existing registered share capital of Baht 7,742,941,932 to Baht 9,291,530,318 by issuing 1,548,588,386 new ordinary shares with a par value of Baht 1 per share, offering to the existing shareholders of the Company in the proportion to their respective shareholdings (Rights Offering) for 5 existing ordinary shares to 1 newly issued ordinary share at the offering price of Baht 25 per share. A fraction of shares which is less than one share as a result of the calculation shall be disregarded. The share subscription period was from 24th July 2017 to 31st July 2017.

Upon the completion of share subscription period, there were 868,300,453 ordinary shares subscribed at the total amount of Baht 21,707,511,325 of which Baht 20,836,026,522 is the share premium and the remaining unsubscribed ordinary shares from the subscription and rounding off of 680,287,933 shares will not be issued or offered again. In this regards, the Company will proceed with the decrease of registered capital by cancelling such remaining shares according to Section 140 of the Public Limited Companies Act B.E. 2535.

These newly issued shares of the Company were traded in the Stock Exchange of Thailand on 9 August 2017.

27 Treasury shares

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Ordinary shares of the Company held by subsidiaries				
At 1 January	1,135	1,135	-	-
Increase	1,774	-	-	-
Total	<u>2,909</u>	<u>1,135</u>	<u>-</u>	<u>-</u>

28 Additional paid-in capital and reserves

Premium on ordinary shares

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 ("Premium on ordinary shares"). Premium on ordinary shares is not available for dividend distribution.

Equity in subsidiaries and associates

Equity in subsidiaries and associates consist of:

- The changes in a parent's ownership interest in subsidiaries that do not result in a loss of control.
- The changes in interest in equity of associates.

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Other components of equity

1) Revaluation differences on assets

Revaluation differences on assets recognised in equity relate to cumulative surpluses arising from the revaluations of freehold land until such assets are disposed.

2) Currency translation differences

The currency translation differences recognised in equity relate to:

- (a) Foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.
- (b) Foreign exchange differences arising from translation of monetary items, which are part of the Group's net investment in foreign operations when certain conditions are met.

3) Fair value changes on available-for-sale investments

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the disposal of investments.

Revaluation differences on assets, currency translation differences and fair value changes on investments are presented net of deferred tax.

Surplus on common control transactions

Surplus on common control transactions recognised in equity relate to differences between the carrying amount of net assets and the consideration received from the transfer of the carrying amounts of assets and liabilities of certain parts of the Company's business to a subsidiary. In addition, surplus on common control transactions were eliminated in the consolidated financial statements.

Appropriate of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a 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. Legal reserve is not available for dividend distribution.

As at 31 December 2017, the Company has the legal reserve totalling Baht 929 million (2016: Baht 821 million).

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29 Subordinated perpetual debentures

On 2 March 2017 the Company issued subordinated perpetual debentures which is similar to equity with one-time payment upon dissolution of the Company or upon the exercise of the Company's early redemption right ("Debentures") of Baht 15,000 million. The debentures were in registered name form, unsecured and unconvertible with debenture holder representative and the Company had the early redemption right pursuant to the terms and conditions of the debentures. The Debentures' interest rates during the first year to the fifth year is 5%, and after the fifth year the interest rate is adjusted every 5 years based on: (1) 5-year government bond yield, (2) Initial Credit Spread, and (3) percentage as stipulated in the prospectus; and will be paid on a semi-annual basis. In this regard, the Company has the sole right to unconditionally defer interest and cumulative interest payments without limitation on deferral period and times at the sole discretion of the Company. If the Company defers interest and cumulative interest payment, the Company shall not perform as follows:

- (a) declare or pay any dividend,
- (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.

In the third quarter of 2017, the Company paid interest expense to the debenture holders amount of Baht 378 million. As at 31 December 2017, the accumulated interest expenses subsequent to the latest interest payment date was Baht 249 million.

The issuance cost net of income tax and interest expense net of income tax of Baht 62 million and Baht 310 million respectively is deducted from unappropriated retained earnings in the statements of financial position as at 31 December 2017.

30 Segment information

Segment information is based on the Group's management and internal financial reporting structure which is regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments.

Information about reportable segments

The Group comprises the following main segments:

- Segment 1 : Livestock business
- Segment 2 : Aquaculture business

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Detail of the reportable segments financial information of the Group as at 31 December and for the years then ended were as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Livestock business		Aquaculture business		Total	
	2017	2016	2017	2016	2017	2016
<i>Statements of income</i>						
Revenue from sale of goods	428,030	395,823	73,477	68,642	501,507	464,465
Operating profit	6,757	28,553	6,768	2,907	13,525	31,460
Central income (expenses), net					8,405	139
Finance costs					(11,743)	(10,601)
Net foreign exchange gains (losses)					(21)	388
Share of profit of investments in associates and joint ventures					7,983	6,512
Income tax expense					(251)	(7,212)
Profit for the year					17,898	20,686
<i>Assets</i>						
Property, plant and equipment and intangible assets (excluded goodwill), net	171,786	160,528	32,514	32,950	204,300	193,478
Central assets, net					1,245	1,387
Other assets					387,952	387,314
Total					593,497	582,179

Information about geographical areas

In presenting information on the basis of information about geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group comprises the following main information about geographical areas:

- Area 1 : Thailand
- Area 2 : Asia
- Area 3 : Europe
- Area 4 : America
- Area 5 : Others

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Detail of the geographic segment financial information of the geographical area of the Group as at 31 December and for the years then ended were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	Revenue from external customers		Property, plant and equipment and intangible assets (excluded goodwill) and central assets	
	2017	2016	2017	2016
Thailand	147,894	149,856	75,906	68,941
Asia	274,393	265,575	94,927	88,181
Europe	51,186	43,870	18,739	18,309
America	26,063	3,863	15,973	19,410
Others	1,971	1,301	-	24
Total	501,507	464,465	205,545	194,865

Information about major customer

In 2017 and 2016, there were no single external customer that contributed 10% or more of the Group's total revenue.

31 Distribution costs

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
Employee benefit expenses	8,369	8,426	566	644
Transportation expenses	3,187	1,952	4	-
Advertising and sale promotion expenses	3,012	2,236	113	113
Vehicle and traveling expenses	1,992	2,307	69	70
Office expenses	1,457	1,335	57	58
Building and equipment rental fees	872	937	79	82
Depreciation and amortisation	525	926	4	5
Others	1,183	641	16	21
Total	20,597	18,760	908	993

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32 Administrative expenses

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
Employee benefit expenses	16,716	15,392	2,266	2,326
Office expenses	3,888	3,991	325	411
Depreciation and amortisation	2,508	1,677	110	109
Professional fees	1,665	515	41	162
Vehicle and traveling expenses	1,045	921	80	76
Taxes, government and bank fees and other	967	823	37	34
Building and equipment rental fees	739	700	85	85
Public relationship expenses	608	469	34	38
Donation	443	332	9	10
Insurance premium	308	216	10	14
Others	2,304	1,676	85	182
Total	31,191	26,712	3,082	3,447

33 Management and employee benefit expenses

Management and employee benefit expenses consisted of:

- Management benefit expenses consisted of salaries and other benefit expenses of management, directors' remuneration, and sub-committees' remuneration totalling Baht 490 million and Baht 251 million in the consolidated and separate statements of income for the year ended 31 December 2017 respectively (2016: Baht 486 million and Baht 240 million respectively).
- Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totalling Baht 53,781 million and Baht 6,338 million in the consolidated and separate statements of income for the year ended 31 December 2017 respectively (2016: Baht 46,182 million and Baht 6,039 million respectively).

34 Expenses by nature

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	2017	2016
Changes in finished goods, work in progress and biological assets	(3,415)	(390)	(111)	1,461
Raw materials and consumables used	346,429	308,459	14,973	15,046
Employee benefit expenses	54,271	46,668	6,589	6,279
Factory and office expenses	38,664	34,128	4,807	4,571
Depreciation and amortisation	15,882	13,250	1,812	1,825
Transportation expenses	10,240	8,726	508	468
Building and equipment rental fees	5,999	5,257	430	429
Vehicle and traveling expenses	4,087	4,153	258	238
Advertising, public relationship and sale promotion expenses	3,755	2,836	160	164
Taxes, government and bank fees	2,020	1,357	56	51
Professional fees	1,816	629	42	163
Others	13,462	12,222	222	312
Total cost of sales of goods, distribution costs and administrative expenses	493,210	437,295	29,746	31,007

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35 Finance costs

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	
			2017	2016
Finance cost paid to:				
Joint ventures	9	7	-	-
Other parties	11,734	10,594	3,728	3,738
Total	11,743	10,601	3,728	3,738

36 Income tax expense (income)

Income tax recognised in profit or loss

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2017	2016	financial statements	
			2017	2016
Current tax				
Current year	4,539	5,318	22	23
Under provided in prior years	13	1,183	86	1,096
	4,552	6,501	108	1,119
Deferred tax				
Movements in temporary differences	(763)	481	(1)	74
Benefit of tax losses recognised	(1,544)	230	(576)	154
Effect from change in tax rate	(1,994)	-	-	-
	(4,301)	711	(577)	228
Income tax expense (income)	251	7,212	(469)	1,347

Income tax recognised in other comprehensive income

	<i>(Unit: Million Baht)</i>					
	Consolidated financial statements					
	2017			2016		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	110	(8)	102	8,027	(1,565)	6,462
Fair value changes on investments	699	(223)	476	271	(19)	252
Currency translation differences	(10,946)	620	(10,326)	987	-	987
Defined benefit plan actuarial gains (losses)	(51)	6	(45)	1,474	(306)	1,168
Total	(10,188)	395	(9,793)	10,759	(1,890)	8,869

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(Unit: Million Baht)

	Separate financial statements					
	2017			2016		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	-	-	-	1,929	(386)	1,543
Defined benefit plan actuarial gains	-	-	-	580	(116)	464
Total	-	-	-	2,509	(502)	2,007

Income tax recognised in equity

(Unit: Million Baht)

	Consolidated financial statements					
	2017			2016		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Accrued interest on subordinated perpetual debentures	(225)	45	(180)	-	-	-
Interest and issuance cost of subordinated perpetual debentures	636	(127)	509	-	-	-
Revaluation differences on assets transferred to retained earnings	-	-	-	8	(2)	6
Total	411	(82)	329	8	(2)	6

(Unit: Million Baht)

	Separate financial statements					
	2017			2016		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Accrued interest on subordinated perpetual debentures	(225)	45	(180)	-	-	-
Interest and issuance cost of subordinated perpetual debentures	636	(127)	509	-	-	-
Revaluation differences on assets transferred to retained earnings	-	-	-	1	-	1
Total	411	(82)	329	1	-	1

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Reconciliation of effective tax rate

	Consolidated financial statements					(Unit: Million Baht)
	0%	10%	20%	Others	Total	
2017						
Accounting profit (loss) before income tax, net	(1,546)	708	11,008	7,979	18,149	
Tax at the applicable tax rates	-	71	2,202	2,097	4,370	
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	283	(3,019)	598	(2,138)	
Effect from change in tax rate	-	-	-	(1,994)	(1,994)	
Under (over) provided in prior years	-	10	85	(82)	13	
Net	-	364	(732)	619	251	
2016						
Accounting profit (loss) before income tax, net	(672)	1,944	15,600	11,026	27,898	
Tax at the applicable tax rates	-	194	3,120	2,957	6,271	
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	354	(967)	371	(242)	
Under (over) provided in prior years	-	6	1,323	(146)	1,183	
Net	-	554	3,476	3,182	7,212	

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Reconciliation of effective tax rate

	(Unit: Million Baht)		
	Separate financial statements		
Applicable tax rates	0%	20%	Total
2017			
Accounting profit before income tax, net	70	11,076	11,146
Tax at the applicable tax rates	-	2,215	2,215
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,770)	(2,770)
Under provided in prior years	-	86	86
Net	-	(469)	(469)
2016			
Accounting profit (loss) before income tax, net	(8)	12,360	12,352
Tax at the applicable tax rates	-	2,472	2,472
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,221)	(2,221)
Under provided in prior years	-	1,096	1,096
Net	-	1,347	1,347

Income tax reduction

On 22 December 2017, Public law no. 115-97 of the United States of America amended the Internal Revenue Code of 1986. Consequently, the corporate income tax rate has been reduced from 35% to 21% for accounting periods beginning on or after 1 January 2018.

On 3 March 2016, Revenue Code Amendment Act No. 42 B.E. 2559 of Thailand granted 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.

37 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company and certain local subsidiaries have been granted privileges by the Board of Investment relating to certain feedmill operations, farming, breeding animals, processed foods and ready meals productions. The privileges granted include:

- an exemption from payment of import duty and tax on machinery as 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; and
- a 50% reduction in the normal corporate income tax rate on the net profit derived from certain operations for a period of 5 years commencing from the expiry dates in (b) above.

As a promoted business, the Company and the subsidiaries must comply with certain conditions and restrictions provided for in the promotional certificates.

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Revenue from promoted and non-promoted businesses of the Company for the years ended 31 December were summarised as follows:

(Unit: Million Baht)

	Separate financial statements					
	Promoted businesses being granted exemption of corporate income tax		Non-promoted business being granted exemption of corporate income tax		Total	
	2017	2016	2017	2016	2017	2016
Local sales	3,869	3,508	20,292	23,523	24,161	27,031
Export sales	467	73	3,603	2,601	4,070	2,674
Total revenue from sale of goods	4,336	3,581	23,895	26,124	28,231	29,705

38 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December were based on the profit for the years attributable to ordinary shareholders of the Company less cumulative interest expense for the year net of income tax on subordinated perpetual debentures and the weighted average number of ordinary shares held by third parties outstanding during the years as follows:

(Unit: Million Baht/Million shares)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit for the year attributable to ordinary shareholders of the Company	15,259	14,703	11,615	11,004
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(513)</i>	<i>-</i>	<i>(513)</i>	<i>-</i>
Profit used in calculation of basic earnings per share	14,746	14,703	11,102	11,004
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at beginning of period	7,743	7,743	7,743	7,743
Effect of shares issued	362	-	362	-
Treasury shares held by subsidiaries	(384)	(355)	-	-
Net	7,721	7,388	8,105	7,743
Basic earnings per share (in Baht)	1.91	1.99	1.37	1.42

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39 Dividends

Details of dividends for the years ended 31 December were as follows:

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
2017				
25 April 2017	0.45	7,742,941,932	3,484	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
11 August 2017	0.50	8,611,242,385	4,306	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			7,790	
2016				
22 April 2016	0.45	7,742,941,932	3,484	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
11 August 2016	0.50	7,742,941,932	3,872	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			7,356	

40 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.

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Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group'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 manages the interest rate risk of financial assets and financial liabilities by considering loan to or borrowing from including fixed and floating rate depend on the market situation. However, the interest rates of interest-bearing liabilities of the Group are mainly fixed rate. The Group had the interest rate swap agreements to manage exposure to fluctuations in interest rates on the said liabilities upon the appropriation.

The interest rates of loans to subsidiaries as at 31 December and the periods in which the loans mature were as follows:

		(Unit: Million Baht)			
		Separate financial statements			
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2017					
Current					
Short-term loans to subsidiaries	7.13	36,556	-	-	36,556
Non Current					
Long-term loans to subsidiaries	4.43 - 7.50	-	16,939	-	16,939
Total		36,556	16,939	-	53,495
2016					
Current					
Short-term loans to subsidiaries	7.38 - 7.50	34,583	-	-	34,583
Current portion of long-term loans to subsidiaries	10.00 - 12.00	867	-	-	867
Non Current					
Long-term loans to subsidiaries	4.43	-	6,013	-	6,013
Total		35,450	6,013	-	41,463

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The interest rates of interest-bearing liabilities as at 31 December and the periods in which those liabilities mature were as follows:

<i>(Unit: Million Baht)</i>					
	Interest rates (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2017					
Bank overdrafts	2.00 - 7.13	1,049	-	-	1,049
Short-term borrowings from financial institutions	1.11 - 14.48	67,028	-	-	67,028
Bills of exchange	1.82 - 1.88	35,946	-	-	35,946
Short-term borrowings from joint ventures	2.00	418	-	-	418
Long-term borrowings from financial institutions	1.41 - 15.00	16,235	50,500	610	67,345
Debentures	2.84 - 4.42	9,000	52,905	54,966	116,871
Finance lease liabilities	1.20 - 29.37	16	37	-	53
Total		129,692	103,442	55,576	288,710

2016					
Bank overdrafts	2.15 - 13.25	3,127	-	-	3,127
Short-term borrowings from financial institutions	1.11 - 13.80	65,263	-	-	65,263
Bills of exchange	1.82 - 1.84	43,562	-	-	43,562
Short-term borrowings from joint ventures	2.00	291	-	-	291
Long-term borrowings from financial institutions	1.52 - 15.00	16,180	58,752	733	75,665
Debentures	2.84 - 4.73	7,000	63,795	53,990	124,785
Finance lease liabilities	1.50 - 31.17	10	25	-	35
Total		135,433	122,572	54,723	312,728

<i>(Unit: Million Baht)</i>					
	Interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2017					
Bank overdrafts	MOR	3	-	-	3
Bills of exchange	1.64 - 2.02	15,441	-	-	15,441
Debentures	2.28 - 5.42	9,000	30,560	33,440	73,000
Total		24,444	30,560	33,440	88,444
2016					
Bank overdrafts	MOR	7	-	-	7
Bills of exchange	1.70 - 1.88	21,055	-	-	21,055
Long-term borrowings from financial institutions	4.11	1,850	-	-	1,850
Debentures	2.28 - 5.42	7,000	35,560	37,440	80,000
Total		29,912	35,560	37,440	102,912

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The Group has several interest rate swap agreements with local financial institutions (“counterparties”). The Group has or the counterparties have commitments to make payments for the differences between the fixed interest rate and floating interest rate for each period.

As at 31 December 2017, the Group had cross currency and interest rate swap agreements with the financial institutions to manage exposure of fluctuations in foreign exchange rates and interest rates as follows:

- 1) A foreign subsidiary has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowing amounting to U.S. Dollar 3 million for Peso 141 million. The subsidiary has commitments to make payments for the fixed interest rate in Peso and the counterparty has commitments to make payments in U.S. Dollar for the interest rates refer to LIBOR.
- 2) A subsidiary has entered into several cross currency and interest rate swap agreements with a financial institution for long-term borrowings totalling U.S. Dollar 6.8 million for Baht 245 million. The subsidiary has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 245 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR for the principal amount of U.S. Dollar 6.8 million.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily enters into forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies including anticipated future purchases and sales of goods denominated in foreign currencies. The forward exchange contracts have maturities of less than 1 year.

As at 31 December the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		<i>(Unit: Million)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
	Foreign currency	2017	2016	2017	2016
Accounts receivable - trade and others					
Foreign currencies	Won	13,520	14,311	-	-
	Yen	150	167	45	-
	United States Dollar	40	36	14	9
	Swedish Krona	17	16	-	-
	Singapore Dollar	12	13	-	-
	Euro	4	4	2	6
	Rand	4	4	2	2
	Australian Dollar	3	-	14	8
	Ruble	-	-	-	60
	Renminbi	-	-	81	91
	Pound Sterling	-	-	1	1

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		<i>(Unit: Million)</i>	
		Consolidated financial statements	Separate financial statements
Foreign currency		<u>2017</u>	<u>2016</u>
		<u>2017</u>	<u>2016</u>
Accounts receivable - trade and others (Continued)			
Currency forwards	Won	13,520	14,311
	Yen	150	167
	United States Dollar	34	35
	Singapore Dollar	12	13
	Rand	4	4
	Australian Dollar	3	-
	Swedish Krona	-	6
	Euro	-	-
	Ruble	-	-
	Renminbi	-	-
	Pound Sterling	-	-
Short-term loans to subsidiaries			
Foreign currencies	United States Dollar	-	-
	Ruble	-	-
Currency forwards	Ruble	-	-
Long-term loans to subsidiaries			
Foreign currencies	United States Dollar	-	-
	Ruble	-	-
Currency forwards	United States Dollar	-	-
	Ruble	-	-
Interest-bearing liabilities			
Foreign currencies	United States Dollar	392	379
	Euro	35	66
	Zloty	1	-
Currency forwards	United States Dollar	172	282
	Euro	-	3
Accounts payable - trade and others			
Foreign currencies	United States Dollar	146	143
	Yen	104	179
	Euro	17	12
Currency forwards	United States Dollar	220	56
	Yen	104	179
	Euro	2	4

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		(Unit: Million)			
		Consolidated financial statements		Separate financial statements	
	Foreign currency	2017	2016	2017	2016
Forecast sales					
Currency forwards	Won	1,066	2,429	-	-
	Yen	897	1,818	136	97
	United States Dollar	103	116	15	7
	Pound Sterling	39	31	1	-
	Euro	14	8	-	-
	Hongkong Dollar	12	34	-	-
	Singapore Dollar	9	13	-	-
	Danish Krone	8	17	-	-
	Australian Dollar	6	2	4	1
	Renminbi	3	11	1	7
	Canada Dollar	2	6	-	-
	Rand	2	-	-	-
Forecast purchases					
Currency forwards	Yen	785	293	7	-
	United States Dollar	84	63	-	17
	Euro	26	16	-	-
	Zloty	26	-	-	-
	Renminbi	22	-	-	-

Credit risk

Credit risk is the potential financial loss resulting from 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 facilities. 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 financial statement at the reporting date. 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.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

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The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

	Carrying amount	(Unit: Million Baht)			
		Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
Financial assets					
Forward contracts	439	-	409	-	409
Financial liabilities					
Forward contracts	442	-	716	-	716
Cross currency and interest rate swaps	19	-	5	-	5
Debentures	106,976	-	113,129	-	113,129
Exchangeable Bonds	9,895	-	10,845	-	10,845
31 December 2016					
Financial assets					
Forward contracts	492	-	365	-	365
Financial liabilities					
Forward contracts	58	-	55	-	55
Cross currency and interest rate swaps	297	-	362	-	362
Debentures	114,140	-	117,857	-	117,857
Exchangeable Bonds	10,645	-	10,699	-	10,699

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	Carrying amount	(Unit: Million Baht)			
		Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
Financial assets					
Forward contracts	40	-	16	-	16
Financial liabilities					
Forward contracts	439	-	424	-	424
Debentures	73,000	-	78,364	-	78,364
31 December 2016					
Financial assets					
Forward contracts	45	-	25	-	25
Financial liabilities					
Forward contracts	55	-	51	-	51
Cross currency and interest rate swaps	305	-	300	-	300
Debentures	80,000	-	83,606	-	83,606

Level 2 fair values for over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate. The fair values of forward contracts and cross currency and interest rate swaps were remeasurement of the rates initially quoted by the Group's bankers with the rates based on market conditions existing at the end of the reporting period.

Level 2 fair values for debentures of the Company and CPF (Thailand) Public Company Limited have been determined based on quoted prices in the debenture market from the Thai Bond Market Association by using the closing price at the end of the reporting period.

Level 2 fair values for debentures of Chia Tai (China) Investment Co., Ltd. have been determined based on quoted prices in the bond market from the Shanghai Stock Exchange by using the closing price at the end of the reporting period.

Level 2 fair values for the Exchangeable Bonds ("EBs") have been determined based on quoted prices in the EBs market traded in overseas market by using the closing price at the end of the reporting period.

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41 Commitments with non-related parties

As at 31 December the Group had commitments with non-related parties as follows:

41.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	3,514	2,461	3	1
Machinery, equipment and others	2,834	1,753	30	37
Total	<u>6,348</u>	<u>4,214</u>	<u>33</u>	<u>38</u>

41.2 Commitments under operating lease agreements

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>Future minimum lease payments</i>				
<i>under non-cancellable</i>				
<i>operating leases</i>				
Within one year	4,020	3,586	160	131
Over one year but within five years	11,253	9,555	74	127
Over five years	15,644	14,455	5	7
Total	<u>30,917</u>	<u>27,596</u>	<u>239</u>	<u>265</u>

The Group has lease agreements with non-related parties covering office premises including facilities, land, farms, vehicles and others for periods of 1 to 70 years expiring in 2018 to 2087.

41.3 Other commitments

The Company had a Cooperative Technical agreement with Maejo University (the “university”) whereby the university allowed the Company to use its land and constructions thereon in developing shrimp ponds and as the research and training center which will be terminated as at 31 December 2018. Under the terms of the agreements, the Company is committed to pay total annual compensation of Baht 2.2 million and to transfer the ownership of the project property to the university at the expiration of the agreements. The net book value of the Company’s assets in respect to the agreement as at 31 December 2017 totalled Baht 34 million (2016: Baht 31 million).

41.4 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totalling Baht 2 million and Baht 2,352 million respectively (2016: Baht 1 million and Baht 1,177 million respectively).

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41.5 Letters of guarantee

- (a) The Company and certain subsidiaries had commitments with financial institutions for letters of guarantee issued by the financial institutions in favor of government agencies and others totalling Baht 1,165 million and Baht 5,448 million respectively (*2016: Baht 17 million and Baht 3,133 million respectively*). The letters of guarantee are principally covering the guarantee of taxes, duties and sale of goods.
- (b) Certain foreign subsidiaries have commitments with foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totalling Baht 766 million (*2016: Baht 1,108 million*).

42 Guarantees

As at 31 December 2017 certain foreign subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

42.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. totalling 5,984 million shares with fair value of Baht 15,462 million (*2016: 5,154 million ordinary shares with fair value of Baht 22,876 million*).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totalling 51,000 shares with carrying value of Baht 297 million (*2016: 51,000 ordinary shares with carrying value of Baht 182 million*).
- (c) Pravdinsk Pig Production Closed Joint Stock Company 2 with an authorised share capital of Baht 570 million (*2016: Nil*).
- (d) NNPP Limited Liability Company with an authorised share capital of Baht 273 million (*2016: Baht 283 million*).
- (e) NNPP-2 Limited Liability Company with an authorised share capital of Baht 508 million (*2016: Nil*).
- (f) Charoen Pokphand Foods (Overseas) LLC. totalling 218 million shares with carrying value of Baht 123 million (*2016: Nil*).

42.2 Property, plant and equipment with net book value of Baht 9,607 million (*2016: Baht 8,708 million*).

42.3 Current assets and non-current assets mainly comprising of leasehold right, inventories and net accounts receivable and payable, with carrying value of Baht 3,482 million (*2016: Baht 5,825 million*).

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43 Events after the reporting period

On 24 January 2018 the Company issued unsubordinated and unsecured debentures No. 1/2018 in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 5.46 billion with the term of 7 years, bearing interest at the fixed rate of 3.05% per annum.
- The second series of Baht 6.54 billion with the term of 10 years, bearing interest at the fixed rate of 3.60% per annum.

The debentures had credit rating of “A+” rated by TRIS Rating Co., Ltd. on 12 December 2017 and were registered with the Thai Bond Market Association on 24 January 2018.

44 Thai Financial Reporting Standards not yet adopted

The consolidated and separate financial statements are not prepared to provide the following revised Thai Financial Reporting Standards (“TFRS”) that have been issued as of the reporting date but are not yet effective. These revised TFRS become effective for annual financial periods beginning on or after 1 January 2018. The Group does not plan to early adopt these TFRS.

TFRS	Topic
TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events after the Reporting Period
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 3 (revised 2017)	Business Combinations
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements

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TFRS	Topic
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases – Incentives
TSIC 25 (revised 2017)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017) Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 21 (revised 2017)	Levies

The impact of the adoption of such revised TFRS and interpretations from 1 January 2018 on the Group's financial statements is still under consideration by management.



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