



Charoen Pokphand Foods Public Company Limited

Annual Report
2018



*Sustainable...
Kitchen of
the World*

Message from the Executives

The year 2018 witnessed another challenging time as the business ecosystem endured economic and financial turbulences, especially constant ripples resulting from US-China trade dispute, rising interest rates tendency, intensifying climate change, and changing consumption behavior due to global healthy and eco-friendly trends and technological advances.

CPF was well aware of these rapid changes, which have become its drivers to shift and gear up its capabilities to stay on top in the new era of global competition and to ensure sustainable growth. Digital transformation was incorporated for the Company to achieve innovation in the economic, environmental and social area of operations as well as progress in logistics, distribution, and its people. Our progress also contributed to solutions for global concerns such as antimicrobial resistance and plastic waste.

In its time of transition and transformation, CPF focused on maximizing its potential as the leader of the agro-industrial and food businesses in 17 countries via investment and strategic partnership to expand its expertise, vertically and horizontally, and enhancement of its capabilities and efficiency. The Company continued to thrive based on the philosophy of Three Benefits



to Sustainability (for the Country, the People, and the Company) and "CPF Way", both of which are the bedrock of our corporate culture that leads to sustainable growth and success. Concurrently, we have driven our business on the principle of Corporate Social Responsibility towards Sustainability under the three pillars – "Food Security", "Self-Sufficiency Society", and "Balance of Nature" which followed the beacon of UN Global Compact and the United Nations Sustainability Development Goals (SDGs).

In 2018, CPF achieved the business goal mainly driven by revenue streams from domestic and overseas businesses at the proportion of 33 and 67 percent, respectively. The Company reported total net profit of 15,531 million Baht or an increase of 2 percent when compared with the previous year. The growth was derived from overseas operating performance and effective cost management. In this regard, the Board of Directors endorsed the

proposal to the 2019 Annual General Meeting of Shareholders for the annual dividend payment at 0.65 Baht per share (consisting of paid interim dividend of 0.35 Baht per share and annual dividend to be paid on 23 May 2019 at 0.30 Baht per share).

Our efforts to drive sustainable growth based on good corporate governance was recognized as CPF continued to be enlisted for the 4th consecutive year in the 2018 Dow Jones Sustainability Indices (DJSI), emerging markets; and was listed for the 2nd consecutive year as member of the FTSE4G00D Emerging Index. In Thailand, CPF was awarded the SET Sustainability Awards 2018 – Outstanding Category from the Stock Exchange of Thailand. Other awards included domestic and international recognition of CPF in the area of labor, safety, and social responsibility practices.

Our strategy to "sustainable growth, aiming for excellence, and building solid foundation" that paves our way toward sustainability could not be attained without longstanding support from all shareholders and stakeholders. On behalf of the Board of Directors, executives and all employees, we extend our sincere gratitude to all parties for the unwavering participation in our journey to be the "Kitchen of the World".



A blue ink signature of Mr. Sooksunt Jiumjaiswanglerg.

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

A blue ink signature of Mr. Dhanin Chearavanont.

**Mr. Dhanin
Chearavanont**
Chairman of the Board
of Directors

A blue ink signature of Mr. Sukhawat Dansermasuk.

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

CPF at a Glance

Vision

Kitchen of the World

Be a participant in the United Nations Global Compact

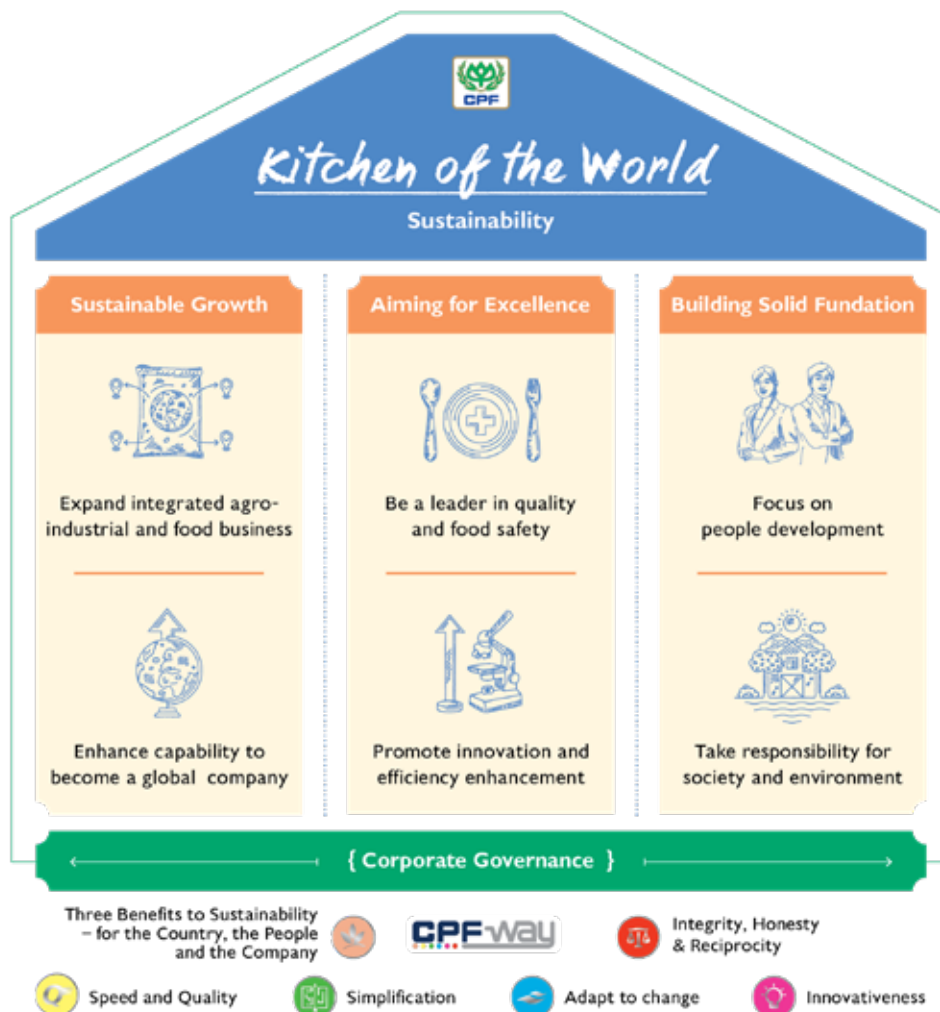


Mission

The Company operates integrated agro-industrial and food business, with its objectives to offer products of high quality in terms of nutritional, taste, safety and traceability. The Company strives to operate businesses in strategic locations and focuses on modern production process, with international standards.

Aiming to compete in the front line of the food industry, we use resources properly and environmental friendly. The Company takes into account the interests of all stakeholders to ensure sustainable growth, while being able to generate appropriate return to shareholders.

Corporate Strategic Direction



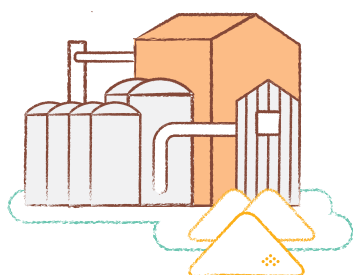
Business Model

CPF operates **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**. CPF 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



Sales Revenue

229,539 Million Baht

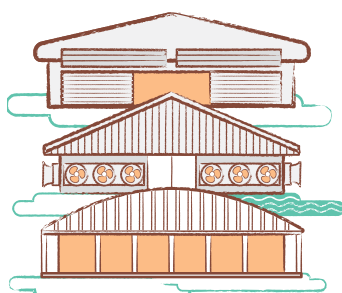
42%

of Sales Revenue

The Company is one of the world's leading animal feed manufactures. We bring along extensive expertise and experience in researching and innovating animal feed products and production. The quality of our feed production is assured by computerized systems and automation as well as adherence to international standards. We also provide technical services to our customers.

Farm Business

Animal Breeding, Animal Farming, and Primary Processing



Sales Revenue

222,407 Million Baht

41%

of Sales Revenue

The Company engages in farm business, starting from selection and development of breeding based on the demands of each locality as well as utilization of advanced and eco-friendly technology throughout farming period. We underline animal wellbeing and comply with the international animal welfare standards to deliver best quality and food safety.

Food business

Production of Cooked and Ready Meal Products



Sales Revenue

89,991 Million Baht

17%

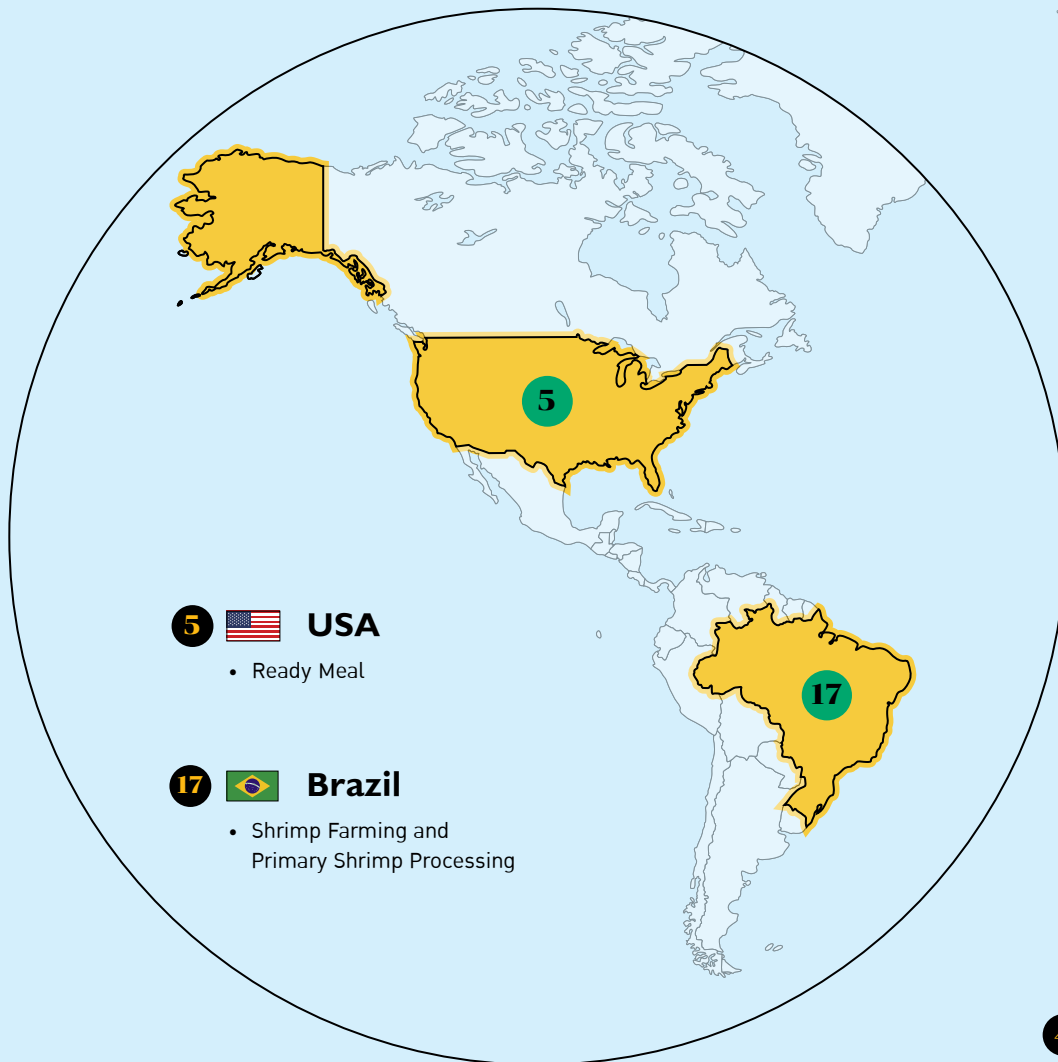
of Sales Revenue

The Company is determined to develop food products with the aim to deliver great taste, utmost convenience, and a variety of healthy food choices in line with the changing trends and different life stages of consumers. We place importance on internationally-certified manufacturing standards and customer-centric product development. In addition, we invest in distribution channels for even more convenient access of consumers to our products.

Geographical Footprint

As of 31 December 2018

The Company expands its business worldwide. The business in each country depends on opportunity and potential of the industry at the time in which the Company made investment. The Company's operation covers 17 countries, and we export to more than 30 countries across 5 continents.




4 **Taiwan**

- Livestock Integrated Businesses

6 **India**

- Chicken Integrated Business
- Aquaculture Feed

Remark : Countries are ranked by Revenues

11  **Philippines**

- Livestock and Aquaculture Feed
- Livestock and Aquaculture Farming

13  **Laos**

- Livestock Integrated Businesses

15  **Srilanka**

- Ready Meal

12  **Malaysia**

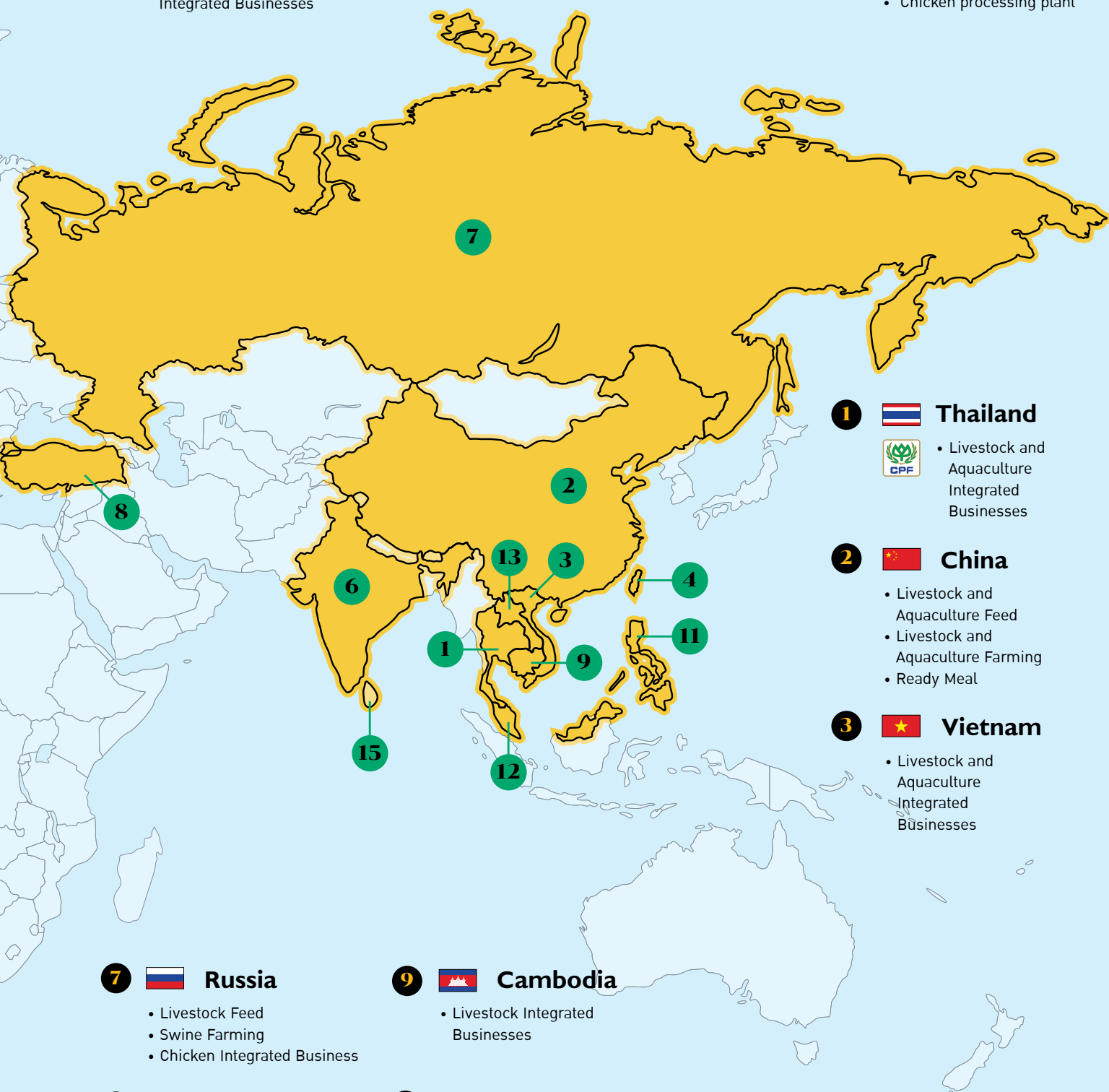
- Livestock and Aquaculture Integrated Businesses

14  **Belgium**

- Ready Meal

16  **Poland**

- Hatchery
- Chicken processing plant



1  **Thailand**



- Livestock and Aquaculture Integrated Businesses

2  **China**

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

3  **Vietnam**

- Livestock and Aquaculture Integrated Businesses

7  **Russia**

- Livestock Feed
- Swine Farming
- Chicken Integrated Business

9  **Cambodia**

- Livestock Integrated Businesses

8  **Turkey**

- Chicken Integrated Business

10  **UK**

- Chilled and frozen food
- Food kiosk
- Food services

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

Attachment 7 Financial Statements for the Year 2018

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

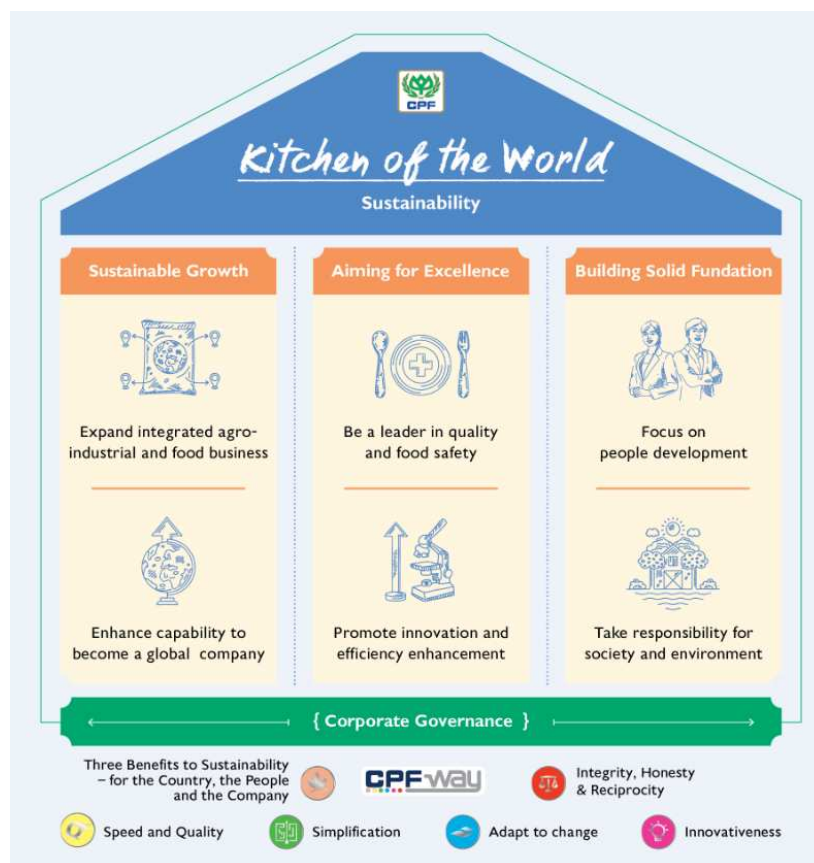
Part 1

Business Operation

1. Business Overview

1.1 Vision, Goal and Business Strategies

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



To push forward the Company’s vision and aforementioned mission to fulfill its goals, The Board of Directors reviewed and approved the Company’s strategies annually. The strategies for 2019 has been defined into 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).

In 2016, Bellisio Investment, LLC, a wholly-owned subsidiary of CPF, acquired the entire interests in Bellisio Parent, LLC (“Bellisio”) which invests in the production and distribution of single serve frozen entrees business in the United States with well-known brands such as Michelina’s, Boston Market, Chili’s, and Atkins as well as EatingWell and EAT!, focusing on balanced food solutions that promote healthy lifestyles.

As of December 31, 2018, CPF had paid-up capital of Baht 8,611,242,385, comprising of 8,611,242,385 shares, and its market capitalization was Baht 211,837 million.

Key milestones in 2018

- Establishment of new subsidiaries

In February 2018, CPF (Thailand) Plc. (“CPFTH”) a 99.98% directly owned subsidiary of CPF, established 3 new subsidiaries to accept the partial business transfer from CPFTH as follows:

- | | |
|--|--|
| 1. CPF Food and Beverage Co., Ltd. | be transferred ready meal business |
| 2. CPF Restaurant and Food Chain Co., Ltd. | be transferred Five stars and restaurants business |
| 3. International Pet Food Co., Ltd. | be transferred pet food business |

The above transfer was completed in the second quarter of 2018. After the business transfer, CPFTH continues to operate the agro-industrial business, consisting of feed and farm which includes basic meat processing.

- Investment in shrimp farming and primary processing businesses in Brazil

In June 2018, CPF acquired newly issued ordinary shares of Camanor Produtos Marinhos Ltda. (“Camanor”), representing 40% of the total and voting capital stock of Camanor on a fully diluted basis after giving effect to the transaction. Upon the completion of the transaction, Camanor became joint venture of CPF.

Camanor engages in shrimp farming and primary processing businesses in Brazil. Its main products include fresh and frozen processed shrimp distributing through domestic wholesalers and export, e.g. France, etc. Camanor has



developed and owned shrimp farming technology called AquaScience® which is a close system raising shrimp in a high density environment without using chemical or antibiotics, resulting in a high productivity per farm area. In addition, Brazil is a major source of agricultural materials required for production of shrimp feed and is also a high potential market with a sizable population and economy. Investing in Camanor can provide geography diversification on CPF shrimp production operations.

- Investment in the remaining shares of Jilin Chia Tai Enterprise Co., Ltd.

In June 2018, Chia Tai (China) Investment Co., Ltd. ("CTI"), a 50.43% indirectly owned subsidiary of CPF, acquired the remaining shares of Jilin Chia Tai Enterprise Co., Ltd. ("Jilin CT") representing 50% of the total issued shares of Jilin CT, resulting to the increase in ownership interests in Jilin CT from 50% to 100% interests of issued and paid-up capital. Jilin CT principally engages in production and sale of animal feed. Upon the completion of the transaction, Jilin CT became indirect subsidiaries of CPF.

- Investment in the entire interests in Giant Crown Investment Ltd.

In June 2018, CPF Investment Ltd. ("CPF I"), a wholly owned subsidiary of CPF, acquired the entire interests in Giant Crown Investment Ltd. ("GC"). GC is an investment company which currently holds 6.32% stake in Charoen Pokphand Enterprise (Taiwan) Co., Ltd. ("CPE") (an indirect subsidiary of CPF which is a listed company on the Taiwan Stock Exchange). Upon the completion of the transaction, GC became an indirect subsidiary of CPF and the shareholding of CPF group in CPE increased from 32.68% to 39.00% accordingly.

- Joint investment with Taiwanese investors to establish new subsidiary for restaurant business

In July 2018, CPFTH together with Taiwanese investors jointly invested in a newly incorporated subsidiary in Thailand, CP HiLai Harbour Co., Ltd. ("CP HiLai"). In this regard, CPFTH holds 51.00% of total issued shares of CP HiLai. CP HiLai will engage in restaurant business in Thailand under "Harbour" name, the famous restaurant brand in Taiwan. Upon the completion of the transaction, CP HiLai became an indirect subsidiary of CPF.

- Investment in the remaining shares of CP Foods (UK) Ltd. and The Foodfellas Ltd.

In November 2018, CPF Europe S.A. ("CPF EU"), a 99.99% indirectly owned subsidiary of CPF, acquired the remaining shares of CP Foods (UK) Ltd. ("CPF UK") representing 42.48% of total issued shares of CPF UK, in addition to the current shareholding of 57.52%. CPF UK is an importer and distributor of processed meat and ready meals.

In November 2018, CPF UK acquired the remaining shares of The Foodfellas Ltd. ("FF") representing 40% of total issued shares of FF, in addition to the current shareholding of 60%. FF is an importer of food raw materials and food products.

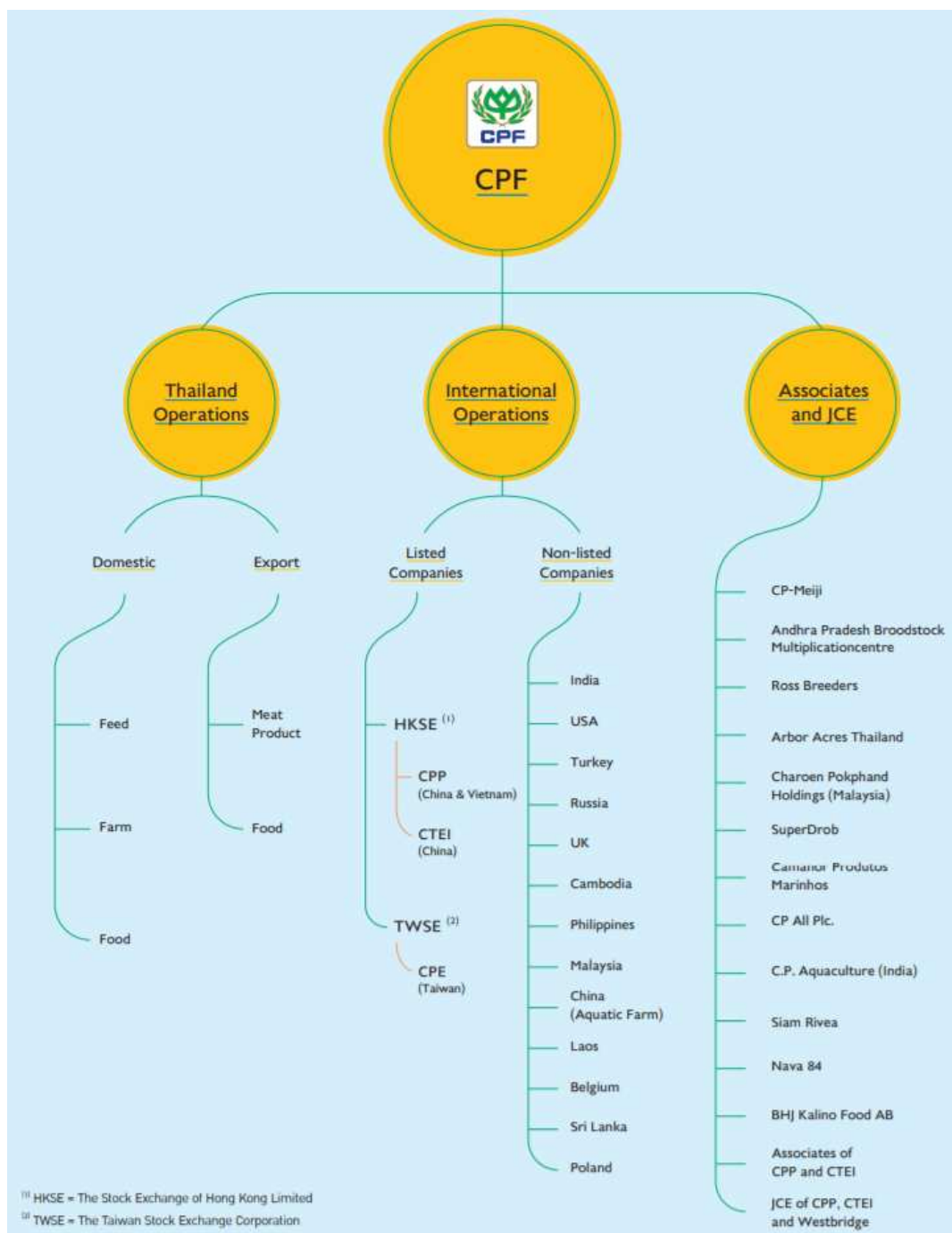
Upon the completion of the transactions, CPF Group holds 100% in both CPF UK and FF which shall enhance the efficiency and effectiveness of distribution network expansion in Europe and their management.

- Investment in frozen pizza and pizza bites business in USA

In November, 2018, Bellisio Foods, Inc., an indirect wholly owned subsidiary of CPF, signed the Agreement and Plan of Merger to acquire shares of FSI Parent Corp. ("FSI Parent"). Upon the completion of the transaction, FSI and its subsidiaries (together referred as "FSI Group") became indirect subsidiaries of CPF.

FSI Group engages in the manufacturing of frozen pizza and pizza bites distributed to leading retailers and wholesalers in North America. It also offers private label products based on clients' specific needs. Being shareholders of FSI Group is a gateway for Bellisio Group to penetrate the frozen value pizza business in the USA immediately with a key new customer base. The collaboration between Bellisio and FSI Group shall also create synergies in terms of higher production efficiency and cost reduction.

1.3 Overview of Business Operation and Shareholding Structure of the Group as of December 31, 2018

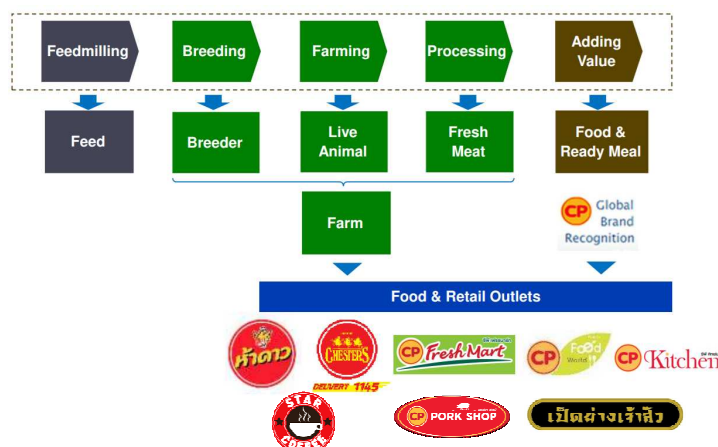


The scope of business operations can be divided into 2 main parts: (1) Thailand operations and (2) International operations, as briefly elaborated as follows:

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 16 countries i.e. China, Vietnam, Taiwan, USA, India, Turkey, Russia, United Kingdom, Cambodia, the Philippines, Malaysia, Laos, Belgium, Sri Lanka Poland and Brazil.

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				•		•
Brazil					•	

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

As of December 31, 2018, there were 280 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 15,289,819,314	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 40,800,000	99.99
7.1 CP Chozen Ltd. United Kingdom	Investment	GPB 800,000	79.99
7.1.1 Chozen Holdings Ltd. United Kingdom Tel. 44-1905-732100	Restaurant	GBP 30	79.99
7.1.2 Chozen Noodle Trading Ltd. United Kingdom Tel. 44-1905-732100	Property lease-out	GBP 10	79.99
7.2 Tops Foods NV Belgium Tel. 32-1428-5560	Production and distributor of ready meals	EUR 3,940,000	84.07
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

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., The All American Gourmet Company, Arden International LLC., CPF Trading LLC. and CPF Zaraysk LLC.



Indirect Subsidiaries	Type of Business	Registered Capital	Interest (%)
9. CPF Japan 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. ("CPF UK") United Kingdom Tel. 44-1299-253131	Importer and distributor of processed meat and ready meals	GBP 271,200	99.99
10.1-10.60 are subsidiaries of CPF UK ² United Kingdom	Importer and distributor of processed meat and ready meals	GBP 1	99.99

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 7,980,000	100.00

Food Business

Direct Subsidiary	Type of Business	Registered Capital	Interest (%)
12. CPF Food and Beverage Co., Ltd. Bangkok, Thailand Tel. 66-2-036-4500	Production and sale of ready meals	Baht 4,000,000,000	99.98
13. CPF Restaurant and Food Chain Co., Ltd. Bangkok, Thailand Tel. 66-2-641-1362-6	Five stars business and restaurants	Baht 200,000,000	99.98
14. CPF Food Research and Development Center Co., Ltd. Bangkok, Thailand Tel. 66-35-355-634-8	Food research and development	Baht 500,000,000	99.99
15. CP HiLai Harbour Co., Ltd. Bangkok, Thailand Tel. 66-2-641-1362-6	Restaurant	Baht 160,000,000	50.99
16. International Pet Food Co., Ltd. Bangkok, Thailand Tel. 66-2-059-7110	Production and sale of pet food	Baht 300,000,000	99.98

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.



Other Businesses

Direct Subsidiary	Type of Business	Registered Capital	Interest (%)
17. CPF Training Center Co., Ltd. Bangkok, Thailand Tel. 66-2-766-8000	Training center service provider	Baht 20,000,000	99.99
18. CPF IT Center Co., Ltd. Bangkok, Thailand Tel. 66-2-766-8000	Information technology service provider	Baht 250,000,000	99.99

International Operations

Direct Subsidiary	Type of Business	Registered Capital	Interest (%)
1. CPF Investment Ltd. British Virgin Islands	Investment	USD 1,750,000,000	100.00
2. CPF Netherlands B.V. Netherlands	Investment	USD 350,000,000	99.99
3. C.P. Aquaculture (Beihai) Co., Ltd. China Tel. 86-779-208-4362	Production and sale of animal feed	USD 17,500,000	100.00
4. C.P. Aquaculture (Dongfang) Co., Ltd. China Tel. 86-898-3696-3979	Shrimp hatchery business	RMB 148,000,000	100.00
5. C.P. Aquaculture (Zhanjiang) Co., Ltd. China Tel. 75-983-91726	Shrimp hatchery business	USD 12,000,000	100.00
6. C.P. Foods Holdings Ltd. British Virgin Islands	Investment	USD 1,000,000	100.00
7. C.P. Foods International Ltd. British Virgin Islands	Investment	USD 100,000,000	100.00
8. CPF Poland S.A. Poland Tel. 48-22-7790600	Agro-industrial and food	PLN 3,000,000	66.67
9. Bellisio Investment, LLC USA	Investment	USD 585,000,000	100.00
9.1 Bellisio Foods, Inc. USA	Production and distributor of ready meals	USD 873,690,696	100.00
9.2 Bellisio Foods Canada Corp. Canada	Production and distributor of ready meals	N/A	100.00
9.3 Overhill Farms, Inc. USA	Production and distributor of ready meals	USD 81,842,037	100.00
9.4 FSI Parent Corp. USA	Investment	USD 16,722,500	100.00
9.5 Frozen Specialties, Inc. USA	Production and distributor of ready meals	USD 16,722,500	100.00
10. Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd. China	Shrimp farming	USD 1,680,000	100.00



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
11. 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
11.1 A.P.P. Enterprise, Inc. Philippines Tel. 63-45-963-6510	Property lease-out	PHP 5,000	39.60
12. Charoen Pokphand Foods (Overseas) LLC. Russia Tel. 7-496-634-1963	Animal feedmill and livestock farming	RB 5,266,995,018.50	99.99
12.1 CPF Agro LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 605,277,700	99.99
12.2 CPF Foods LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 480,010,000	99.99
12.3 CPF Ryazan LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 87,238,163.21	99.99
12.4 CPF Serebryanie Prudy LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 130,759,706.53	99.99
13. Chia Tai Enterprises International Ltd. Bermuda	Investment	USD 80,000,000	50.43
13.1 C.P. Enterprises Ltd. Hong Kong	Investment	N/A	50.43
13.2 Chia Tai Huazhong Biochemistry Ltd. Hong Kong	Investment	N/A	50.43
13.3 Chia Tai Pucheng Biochemistry Ltd. Hong Kong	Investment	N/A	50.43
13.4 ECI Machinery Co., Ltd. British Virgin Islands	Investment	USD 50,000	50.43
13.5 Golden Industrial Investment Ltd. Hong Kong	Investment	N/A	50.43
13.6 Henan Chia Tai Biochemistry Trading Co., Ltd. China	Trading of animal drugs	RMB 10,000,000	35.17
13.7 Pucheng Chia Tai Biochemistry Ltd. China Tel. 86-108-508-9000	Production and sale of chlortetracycline	RMB 189,890,000	35.17
13.8 Zhumadian Huazhong Chia Tai Co., Ltd. China Tel. 86-396-262-3002	Production and sale of chlortetracycline	RMB 72,000,000	35.17



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
14. C.P. Standart Gida Sanayi ve Ticaret A.S. Turkey Tel. 212-274-8536	Agro-industrial and integrated food	TL 503,965,500	100.00
15. C.P. Pokphand Co., Ltd. Bermuda	Investment in agro-industrial and food business	USD 600,000,000	50.43
15.1 Beijing CP Consultation Services Co., Ltd. China Tel. 86-108-508-9000	Provision of consulting service on economic and trade	RMB 1,500,000	50.43
15.2 C.P. Aquaculture (Yangjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 19,700,000	50.43
15.3 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
15.4 C.P. Food (Hengshui) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 192,000,000	50.43
15.5 C.P. Food (Kaifeng) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 52,000,000	50.43
15.6 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 14,280,000	50.43
15.7 C.P. Food (Xiangyang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 380,000,000	50.43
15.8 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
15.9 C.P. Food (Zhanjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 78,500,000	50.43
15.10 C.P. Premix (Guanghan) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 818,250.95	45.89
15.11 C.P. Premix (Hangzhou) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 10,000,000	50.43
15.12 C.P. Premix (Liuzhou) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 6,700,000	50.43



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
15.13 C.P. Premix (Nantong) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 3,000,000	30.26
15.14 C.P. Premix (Shenyang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 24,900,000	50.43
15.15 C.P. Premix (Tianjin) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 23,812,500	50.43
15.16 C.P. Standard Resources Ltd. Hong Kong	Investment	N/A	50.43
15.17 C.P. Vietnam Corp. Vietnam Tel. 84-25-383-6251-9	Production and sale of animal feed, farming and food processing plant	VND 1,741,792,000,000	64.89
15.18 C.T. Progressive (H.K.) Ltd. Bermuda	Investment	HKD 1,000,000	50.43
15.19 Changsha Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 134,000,000	50.43
15.20 Charoen Pokphand (China) Investment Ltd. British Virgin Islands	Investment	USD 56,000,000	50.43
15.21 Chengdu Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,300,000	35.30
15.22 Chia Tai (Beijing) Investment Management Co., Ltd. China Tel. 86-108-508-9000	Rendering management and advisory service	RMB 670,000,000	50.43
15.23 Chia Tai (China) Investment Co., Ltd. China Tel. 86-108-508-9000	Investment and trading	USD 196,695,333	50.43
15.24 Chia Tai Aquaculture (Nantong) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 20,000,000	50.43
15.25 Chia Tai Feed Dongying Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 39,600,000	50.43
15.26 Chia Tai Feed (Harbin) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 5,000,000	50.43
15.27 Chia Tai Feed (Hefei) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 57,124,826	50.43
15.28 Chia Tai Feed (Helin) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 66,000,000	50.43



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
15.29 Chia Tai Feed (Hengshui) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 44,860,000	50.43
15.30 Chia Tai Feed (QianJiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 32,000,000	50.43
15.31 Chia Tai Feed (Sui zhou) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 20,000,000	50.43
15.32 Chia Tai Feed (Yiwu) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 57,000,000	27.74
15.33 Chia Tai Feed (Yushu) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 36,000,000	50.43
15.34 Chia Tai Feed (Zhanjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 31,110,000	50.43
15.35 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
15.36 Chia Tai Food (Suqian) Co., Ltd. China Tel. 86-108-508-9000	Poultry farming, production and sale of chicken meat products	RMB 596,298,060	50.43
15.37 Chia Tai Yongji Enterprise Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,062,018	50.43
15.38 Chia Tai Yueyang Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 9,550,000	50.43
15.39 Chongqing Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,920,000	30.26
15.40 Chongqing Shuangqiao Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,520,000	35.30
15.41 Chuzhou Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,648,500	50.43
15.42 CP China Investment Ltd. Cayman Islands	Investment	USD 129,750,000	50.43
15.43 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
15.44 CP Food Investment Ltd. Hong Kong	Investment	N/A	50.43



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
15.45 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
15.46 CPV Food Co.,Ltd Vietnam	Livestock farming, production and sale of animal feed and processed food	VND 454,000,000	64.89
15.47 Dali Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 37,000,000	50.43
15.48 Fujian Chia Tai Food Co., Ltd. China Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 218,000,000	35.30
15.49 Fujian Hetai Agro-Industry Co., Ltd. China Tel. 86-108-508-9000	Farming and trading of poultry	RMB 50,000,000	35.30
15.50 Fuzhou Da Fu Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 9,139,297	50.43
15.51 Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 93-1815-0941	Providing financial guarantee services	RMB 100,000,000	50.43
15.52 Ganzhou Chia Tai Industrial Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 18,000,000	40.34
15.53 Guang An Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 24,500,000	30.26
15.54 Guangdong Chia Tai Biotechnology Co., Ltd. China Tel. 86-108-508-9000	Production and sale of probiotics	RMB 10,500,000	50.43
15.55 Guangxi Chia Tai Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
15.56 Guilin Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,720,000	42.86
15.57 Guiyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 33,000,000	50.43
15.58 Hannick Ltd. Hong Kong Tel. 852-252-01601	Property investment	N/A	50.43



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
15.59 Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
15.60 Hefei Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 125,000,000	50.43
15.61 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
15.62 Huai Hua Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,900,000	50.43
15.63 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
15.64 Huludao Chia Tai Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 28,100,000	50.43
15.65 Inner Mongolia Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 8,190,700	45.48
15.66 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
15.67 Jiangsu Huai Yin Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 3,621,000	44.38
15.68 Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
15.69 Jilin Chia Tai Enterprise Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 70,000,000	50.43
15.70 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 380,000,000	50.43
15.71 Jiujiang Chia Tai Feedstuff Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,000,000	30.26



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
15.72 Kaifeng Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 10,000,000	50.43
15.73 Kunming Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,405,300	46.59
15.74 Lanzhou Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 14,953,000	45.70
15.75 Longyan Baotai Agro-Industry Co., Ltd. China Tel. 86-108-508-9000	Farming and sale of poultry	RMB 60,000,000	35.30
15.76 Longyan Chia Tai Co., Ltd. (Formerly known as Fujian Baojiashun Food Development Co., Ltd.) China Tel. 86-108-508-9000	Production of processed poultry meat	RMB 180,000,000	35.30
15.77 Mianyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,000,000	40.34
15.78 Modern State Investments Ltd. British Virgin Islands	Investment	USD 120,000,000	50.43
15.79 Nanchang Chiatai Livestock Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,120,200	50.43
15.80 Nanning C.P. Food Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 136,680,000	50.43
15.81 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
15.82 Nantong Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 50,060,025	30.26
15.83 Nantong Chia Tai Feedmill Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 60,000,000	30.26
15.84 Nanyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 50,000,000	45.89
15.85 Neijiang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,900,000	35.30
15.86 Ningbo Chia Tai Agriculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,415,300	42.86



	Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
15.87	Pingdingshan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 2,761,321	35.30
15.88	Qingdao Chia Tai Agricultural Development Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 12,025,800	50.43
15.89	Shaanxi Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,729,100	48.41
15.90	Shanxi Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 11,673,200	30.21
15.91	Shenyang Chia Tai Livestock Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,600,000	50.43
15.92	Shijiazhuang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 22,000,000	50.43
15.93	Shuangliu Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,000,000	35.30
15.94	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
15.95	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
15.96	Urumqi Chia Tai Animal Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,250,000	47.11
15.97	Weinan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 69,000,000	50.43
15.98	Wuhan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,750,000	50.43
15.99	Wuhan Chia Tai Aquaculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 62,000,000	50.43
15.100	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
15.101	Xiamen Chia Tai Agriculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,400,000	30.26



Direct and Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
15.102 Xiamen Sumpo Food Trading Co., Ltd. China Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 30,000,000	35.30
15.103 Xiangyang Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 97,900,000	50.43
15.104 Xuzhou Chia Tai Feed Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 16,000,000	32.78
15.105 Yi Chang Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	USD 18,090,000	50.43
15.106 Yinchuan Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 30,480,000	42.86
15.107 Yongan Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 27,000,000	50.43
15.108 Zhangjiakou Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 60,000,000	30.26
15.109 Zhoukou Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 50,000,000	50.43
15.110 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 (%)
16. 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
16.1 Cambodia Property and Trading Co., Ltd. Cambodia Tel. 24-397-339	Property lease-out	KHR 20,000,000	49.00
17. C.P. Laos Co., Ltd. Laos Tel. 856-21-453508-10	Animal feedmill and livestock farming	USD 15,000,000	99.99
18. Charoen Pokphand Foods Canada Inc. Canada Tel. 905-604-4993	Import and export food products	CAD 1,000,000	70.00
19. Charoen Pokphand Foods (Malaysia) Sdn. Bhd. Malaysia	Investment in aquaculture integration business and swine business	RM 420,000,000	99.99
19.1 Asia Aquaculture (M) Sdn. Bhd. Malaysia Tel. 603-4027-1800	Shrimp farming and processing plant	RM 520,000,000	99.99



	Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
19.2	Makin Jernih Sdn. Bhd. Malaysia	Investment	RM 50,000,000	99.99
19.2.1	AA Meat Shop Sdn. Bhd. Malaysia Tel. 603-8065-1800	Livestock processing retailer	RM 5,000,000	99.99
19.2.2	Chau Yang Farming Sdn. Bhd. Malaysia Tel. 605-3771-331	Livestock farming	RM 25,000,000	99.99
19.2.3	Tip Top Meat Sdn. Bhd. Malaysia Tel. 603-6091-7340	Livestock processing plant	RM 25,000,000	99.99
19.3	Star Feedmills (M) Sdn. Bhd. Malaysia Tel. 603-4027-1800	Aquatic feed production and distribution	RM 100,000,000	99.99
20.	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Chicken integration and livestock farming	NTD 3,579,000,000	39.00
20.1	Arbor Acres (Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Livestock farming	NTD 32,000,000	19.50
20.2	Charoen Pokphand (Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Importer and distributor of feedstuff additives and animal vaccines	NTD 32,000,000	35.10
20.3	Chia Tai Lianyungang Co., Ltd. Hong Kong	Investment	HKD 1,000,000	39.00
20.4	Lianyungang Chia Tai Agro-Industry Development Co., Ltd. China Tel. 86-182-051-31077	Production and sale of animal feed	USD 5,400,000	27.30
20.5	Plenty Type Ltd. Cayman Islands	Investment	USD 22,261,488	39.00
20.6	Rui Fu Foods Co., Ltd. Taiwan Tel. 86-225-507-7071	Layer chicken business	NTD 200,000,000	19.89
20.7	Rui Mu Foods Co., Ltd. Taiwan Tel. 86-225-507-7071	Layer chicken business	NTD 150,000,000	20.28
21.	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
22.	CPF Hong Kong Co., Ltd. Hong Kong Tel. 852-3507-9100	Importer and distributor of eggs, processed meat, milk product and ready meals	HKD 7,000,000	100.00
23.	Giant Crown Investment Ltd. British Virgin Island	Investment	USD 50,000	100.00



Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
24. Russia Baltic Pork Invest ASA Norway	Investment	NOK 510,063,200	75.82
24.1 Farm Construction LLC. Russia Tel. 8-831-211-3011	Swine farm construction	RB 100,000	75.82
24.2 Finagro ASP Denmark Tel. 45-7658-5005	Financial service	DK 550,000	75.82
24.3 Kornevo LLC. Russia Tel. 8-401-230-7700	Livestock farming	RB 203,010,000	75.82
24.4 Management Company RBPI Group LLC. Russia Tel. 8-401-230-7700	Property lease-out	RB 10,000	75.82
24.5 NNPP LLC. Russia Tel. 8-831-211-3011	Livestock farming	RB 483,040,562.83	75.82
24.6 NNPP-2 LLC. Russia Tel. 8-401-230-7700	Livestock farming	RB 600,000,000	75.82
24.7 Pravdinsk Pig Production CJSC Russia Tel. 8-401-230-7700	Livestock farming	RB 160,000,000	75.82
24.8 Pravdinsk Pig Production-2 LLC. Russia Tel. 8-401-230-7700	Livestock farming	RB 1,010,000,000	75.82
24.9 Rechnoe LLC. Russia Tel. 8-401-230-7700	Biological waste management services provider	RB 50,000,000	75.82
25. Stesha LLC. Russia	Investment	RB 11,922,108,924	99.99
25.1 Poultry Parent Stock Production Woyskovitsy CJSC Russia	Livestock farming and breeding	RB 196,500,735	99.99
25.2 Poultry Production Severnaya CJSC Russia	Animal feedmill, livestock farming and food processing plant	RB 1,129,937,718	99.99
26. Bright Excel Investments Ltd. British Virgin Islands	Investment	USD 50,000	100.00
27. Charoen Pokphand (Taiwan) Investment Ltd. Bermuda	Investment	USD 12,000	100.00
28. Coinaton Investments Ltd. British Virgin Islands	Investment	USD 50,000	100.00
28.1 Chun Ta Investment Co., Ltd. Taiwan	Investment	NTD 50,000,000	100.00



Indirect Subsidiary	Type of Business	Registered Capital	Interest (%)
29. CPVN Ltd. British Virgin Islands	Investment	USD 1,000,000	100.00
30. Forward Pass Ltd. British Virgin Islands	Investment	USD 50,000	100.00
30.1 Ta Chung Investment Co., Ltd. Taiwan	Investment	NTD 100,000,000	100.00
31. New Splendid Holdings Ltd. British Virgin Islands	Investment	USD 50,000	100.00
32. Norfolk Foods (Private) Limited Sri Lanka Tel. 9-411-285-7340	Production and sale of ready meal	N/A	80.00
33. Paulsen Food GmbH Germany	Distributor of processed meat and investment	EUR 25,000	94.99
34. The Foodfellas Ltd. United Kingdom Tel. 44-2086-223064	Import food raw materials and food products	GBP 15,567	99.99
35. Wesbridge Food Group Limited United Kingdom	Investment	GBP 88.96	100.00
35.1 Westbridge Foods (Thailand) Ltd. Bangkok, Thailand Tel. 66-2-726-9890	Provision and development for Asian food product	Baht 31,325,600	99.99
35.2 Food Trac Ltd. United Kingdom	Distribution of meat products	GBP 100	100.00
35.3. Wesbridge Foods Ltd. United Kingdom	Importer and distributor of meat and processed foods	GBP 100	100.00
35.4 Wesbridge Foods (France) SARL France	Distribution of meat products	EUR 100	100.00
35.5 Wesbridge Foods (Haydock) Ltd. United Kingdom	Distribution of meat products	GBP 252,855	100.00
35.6 Wesbridge Group License Companies United Kingdom	Importer of poultry meat products	N/A	100.00
35.7 Wesbridge Holding B.V. Netherlands	Investment	EUR 18,000	100.00
35.8 Wesbridge (Qingdao) Trading Co., Ltd. China	Provision and development for Asian food product	USD 100,000	100.00

**Associates, Joint Ventures and Other Investments**

As of December 31, 2018, CPF had associates, joint ventures and other investments as follows:

Company	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. Andhra Pradesh Broodstock Multiplicationcentre Pvt.Ltd. India Tel. 91-98-494-46149	Farming and breeding	Rs 150,00,000	50.00
3. Westbridge Foods Holding B.V. Netherlands Tel. 86-431-829-90255	Importer and distributor of processed foods	EUR 18,000	50.00
4. Ross Breeders Siam Co., Ltd. Bangkok, Thailand Tel. 66-2-988-0700	Chicken breeding and distribution	Baht 70,000,000	49.99
5. Arbor Acres Thailand Co., Ltd. Bangkok, Thailand Tel. 66-2-988-0700	Chicken breeding and distribution	Baht 4,000,000	49.98
6. Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. ³ Malaysia	Investment in livestock feedmill and livestock farming companies in Malaysia	N/A	49.75
7. SuperDrob S.A. Poland Tel. 48-22-275-9200	Agro-industrial and food	PLN 21,772,550	49.45
8. Camanor Produtos Marinhos Ltda. Brazil Tel. 55-84-4008-0448	Shrimp farming and primary processing businesses	BRL 11,666,667	40.00
9. CP All Plc. ⁴ Bangkok, Thailand Tel. 66-2-677-9000	Convenience store business in Thailand, under "7-Eleven" trademark and franchise; to other retailers in the territory of Thailand	Baht 8,986,296,048	34.17
10. CP-MP Logistics Joint Stock Co. Ltd. Vietnam Tel. 28-363-66471	Logistic provider	VND 11,400,000,000	31.80
11. C.P. Aquaculture (India) Private Ltd. ⁵ India Tel. 044-4604-9999	Aquatic feedmill and shrimp hatchery in India	Rs 250,000,000	31.70
12. Siam Rivea Co., Ltd. Bangkok, Thailand	Restaurant	Baht 5,000,000	29.99
13. Chia Tai (Cixi) Investment Management Ltd. China	Provision of consulting service on economic and trade	RMB 3,000,000	25.21
14. Conti Chia Tai International Ltd. Hong Kong Tel. 852-282-36171	Production and sale of animal feed	HKD 3,121,000	25.21
15. Beijing Chia Tai Feedmill Co., Ltd. China Tel. 86-106-941-2811	Production and sale of animal feed	USD 5,000,000	25.21



Company	Type of Business	Registered Capital	Interest (%)
16. 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
17. Handan Chia Tai Feed Co., Ltd. China Tel. 86-310-638-6578	Production and sale of animal feed	RMB 11,200,000	25.21
18. Henan East Chia Tai Co., Ltd. China Tel. 86-379-678-51998	Production and sale of animal feed	USD 5,400,000	25.21
19. Nava 84 Co., Ltd. ⁶ Bangkok, Thailand	Investment in economic crop plantation companies in Thailand	Baht 1,500,000,000	25.00
20. BHJ Kalino Food AB Sweden Tel. 46-4620-5260	Trading of chilled and frozen meat and food	SEK 1,000,000	15.08
21. 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
22. Kinghill Limited ⁷ Cayman Islands	Investment in company that manage shopping center, "Super Brand Mall" in China	USD 680,000,000	13.96
23. Chia Tai (Jilin) Co., Ltd. ⁸ Hong Kong	Investment in livestock feedmill and livestock farming business in China	USD 1,800,000	10.00
24. Ningxia Xiao Ming Animal Husbandry Co., Ltd. China Tel. 18-995-100-803	Production and sale of layer chicks	RMB 68,253,000	8.10
25. CPPC Plc. ⁹ Bangkok, Thailand Tel. 66-2-766-8090	Production and sale of plastic	Baht 1,950,000,000	6.58
26. C.P. Land Plc. ¹⁰ Bangkok, Thailand Tel. 66-2-766-7000	Property development	Baht 3,630,310,000	6.49
27. Qingdao Yi Bang Bio-Engineering Co., Ltd. China	Production and and sale of animal vaccines	RMB 28,409,090	6.05
28. True Corporation Plc. ¹¹ Bangkok, Thailand Tel. 66-2-643-1111	Information Technology & Communication	Baht 133,474,621,856	2.21
29. Zhejiang Huatong Meat Products Co., Ltd. China	Production and sale of animal feed, farming and primary processing plant	RMB 178,666,700	1.38
30. Cixi Zhudu Investment Center (Ltd. Partnership) China	Investment	RMB 9,995,000	0.50

³ Related person of CPG held 49.00% stake

⁴ CPG and its related person held 1.92% stake

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

⁶ CPG held 25.00% stake

⁷ Related person of CPG held 64.86% stake

⁸ Related person of CPG held 90.00% stake

⁹ CPG and its related person held 37.80% stake and Chearavanont family and its related person held 37.91% stake

¹⁰ CPG and its related person held 47.51% stake and Chearavanont family held 18.89% stake

¹¹ CPG and its related person held 48.43% 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 2018, there were no transactions with CPA India which are not the ordinary course of business.

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.

Revenue structure of CPF and Subsidiaries as per consolidated financial statement as of December 31, 2016, 2017, and 2018 are as follows:

	2016		2017		2018	
	Baht Million	%	Baht Million	%	Baht Million	%
1. Thailand Operations						
Feed	49,165	11	50,684	10	49,594	9
Farm	86,255	18	82,477	16	83,818	15
Food	43,162	9	45,242	8	45,268	8
<i>Total Revenues from Thailand Operations</i>	<i>178,582</i>	<i>38</i>	<i>178,403</i>	<i>34</i>	<i>178,680</i>	<i>32</i>
2. International Operations						
2.1 China						
Feed	101,817	22	109,523	21	117,150	21
Farm	791	0	5,878	1	19,485	4
Food	3,963	1	8,969	2	6,342	1
2.2 Vietnam						
Feed	31,248	6	28,260	6	27,639	5
Farm	44,409	10	34,542	7	51,834	9
Food	1,902	0	2,018	0	2,302	0
2.3 Other countries						
Feed	38,250	8	37,049	7	35,156	6
Farm	56,127	12	61,133	12	67,270	12
Food	7,376	2	35,732	7	36,079	7
<i>Total Revenues from International Operations</i>	<i>285,883</i>	<i>61</i>	<i>323,104</i>	<i>63</i>	<i>363,257</i>	<i>65</i>
Total Revenue from Sale of Goods	464,465	99	501,507	97	541,937	97
Other Income	5,705	1	13,690	3	13,566	3
Total Income	470,170	100	515,197	100	555,503	100



2.1 Nature of Products

2.1.1 Feed Business

	2018	
	millions THB	Change
Revenue from Thailand Operations	49,594	-2.2%
Revenue from International Operations		
- China	117,150	+7.0%
- Vietnam	27,639	-2.2%
- Other countries	35,156	-5.1%
Total	229,539	+1.8%

The major products of feed business includes swine feed, chicken feed, duck feed, shrimp feed and fish feed, in the form of concentrated feed and complete feed in powder and pallets. The Company realizes that “quality raw material, nutrition value in animal feed, and technology that create efficiency in production process” is crucial in producing the Company’s quality animal feed product and successful business for both the Company and farmers. The Company is part of the development of commercial farming in both Thailand and other countries where the Company’s investments are located.

To maintain the Company’s position as one of the leading animal feed manufacturers and to prepare to the changing environment, the Company places its importance throughout production process, starting from **choosing the right production location**. The location must be suitable for animal farming, in highland near to water source. **Ensure high quality raw materials through quality control process in laboratories certified with the ISO/IEC 17025 international standards**. The data from central laboratory and branches laboratories in Thailand and overseas has been linked together to share data such as nutritional value and safety of raw materials. Information in the database is used for animal feed formulation for different types of animal according to their breed and age as well as for food safety for consumers. The Company has been **using computerized system to control its production process for over 40 years which comply with international standards** and 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 (Quality scheme for food). These standards are met to ensure the consistent quality and highest safety for animals and consumers. With a commitment to produce safe food throughout the production chain, the Company is certified with quality and safety management system according to FAMI-QS (Feed Additives and PreMixtures Quality System) standards for safe animal feed production (Feed Safety). The Company emphasizes on the importance of animal health and welfare by adopting good manufacturing practices (GMP) and sourcing high quality animal feed ingredients and additives which are safe from physical and biological contamination of various kinds and in accordance with EU regulations. Further, the Company **utilizes automation process and robotics** which are specially designed and developed by in-house team of engineers to use in area with potential health risk to employees and to enhance the efficiency of its operations. In food safety, the Company has developed a foreign bodies detection system and automatic piping conveying systems to ensure clean, safe, free from contamination raw material.

In addition to high quality of raw materials and products, the Company also strives for **“Sustainable Raw Materials Sourcing”** for key raw materials used in feed production consisting of corn, soy bean meal, fish meal, bran and other vitamins and minerals. These raw materials come from responsible sources in terms of environment and labor according to the sustainable sourcing policy and supplier guideline for operation in Thailand. Along with that, the Company **has policy to procure raw material locally as a primary source**, especially in areas where feedmills are located, to support local farmers and to reduce the distance and energy used in transportation. Moreover, GPS tracking system was implemented to track raw material transportation and record time and weight to ensure traceability of raw materials. Raw material is imported when local source is insufficient or when quality does not meet the standards. In 2018, Thailand operations imported raw materials accounted for 39% of total raw material used for animal feed production. In attempts to support local farmer and diversify,



the Company has procured alternative local raw material to replace imported material such as brown rice, sorghum, rice bran, palm kernel meal, cassava meal, and grinded bone. Alternative raw material will reduce risks during shortage of raw materials at certain times in order to maintain production capabilities of the Company and its suppliers effectively and continuously. Procurement department and research and development department worked together collaboratively for effective supply chain management to ensure suitable raw material choice for different timing and location.

The Company has also placed an importance on the performance of animal feed according to needs of animals and farming system. Animal feed formulation is developed and adjusted for different breeds and ages of animal for different requirements in nutrient, feed raw material, feed additive, and feed innovation to meet customers need and changing trends, in order to take part in building a long term food security. The Company has selected animal feed formulations with the right amount of nutrient to support animal growth for example, the use of optimal dietary protein without excess protein wasted into the environment. The selection of other supplements in animal feed such as the use of probiotic and prebiotic substances to help improve the digestive system and strength of the animals, and the use of acidifiers and essential oil in animal feed to enhance growth performance which lead to healthy, high resistant to disease and reduce the use of antibiotic. With environmental awareness, the Company has researched and developed biotechnology to formulate chicken feed which reduce the release of carbon dioxide while still support its growth, and to formulate swine feed that reduce the amount of ammonia from swine waste release into the atmosphere.

The manufacturing of feed requires heating energy, which mostly come from burning fossil fuels of 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 in substitution of fossil fuels, in order to mitigate the effect to 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.

Animal feed market has continued to grow from the expansion of livestock farming in the region due to farming industry in the region is basic farming and can be further developed. This has caused increasing demand of animal feed for expansion of livestock farming industry. The developing trend of animal feed is shifting from using farmers' own feed mix to use more of animal feed from industrial production as it offers better nutrient, freshness, cleanliness, and it is easy to use for farmers. The farmers are advised with appropriate amount of feed required for the most efficient cost management of animal husbandry. The Company has well-educated sales force to support farmers, making the Company's product widely accepted in the industry.

2.1.2 Farm Business

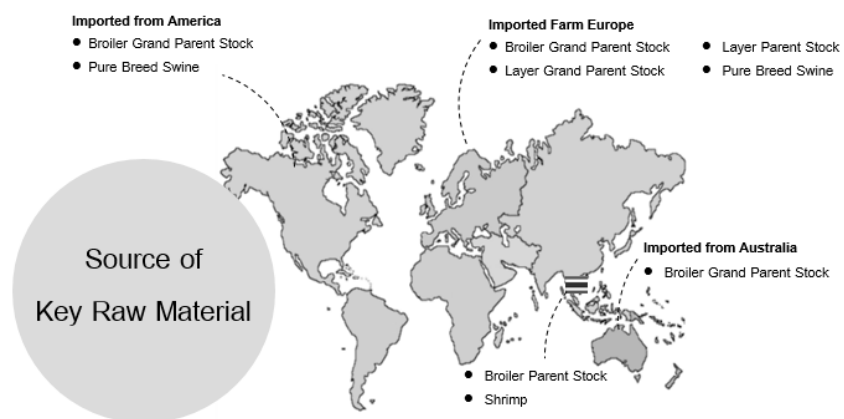
	2018	
	millions THB	Change
Revenue from Thailand Operations	83,818	+1.6%
Revenue from International Operations		
- China	19,485	+231.5%
- Vietnam	51,834	+50.1%
- Other countries	67,270	+10.0%
Total	222,407	+20.9%

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. Nowadays, the Company is one of the leaders in animal husbandry business in Thailand and has applied techniques and knowledge in animal husbandry to other countries where the Company has investment in such as Vietnam, Russia, and Cambodia etc.

With ambition to promote people's access to protein, other nutrients, and food safety to 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 strong and disease-free animals which induce effective fertility, 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 adopted 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 understanding animal's behavior, using sturdy breed, providing feed that is nutritious and suitable for each age group, and utilizing biotechnology to analyze and improve process of animal feeding and animal caring that fit each breed. 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. The use of antibiotic substance is done responsibly under close veterinarian supervision when the animal has illness. 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 farmers 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 from farm to slaughter house by using appropriate vehicles 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, fresh meat will be processed and packaged to maintain its freshness and cleanliness, then transport to distribution channels including modern trade, supermarket, and retail outlet in local area such as dealers in the fresh market to ensure fresh product to consumers.

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 efficient 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.

In addition, the Company has adopted international practice of the Five Freedoms in the management of animal farming in Thailand across functions includes animal husbandry, transportation, slaughter, avoidance of antibiotics usage,

and growth accelerators without genetic engineering or cloning. The Company's animal farm passed annual assessment and received the certification of livestock products from the Department of Livestock Development in Thailand and also certified according to international standards as well (more information on the animal welfare can be found in Sustainability Report 2018).

The majority of revenue of farm business is from swine and broiler. The key success factors for being a leader in the industry is to have strong breed that can resist disease well while provide high product yield and to have effective farming process that can control and prevent disease outbreak. In addition, the Company has developed new animal husbandry process to meet customers need in different areas such as closed system animal farming to prevent air and waterborne diseases, improvement of Kurobuta black swine breed that offer tender texture and juicy with aroma meat, farming of Benja chicken fed with Thai brown rice that results in better texture meat, development of Alive Shrimp transport which allows shrimp to stay alive during transportation period of around 20 hours and provide consumer with fresh shrimp. These developments have added value to the Company's product.

2.1.3 Food Business

	2018	
	millions THB	Change
Revenue from Thailand Operations	45,268	+0.1%
Revenue from International Operations		
- China	6,342	-29.3%
- Vietnam	2,302	+14.1%
- Other countries	36,079	+1.0%
Total	89,991	-2.1%

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 CPF IT Center Co., Ltd. (“CPF IT”) has designed software and developed digital trace back system for rapid and accurate result. The system has bridge digital information for trace back of product throughout value chain from the production of animal feed, farm, and food distribution. The system has been implemented for broiler business value chain. In 2018, the implementation has expanded to other business in Thailand such as shrimp, swine and ready to eat product. CPF IT has also applied the trace back system to broiler business in other countries such as Vietnam, Malaysia and India, etc., with plans to expand to other product groups, both domestic and international.

In 2018, CPF Food Standard Project continues to build standards for food quality, safety and sustainable food management systems throughout the integrated production process in broiler and ducks business around the world into one policy, CPF Quality Policy. The policy is in alignment with British Standards Institution or BSI. CPF Food Standard enable more efficiency of risk management in food quality, safety, and deliver high quality product with consistency and consumer trust. After the completion of CPF Food Standard implementation, the Company have planned to apply this standard in the integrated chicken business and duck in Thailand under CPF Value Chain (Feed Farm Food).

The Company **continues to strive to create product for better health for consumers of different ages**. For example, in Thailand, the development of Omega Plus chicken egg products is aimed to stimulate children's' growth. CP Balance, CP Delight and Smart Meal products, which are a group of products that contain low cholesterol and saturated fat but filled with high nutritional value and fiber suitable for group of working people and older people who are health conscience. In 2018, Thailand operations have introduced innovative food products to meet changing consumer behaviors such as Smart Soup, "Food for patients and the elderly", Smart Drink, "Healthy Drink s", and "Blue Pot" under the concept of "Take-home – plate, heat, and eat" to fit with lifestyle of the new generations. To support future growth plans in 2018, the Company has built CPF Food Research & Development Center to research and develop nutrition and food products for different age group, food for elderly and patient as well as food innovations that are in line with market trends, behaviors and needs of consumers in each country. With the goal of developing new products (New Product Development: NPD) and launching the School of Culinary Arts and Entrepreneurship to expand the business and enhance growth potential

The Company has launched CPF Green Revenue Project to continuously develop sustainable products with the objective of generating the Company's revenue from the Green Product Group. In 2018, there were several products in Thailand that have received Carbon Footprint label and Global Warming Reduction Label include live chickens, fresh chicken meat and chicks, which have been certified by the Greenhouse Gas Management Organization (TGO) to reduce greenhouse gas (GHG) emissions. The Company also received Water Footprint label for fresh chicken meat and soft breast meat which has been certified by the Federation of Thai Industries in accordance with ISO 14046 standard. In cooperation with the government sector, including the Department of Groundwater Resources, Ministry of Natural Resources and Environment, and The Federation of Thai Industries, the Company developed model for efficient water usage in Thailand under the Water Footprint project in order to strive to develop products while creating sustainable economy.

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. Furthermore, 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 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. Products are also distributed via e-commerce under CPF Platform to provide services to store owners and retail customers.

(D) **Food World** - is a food court with a variety of food outlets owned by the Company and food outlets from outside. 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, 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, Food World are located in university and hospitals. In addition, 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:** Food World has the nutritionist working with 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.

(E) **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.

(F) **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”.

Food industry has changed rapidly and the market is highly competitive. Trend of expanding urban society has changed the way of life causing consumers to demand for ready to eat food for more convenience while still looking for quality food and variety of products especially healthy food with acceptable sources. Therefore, manufacturers have to invent and develop products to meet the changing needs of consumers to suit the culture conditions of each area.

2.2 Agricultural Economic Review of Main Products in 2018 and Outlook in 2019

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

In 2018, the quantity of global broiler chicken production was 95.6 million tons or increased by 2% when compared to those of 2017. Major broiler chicken producing countries included USA (19.4 million tons) followed by Brazil (13.6 million tons), EU (12.3 million tons), China (11.7 million tons) and India (4.9 million tons). In 2018, the production of broiler chicken in Thailand was totally 3.1 million tons or increased by 4% from those of 2017, and continued to increase according to the increasing demand of export markets.

In 2019, it was predicted that the global production of broiler chicken would be 97.8 million tons or increased by 2%; whereas, the big producers in the world would have the increasing broiler chicken products. Meanwhile, in Thailand, it was expected that the quantity of broiler chicken production would increase by 4% to 3.3 million tons.

Major global broiler chicken exporting countries in 2018 included Brazil (4 million tons) followed by USA (3 million tons), EU (1.4 million tons) and Thailand (the world's fourth largest exporter of broiler chicken with the export quantity of 0.9 million tons and the export value of Baht 109,000 million). Thailand's major export markets included Japan and EU. In 2018, Thailand has exported 453,000 tons of broiler chicken to Japan with the value of Baht 61,000 million, and has exported 331,000 tons of broiler chicken to EU with the value of Baht 37,000 million, and has exported 106,000 tons of broiler chicken to other markets with the value of Baht 11,000 million.

In 2019, 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 910,000 tons which amounted to Baht 111,000 million or increased by 2.3% when compared to those of the previous year. Positive factors were the continuous growth of Asian markets, particularly Japanese, Korean and China 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*)

According to the data of the United States Department of Agriculture (USDA), in 2018, the global production of swine was 112.9 million tons, increased by 1.7% from those in 2017, and it was projected that, in 2019, the global production

of swine would be expanded by 1% to 114.6 million tons resulting from the economic expansion in China, USA and worldwide. As a result, the demand for pork has increased, and it was projected that, in 2019, the production of swine in China would increase by 1% to 54.8 million tons resulting from the expansion of large breeder farms and the improvement of production efficiency though rapid spreading of African Swine Fever (ASF) in China has caused uncertainty relating to the value chain, transportation and other potential long-term impacts. In the United States, it was projected that the production of swine would increase by 5% to 12.6 million tons resulting from the increasing quantity of swine slaughtering and the increasing weight of swine. Regarding the global export of swine, it was projected that the quantity of global export of swine would increase by almost 3% to 8.8 million tons in 2019 mainly resulting from the increasing demand for pork in the Chinese market, which was expected to play a significant role in assisting the recovery of export of Brazil, and it was projected that China's import of pork would increase by 7% to 1.9 million tons. Regarding the export of the United States, it was projected that the export of pork would increase. Though, at present, the United States has encountered a trade war with China, it was projected that the U.S. export of pork would increase by 4% to 2.8 million tons, particularly its export to Mexico.

In Thailand, according to the data of the Swine Raisers Association of Thailand (SRAT), it was specified that, in 2018, Thailand had 1.2 million breeding swine, and the production of approximately 23 fattening swine increased by 15% from the projection in 2017. In late 2018, the price of swine tended to increase after its continuous decrease in 2017.

Therefore, in 2019, it was projected that the swine business would be affected by the issue of unchanged prices for a while because Thailand's overall prices of raw materials would be still high, and there would be large quantities of domestic production of swine. In addition the purchasing power of consumers has not yet recovered, and the demand of pork consumption has still been low. Therefore, all sectors in the industry should jointly discuss to determine strategies for a good balance between the quantity of domestic production and consumption of pork, including the promotion of the increasing export of pork.

Shrimp (Source: The Thai Shrimp Association (TSA))

In 2018, it was projected that Thailand would have the total shrimp products of approximately 290,000 tons (including 33% from the Lower Southern Region, 29% from the Upper Southern Region, 24% from the Eastern Region and 14% from the Central Region, respectively), decreased by 3% from those in 2017, resulting from the inclement weather, shrimp disease and unattractive shrimp prices due to the situation of oversupply of shrimps in the Indian market. Meanwhile, it was projected that the global shrimp products would be approximately 3.2 million tons, increased by 5%. India had the highest shrimp products in the world, followed by China, Vietnam and Thailand, respectively. In this year, several countries including Ecuador, Vietnam, Indonesia, had the increasing production of shrimps. Meanwhile, in the first half of the year, India had the large quantity of shrimp products mainly affecting the prices of shrimp products in India including the competitiveness of Thai shrimp products in the global market. According to the data disclosed by the Customs Department, the quantity of shrimp export in 2018 was at 176,034 tons, or decreased by 14% from those in 2017, and the export value was 55,880 million Baht, or decreased by 18% from those in the previous year.

The Thai shrimp industry had several negative factors. However, with its potentials, the Thai shrimp industry had more effective shrimp raising method despite having fewer areas thereof than its competitors and had high quality of food safety without using antibiotics or any banned chemicals. The Thai shrimp industry also had its traceable production process and environmental-friendly shrimp raising system which was the strong point of Thai shrimps over its competitive countries and it was acceptable to importers and consumers. (According to the data of the USA Food and Drugs Administration, it was found that over the past 15 years, there has been no record of use of antibiotics or banned chemicals in Thai shrimp raising and the import of Thai shrimp products into the United States was never denied or rejected). In addition, the transport and electricity systems which facilitated the production of high-quality goods, including the expansion of domestic markets and special and highly valuable markets such as China has sustained the Thai shrimp industry. Moreover, the trade war between the United States and China would have positive impacts on Thailand because Chinese companies would consider relocating their production bases to foreign countries more increasingly, and Thailand was among those countries to which Chinese companies paid their attentions due to its readiness of public utility systems which facilitated the investment. According to the

above-mentioned reasons, the Thai shrimp industry had an opportunity to recover and to adjust itself. Shrimp farmers must emphasize the quality instead of the quantity of products and the raising of large-sized shrimps for higher prices because the Thai shrimp industry could not compete in terms of the cost of small-sized shrimps of competitor countries. With the best quality of baby shrimps from the fast-growing, strong and disease-free breeds, Thailand had its high potentials to produce large-sized shrimps.

In 2019, the Thai Shrimp Association (TSA) predicted that the global quantity of shrimp products would not much differ from those in 2018. It was projected that the quantity of shrimp production in Thailand would be approximately 310,000-320,000 tons or increased by 7-10% from those in 2018, resulting from effective shrimp raising and skills, knowledge, abilities and experiences of Thai shrimp farmers, and the related units including the private sector, the public sector, including educational institutions, have given their technical and other assistances and supports in shrimp raising and management and serious attempts to solve problems of diseases.

2.3 **Environmental Impact**

The Company has determined its vision, mission and policies on safety, occupational health, environment and energy (SHE&En) as framework of management in all countries in which the Company has invested. The Company has focused on carrying out activities in conformity with the laws, regulations and agreements together with environmental-friendly and social-friendly business operation by using resources worthily and most efficiently, applying innovation and technologies to mitigate the environmental impacts, protecting and protecting safety of employees and stakeholders, including creating cooperation with contractors, suppliers and major business partners for SHE&En development throughout the supply chain.

In order to promote the implementation of policies, the Company has developed CPF SHE&En Standard covering the determination of practices in conformity with its policies, evaluation of environmental impacts and safety, determination of process control measures which may cause environmental impacts and danger to operators, and the implementation of those measures, provision of tracking system of the operating results on the environment and compliance with the laws, development of the complaint handling process, critical conflicts on SHE&En from internal and external stakeholders of the Company so that problems occurred could be solved transparently and effectively and continuous improvement could exist.

At the same time, for the overall effective operation in accordance with CPF SHE&En Standard which was regarded as a significant mechanism in the Company's management and development of environmental quality, the Company has provided the second party audit and the third party audit annually. In addition, there was a systematic process of knowledge and ability development for the second party auditor of CPF SHE&En Standard to be in conformity with ISO19001 standard, as well as provision of training to the Company's personnel to obtain knowledge, abilities, understanding and awareness in SHE&En operation leading to the organization-wide compliance with policies and CPF SHE&En Standard. The results of compliance with CPF SHE&En Standard were consistently and continuously reported to the CPF SHE&En Management Committee's meetings for proper and immediate development of the Company's management.

The Company's guidelines for environmental impact management can be summarized, as follows:

(1) Management of Aerial Environmental Impacts

With its awareness of air pollution impacts including dusts, odors or greenhouse gases, the Company has determined its measures of upstream impact management. In its animal feed business, the Company has installed dust filters and odor eliminators to prevent the emission of dusts and odors in the production process from the production sites, and has also used the ozone system or wet scrubber system to eliminate odors from vapor stacks of animal feed drying machines.

The Company has also been committed to mitigating the climate changes by using renewable energy in the vapor production process of animal feed manufacturing plants instead of using fossil fuels which one of the causes of greenhouse gases, and also using biogases and farm animal droppings to generate electricity for use in its animal husbandry business.

In its land animal husbandry business, the Company has managed odors by selecting locations off community areas and densely populated animal husbandry areas and using the evaporative cooling system. Meanwhile, in its poultry husbandry

business, the Company has also used rice husks on top of the ground of animal husbandry buildings which would be advantageous to the growth of animals and would also help eliminate odors. In addition, the Company has its policy to grow trees in areas between animal husbandry buildings and other buildings in farms to help absorb carbon dioxide and to maximize the use of areas.

(2) Management of Water Environmental Impacts

The Company has provided the water management by maximizing the use of water in its production process; whereas, wastewater from the processes of meat cleansing and processing would be collected and effectively treated in the wastewater treatment system. The Company has its abilities to adequately support its wastewater management and to measure the quality of the treated water to ensure that the treated water quality shall meet the legal requirements before being released into public water sources or to the environment.

For its pig farms with the large quantity and intensity of wastewater, the Company has provided the wastewater treatment system which is proper to the weather condition such as anaerobic wastewater treatment system in farms located in tropical topographic condition, and also effectively supports and treats wastewater from farms. The Company also has the biogas production process which can be used for electricity generation in farms instead of purchasing electricity from power producers. These guidelines for management not only enabled the Company to reduce its farm management costs but also helped the Company reduce the indirect release of greenhouse gases from the reduction of use of electricity from power producers. In addition, the Company has envisaged the benefits of this biogas production system, and has therefore promoted farmers in the contract farming projects and its business partner farms to widely use this system.

(3) Waste Management

The majority of wastes from the production process of farms, meat processing farms and animal feed production factories of the Company were organic substances which could be used for other purposes directly and indirectly such as the use as animal feeds, the use for production of fertilizers and soil quality improvement materials, etc. The Company has applied the 4Rs waste management principles to activities in all its business lines, and has tried to reduce wastes at sources in order to reduce the quantity of wastes generated, particularly plastic wastes, by adjusting its patterns of purchasing of chemicals used in recycled packages or larger packages; for example, in its businesses in Thailand, Vietnam, Laos, Cambodia, the Company has reduced the use of plastic bags in animal feed production factories by packing goods in big bags and in silos instead, and has promoted the reuse of wastes. The Company has also reused plastic containers in its ready-to-eat food production factories in Thailand, USA and Belgium, and has also recycled deposits from the wastewater treatment system (which were formerly disposed of by means of backfilling) for use as compost. The recycling of wastes not only reduced the environmental impact from the backfilling process but also reduced expense of waste disposal. The Company has also transferred oil left from the food frying process in its domestic and overseas food production factories to biodiesel producers for use as precursor, etc.

The Company has also used renewable energy such as biogas from its pig farms and solar energy in its businesses which was an alternative in the replenishment of resources.

In 2018, the Company has initiated to improve its systems by adjusting patterns of layer chicken husbandry into a complex in its businesses in Thailand in order to reduce the use of energy in transportation and improve the management efficiency. The Company has used chicken droppings from farms in the Complex to produce biogas as fuel in the electricity generation for use in farms instead of piling up of chicken droppings in the provided areas for disposal outside the farms in each cycle of chicken husbandry which caused problems of odors and pollution in the environment both within and outside its farms. Chicken droppings were collected for production of biogas as fuel in the electricity generation for use in its farms. In addition, chicken droppings after the biogas production system were used for production of fertilizer. These recycling activities were regarded as a model of self-dependence on energy in its animal husbandry business which would help Thailand reduce the import of fuels.

(4) Energy Management

The Company has given great importance to the effective use of energy throughout its integrated production process by improving tools, machines and equipment, particularly in the large-scale air-conditioning system and in the cooling system which



were significant sources of electric energy consumption, and the Company's use of renewable energy would reduce the environmental impacts. For example, the Company's use of solar energy for electricity generation helped reduce its expense in purchasing electricity from outside sources and also helped reduce the release of greenhouse gas.

In addition, the Company has supervised its energy management in conformity with the laws and related standards, particularly in large units of energy users, and has also established an audit group to evaluate the efficiency of energy consumption and management of different units within the Company and to transfer knowledge and experiences between experts and operators of units and to use knowledge and understanding for improvement of energy consumption efficiency.

In order to provide its personnel with knowledge, abilities, understanding and awareness in SHE&En operation and in compliance with policies and SHE&En standard, the Company has organized totally 13 training programs on safety, environmental and energy management and the use of resources for its employees, and in 2018, the Company has organized training programs for its employees and has also prepared e-learning materials in the program "5 imminent dangers and perils" and the dissemination media for use in training and communication to all employees and contractors at all levels to obtain knowledge, understanding and awareness of main dangers in operation of works so that they could react properly in such dangerous events and could reduce the loss of lives and properties.

3. Risk Factors

The current business environment with more severe competition and rapid changes may affect the attainment of CPF's vision of becoming a "Sustainable Kitchen of the World". Therefore, the Company has emphasized the importance of risk management with the aims of preparation for prevention or mitigation of risks but some risks might be out of control or management and might affect the operation and the operating results of the Company.

Risk Management Culture:

The Company aimed to create its risk management culture by adjusting the internal procedures, creating awareness and applying risk management guidelines to the operation of works. In overview, the Company has taken actions, as follows:

- Promulgated the risk management policy throughout the organization and communicated with personnel in the organization for acknowledgment and compliance therewith;
- Determined the risk management framework and developed procedures by taking account of major risks;
- Appointed the Risk Management Sub-committee and established the Risk Management Unit;
- Implanted the risk management culture to be in conformity with roles and duties of personnel at each level starting from the organization's leaders and business line executives; the Company organized seminars on risk management with third party entities and internal units to create understanding and awareness and dissemination ability and acted as a role model, and also organized employee training for understanding and awareness of risks and risk management.

Scope of CPF Risk Management:

The Company developed the integrated risk management system throughout the organization in conformity with COSO Standard in terms of business environment evaluation, risk factor identification, risk assessment, systematic and continuous management, follow-up and communication to reduce impacts and likelihood of occurrence to the business within the risk appetites which were main basic factors of risk management.

The said operation was supervised by the Risk Management Sub-committee in cooperation with all related units in the capacity of the risk owners to identify, evaluate and determine guidelines for risk management. The Company announced that the risk assessment shall be conducted at least once a year and the assessment results thereof shall be reported to the Executive Committee and the Audit Committee, respectively. Moreover, the Risk Management Sub-committee shall be obliged to follow up the risks and progress of operation as per measures specified, and meetings shall be conducted at least on a quarterly basis.

Significant Risks and Risk Management Strategies:

1. Emerging Risks

1.1 Disruptive Innovation

At present, the technological advancements and creative thoughts have created innovations all the time, including new business models or new patterns of goods which can meet consumers' requirements; whereas, modern consumers have been ready for changes or trial of new things; therefore, new businesses or goods had more opportunities of sale; and these innovations may affect business models or quantities of needs of goods manufactured by the Company.

Risk Management

The Company has been aware of trends of consumers' behavior changes and has envisaged consumers' readiness for changes and trial of new things; therefore, the Company expected that there would be increasing competitions on innovation of manufacturing of goods in markets, and has been prepared by:

- Implanting the corporate value of "Innovativeness" for improvement, creation and invention of innovation for sustainability in terms of development of procedures, goods and services;
- Promoting the working atmospheres which urged thinking, experimenting and learning;

- Providing special projects so that personnel with knowledge and abilities shall participate in developing new businesses and experimenting for outcomes before launching to markets;
- Establishing the Food Research Department to apply the research results for extension to food development;
- Establishing a unit for development of goods such as meats and products from animals and foods for diversification of goods and alternatives for consumers;
- Organizing personnel training for understanding of disruptive changes as foundation for extension of new ideas.

1.2 Cyber Crime

Patterns of business operation of the Company have been increasingly dependent on technologies, and automatic systems have been applied to the production processes, and work systems have been applied to help improve the work efficiency, and internal and external work systems and databases have been linked. Therefore, computer networking systems and database of the Company may be invaded by third parties with aims to steal significant data of the Company, customers and employees or to destroy the computer security system which may affect the business operation, credibility and reputation of the Company.

Risk Management

The Company has envisaged potential impacts, in case, work systems have been disrupted or significant data, particularly the data which affected the competition such as recipes, list of customers, strategic plans or data of employees, has been leaked to non-related parties; therefore, the Company has taken actions in the following matters:

- Promulgated the policy and standard on information security;
- Organized the information classification of each unit and also organized training on principles and practice on organization of information classification since employees have started their works;
- Communicated the appropriate practice to the Company's employees relating to system operation, information management, including the detection of virus spreading or improper emails;
- Selected and developed the work systems by taking account of the system security as per the international standards;
- Inspected the network access by non-related parties and continuously verified the security system in cooperation with external consulting companies.

2. Strategic Risks

2.1 Climate Variability

The world's temperatures tended to increase because the population increase, economic expansion and technological advancement caused the greenhouse effects and climate change, and such condition became crisis encountered by food and agricultural industry and huge challenges of business operation on the supply of quality raw materials of animal feeds as prescribed with adequate quantity to the demands and at proper prices, or animal husbandry in variable climate; and improper management thereof may affect the cost of production and efficiency of animal husbandry.

Risk Management

The Company's business operation shall take account of negative environmental impacts throughout the processes with aims to mitigate environmental impacts and to protect the biodiversity; therefore, the Company has taken actions in the following matters:

- Developed the security of supply of agricultural raw materials, including the follow-up of balance of demand and supply of raw materials, research and development for searching of alternative raw materials and promoting potentials of partners of agricultural raw materials;
- Developed the products by giving importance to the creation of economic, environmental and social value of products, and quality and safety of foods such as products with carbon footprint labels, carbon footprint reduction labels or water footprint reduction labels, etc.;
- Reduced the use of plastics produced from polyethylene terephthalate (PET), and used bio-degradable polylactic acid (PLA) packages produced from plants;

- Developed the internal management process by applying “4Rs Principle” (Reduce-Reuse-Recycle-Replenish) under CPF Safety Health Environment and Energy Standard (CPF SHE&En Standard), including the determination of goals and indicators such as reduction of the quantity of energy consumption per production unit, reduction of quantity of greenhouse gas emission, reduction of the quantity of wastes disposal to landfill and incineration per production unit;
- Evaluated potential risks and opportunities from the conduct of scenario analysis as per advice of the Task Force on Climate-related Financial Disclosure (TCFD);
- Supported the activities of reduction of greenhouse gas emission of public sector.

2.2 Quantity and Adequacy of Water

The world has continuously encountered the crisis of water scarcity and resulting in more severe and frequent situations of drought. Therefore, the Company’s business operation which required the use of quality water sources may be affected by the increasing cost of water treatment to meet the required quality standard and the cost of water purchase for its use therein.

Risk Management

With the significance of water resources which affected the continuity of agro-industrial and food businesses, therefore, the Company has given the importance to water source development and management in all processes of its business operation, including:

- Selection of locations of workplaces based on the consideration of risks of necessary utilities;
- Evaluation of water stress areas with the global water tools of the World Business Council for Sustainable Development (WBCSD) conducted in every workplaces of the Company and extended to locations of its business partners with high quantity of water use, including determination of guidelines for management thereof;
- Admissibility of concerns of the community relating to water use; and application thereof to the provision of water risk management plan;
- Determination of performance indicators with aims to reduce the quantity of water use, for examples, the quantity of water use per animal per day, percentages of reused treated water in non-production process in processes not related to the production, etc.;
- Development, conservation and restoration of watershed forests through implementation of projects such as CPF Rak Ni-Ves Project, Pasak River watershed - Khao Phraya Doen Thong.

2.3 Human Rights in the Supply Chain

Respects of human rights, non-use of slave labour, forced labour and labour from human trafficking have still been issues to which all activities in the supply chain shall give importance and shall comply in accordance with the universal principles; but the supply chain in the production and distribution of goods and services to consumers involved a lot of parties such as farmers, raw material trading partners, manufacturers of animal feeds, animals, foods, carriers and distributors, etc.; whereas, some of the related parties may not comply with the principles of human rights and may affect reputations and images, including distribution of goods of the Company.

Risk Management

Forced labour and foreign workers in the supply chain, health, safety and well-being of employees and contractors in workplaces are salient human rights issues. Therefore, the Company had been committed to managing such issues continuously throughout the supply chain, starting from:

- Promulgation of human rights policy;
- Human rights due diligence process;
- Transfer of Sustainable Sourcing Policy and Supplier Guiding Principle for business partners, as well as training, educating and supporting of business partners for self-assessment on sustainability;
- Conducting assessment of main business partners on sustainability and supplying agricultural raw materials from responsible sources;
- Taking care of health, safety and environment in workplaces according to the laws and standards;

- Promoting employees with participatory operation and respects for difference and treatment to employees and workers on the basis of equality and fairness.

Provided that operations on human rights of the Company are in accordance with international standards, for examples:

- Requirements of the International Labour Organization (ILO);
- Requirements of UN Global Compact;
- UN Guiding Principle on Business and Human Rights (UNGP);
- Related laws, rules and regulations in all countries that the Company has accessed for business operation.

2.4 Investment and Operation

During the past few years, the Company has mainly emphasized the expansion of overseas investment in businesses of manufacturing of animal feeds, animal husbandry and business of production of foods for consumption with objectives of expansion of production base and reduction of problems on rules and regulations of trading partner countries towards Thailand, which was the main production base in the food business of the Company; therefore, for the sake of challenging as from the investment decision making until generation of incomes and benefits of the business which may have different factors affecting the decision-making on investment or failure to receive the expected compensation such as economic condition, policy changes of the public sector, intense marketing competition, etc.

Risk Management

The investment decision making of the Company shall be filtered by a committee prior to the decision making for operation based on the connection or conformity with existing businesses of the Company, worthiness of investment, appropriateness of periods of time, sources of investments, including laws of such countries; and in case of merger and acquisition, there would be additional due diligence processes to provide in-depth audit in various aspects such as laws, accounting and finance, and business value of the Company for use as supporting data for decision making.

Moreover, the Company has determined the operational strategies and goals in each country and has followed up the operational results from time to time for evaluation the performance and review of strategic plans and operations as targeted.

3. Operational Risks

3.1 Product Quality and Safety

At present, consumers have become more selective on quality and safe foods, including healthcare products and have emphasized the consumption of fresh and least-processed foods other than their tastes, diversity and convenience. According to the trends of these consumers' behaviours, it has become challenging in the manufacturing and distribution of goods of the Company to meet those demands of consumers in terms of quality, safety, nutritional value and deliciousness concurrently. Moreover, the public sector has increasingly enacted laws on foods in order to upgrade the quality and safety of foods distributed locally as well as laws on consumer protection. Therefore, in case, the quality and safety of goods of the Company failed to meet legal requirements or customers' expectations, then, the goods may not be sold and its reputation may be impaired and the Company's operating results may be affected.

Risk Management

The Company intended to upgrade the quality and safety of its goods throughout processes for good health of consumers by developing its goods and services to keep up with changes through production-related activities until its goods and services have been delivered to consumers, as follows:

- Promulgated the policy on responsible use of antimicrobial and CPF quality policy;
- Committed to researches and development of animal feed innovation, animal husbandry and production of foods for consumption, including production of products for better health and well-being;
- Conducted researches and development by taking account of quality and safety, and consumers' demand and conformity with legal requirements;

- Applied international standards on quality, and developed CPF Food Standard as one system throughout the supply chain;
- Strictly complied with standard of animal welfare to protect health of humans, animals and the environment under the principle of “One Health”;
- Used the foreign material detector in the production process and audited the quality of goods;
- Developed the faster and more accurate digital traceability system;
- Provided the complaint handling system and determined the period of handling thereof as per degrees of violence of incidents;
- Communicated the clear and adequate data of products through media and on product labels;
- Developed the product recall plan to support the critical cases of detection of problems on goods.

3.2 Animal Epidemics / Animal-to-Human Epidemics

Animal epidemics are still incidents which may cause damage to the business of animal husbandry and the business of animal feeds. At present, diseases found included diseases which could be managed or some diseases are in the process of management such as Early Mortality Syndrome (EMS), Enterocytozoon Hepatopenaei (EHP), etc. Meanwhile, some diseases were found spreading in other countries which required surveillance and close monitoring of the situation of spreading such as African Swine Fever, etc., because if the disease could spread into Thailand, it would definitely cause damage to the industry and would affect the Company's operating performances.

Moreover, in case, such epidemics could be transmitted from animals to humans, the food business would be affected more increasingly because consumers would be possibly concerned about their safety and would delay or suspend their consumption of those foods for certain period of time.

Risk Management

The Company had its internal management system, including the follow-up of information on diseases, exploration and researches on factors of pathogenesis, animal breed development for resistance to diseases, design of animal husbandry system with proper environment, provision of proper quality animal feeds to each period of animal growth and additional use of outbreak alert system, which would enable operators to promptly increase measures on preventive management; and in case, any outbreak was found, the Company had its management plan to cope with critical situations.

Moreover, the Company cooperated with public sector and industries to give opinions and supports to operations to deter the spreading of diseases found in other countries; however, such outbreak was not found in Thailand.

3.3 Efficiency of Supply Chain Management

Effective supply chain management would enable consumers to receive quality goods in the required quantity and periods of time; but in the Company's supply chain, there were several groups and a lot of internal and external related parties; therefore, the management for common goals of all parties and compliance with their respective roles would be challenging for the Company to integrate cooperation from all parties because, in case, no proper operation could be conducted, it would possibly affect the quality and safety of goods, worthiness of use of resources, and sustainability of the supply chain.

Risk Management

The Company has been committed to the effective supply chain management for sustainable growth by taking actions in the following areas:

- Cooperation with farmers and business partners: The Company has shared its Sustainable Sourcing Policy and Supplier Guiding Principle to business partners concurrently with the giving of knowledge on best corporate practice and international standards to business partners as well as self-assessment of main business partners, including audit, with the aims that all main agricultural raw materials shall be supplied from responsible and traceable sources;

Moreover, the Company has also implemented projects with the public sector, business partners and networks of farmers to create sustainability in the supply chain; for examples, self-dependent and sustainable corn farming

project for promoting the knowledge on correct cultivation under agricultural product standards, participation in driving the Seafood Task Forces for sustainable seafood supply chain, etc.;

- Internal management in the capacity of manufacturer: The Company has restructured its management and has also developed its strategies and determined its key performance indicators (KPIs), and continuously improved its working processes and has also applied new technologies to support the business for effective and proper cost management;
- Logistics: The Company had logistics department to supervise the transport of goods by outsourcing an external transporter to do so; whereas, the Company had its criteria for consideration and selection thereof and determined the standard of operation to be complied by the transporter during the transport of the Company's goods.

3.4 Volatility of Commodity Prices

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

The public sector has recently determined more policies on raw materials for production of animal feeds; for examples, determination of proportions of import of wheat to corn for animal husbandry which required domestic purchase, determination of import tax on fish meal and soybean meal, soybean meal price guarantee, etc., resulting in the increasing cost of animal feeds from the increasing prices of raw materials which affected the competitiveness in the world markets. Moreover, issues of trade disputes between USA and China might be another cause of such volatility of commodity prices. During 2017-2018, the average prices of raw materials used in the domestic production of animal feeds were as follows:

Unit: (Baht/Kilogram)

Types of Raw Materials	Domestic Average Prices	
	2017	2018
Corn	8.2	9.8
Soybean meal	15.9	16.5
Fish meal	32.8	41.0

Risk Management

The use of good raw materials in the production of animal feeds would affect the quality of animal feeds, quality of meats and quality of foods for consumption that the Company has produced and sold throughout the supply chain; therefore, the Company has given the primary importance to the quality of raw materials and has given the secondary importance to the issue of prices to be managed by the Company, as follows:

- Accurately planned the demand for each type of raw materials of animal feeds so that such data shall be used in the purchasing planning;
- Developed experts on the purchasing and sourcing of raw materials of animal feeds, including system of prediction of quantity of existing raw materials worldwide;
- Implemented the policy on primary purchasing of raw materials from domestic sources of production, particularly in areas where animal feed factories were located, thus, to reduce expenses of transport;
- Developed trading partners through the provision of know-how on production for improvement of quality of products;
- Conducted researches on alternative raw materials.

3.4.2 Volatility of Prices of Live Animals and Meat Products

The non-conformity of quantity of live animals and meat products with the consumers' demand would result in the volatility of prices but it was not easy to predict the total supply in the world market due to several related factors such as epidemics, natural disasters or business expansion in industries. According to such factors, in case, the Company was unable to properly manage the quantity of live animals and meat products, it would affect the Company's operating results.

Risk Management

The expansion to the business of processed foods and ready-to-eat foods was a strategy used by the Company to manage the volatility of prices of live animals and meat products; whereas, the Company was able to create value added to its products and to provide increasing alternatives to consumers. The Company has given the importance to the analysis of markets and consumers' demand to know the trends of demand of goods. Then, the Company has used such data in the research and development of goods for differentiation from its competitors in terms of quality, safety and nutritional value so that the Company's goods shall be needed by consumers.

Moreover, the Company also had to manage the total quantity of meat products by jointly determining the plans of sales, production and business expansion in accordance with the market demand, thus, to reduce impacts on the volatility of sale prices.

3.5 Personnel

The Company has operated its businesses locally and overseas and targeted on its overseas business expansion; therefore, quality personnel would help create competitive advantages and sustainable growth of the Company; however, in the current rapid-changing business situations and personnel in different age groups, races, religions and corporate cultures, the Company needed to provide proper personnel management, including the recruitment and selection, development and management of wages and retention of personnel so that the organization shall be able to become a leader and to create happiness to employees; however, in case, the Company was unable to provide proper personnel management, it would affect its competitiveness and business expansion.

Risk Management

Personnel management was a delicate issue to which the Company has given the importance in all processes for recruitment of talents in accordance with the corporate culture of "CPF Way" and for attainment of goals of the organization, starting from:

- Providing organizational structure and demand of employees in each work unit;
- Recruiting and selecting personnel to be proper to the nature of work and corporate culture;
- Developing know-how, skills and abilities; enhancing the learning opportunities through in-class training and seminars and on-the-job training and online learning;
- Providing welfare and career path and wages in accordance with the job value and assigned duties;
- Treatment of personnel, expectation management and equal and fair response to demands;
- Managing the differences and diversities so that personnel could work together smoothly;
- Creating opportunities for sharing of ideas and providing safe working environment to create employees' happiness and engagement.

3.6 Corruption

The public sector has promulgated the Organic Act on Counter Corruption which specified charges for both givers and recipients of bribes; therefore, the Company, in the capacity of a juristic person, needed to comply with such promulgation; and in case, the Company failed to comply in accordance therewith, it would result in the violation of laws, loss of reputation and penalties.

Risk Management

The public sector and the Company had their common goal to eradicate corruption problems which incurred unnecessary costs; therefore, the Company has taken actions in the following areas:

- Promulgated the anti-corruption policy and the good governance policy;
- Implanted "honesty", one of the corporate values of "CPF Way" to directors, executives, employees and workers;
- Designed the work and disbursement systems concisely and properly to the operation;
- Collected the list of license; and the process of application, period of operation and supporting documents required, including planning, shall be proper to the required periods of time;

- Assessed the risks caused by the non-compliance with requirements of government units and determined additional measures for management thereof;
- Supervised the operation by supervisors, audited the disbursement by the Accounting and Finance Department and the Internal Audit Department;
- Opened channels for notification of data, clues, complaints or recommendations through the Company's website.

4. Volatility of Financial Market

In 2018, the world economy tended to recover obviously, particularly in USA where the unemployment rates decreased; however, there was volatility of the financial market resulting from the concerns on trade disputes between USA and China; moreover, the Federal Reserve Bank has adjusted the policy interest rates, totally 4 times; whereas, those factors resulted in the fluctuation of exchange rates for THB-USD conversion and the increasing cost of fundraising in the financial market; therefore, the Company has considered the appropriateness of the management of exchange rates and interest rates since the majority of the Company's revenue was in foreign currencies, including revenue from sale of overseas businesses, revenue from export of goods of businesses in Thailand, as well as dividends from investment, etc. In addition to its revenue, the Company also had its expenditure in foreign currencies incurred from the purchasing of raw materials, import of supplies, machines and some parts of equipment, including expenditure for foreign investment. Moreover, some parts of loans were in foreign currencies; therefore, the Company needed to manage its revenue and expenditure properly, and to manage the cost of borrowing for reduction of the above-mentioned impacts. In 2018, CPF and its subsidiaries in Thailand had the total value of export of goods, amounted to Baht 33,520 million or equal to 6% of the total income from sale, and had the value of import of raw materials amounted to Baht 25,566 million or equal to 5% of the total cost of sale.

Regarding the management of interest burden, as of December 31, 2018, the Company had the debt-to-equity ratio of 1.68 times; whereas, in the total amount of debts, some parts thereof were incurred from the borrowing from financial institutions and issuing of financial instruments and resulted in expenses in terms of interest expense; and it was predicted that the 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 interest burden at a proper level and in accordance with the Company's policy.

Risk Management

The Company has provided the Accounting and Finance Department as the main unit responsible for financial management and planning, as well as giving of advice to functions relating to the receipt and spending of money in foreign currencies. Moreover, the Company has determined its policy on risk management in foreign exchange rates with emphasis on non-profit making, including diversification of risks from the receipt and spending of money in foreign currencies to multiple international currencies, as well as measures on management of incomes and expenses in foreign currencies (natural hedge). Regarding the management of interest rates, the Company would borrow money mostly with the fixed interest rates; as a result, the Company has realized the actual expenses incurred; however, the Company also borrowed money with the floating interest rates. As of December 31, 2018, the Company had loans with the floating interest rates amounted to Baht 60,099 million or equal to 18% of the total amount of loans. In case, the interest rates increased by 1%, the Company would have additional burden of interest expense amounted to Baht 601 million. Moreover, the Company has also determined its policy on the debt-to-equity ratio as per the consolidated financial statements and has strictly complied with the said policy, and also had its careful decision making, and has therefore assigned the Accounting and Finance Department to monitor the situation of interest rates and to collect and analyze data from reliable sources; provided that the Committee or its authorized person shall be obliged to make decision on any alternatives; and such obligations have been clearly determined in the Policy and Financial Procedures.

Though the Company has determined its framework of management of financial volatility, in practice, its handling measures may not reduce the financial volatility to the level acceptable to the Company; therefore, the Company may increase the use of financial derivatives in the management of volatility of exchange rates and interest rates; whereas, the use of these financial instruments must be operated by the responsible person and approved by the authorized person only.

5. Legal and Regulatory Risks

The Company has operated its businesses both in Thailand and in foreign countries, and has also exported its goods for worldwide distribution. Compliance with the laws of each country was regarded as the basis of business operation; whereas, at present, each country has enacted new laws and amended the laws more often, and sometimes, the enacted laws might be unclear and needed interpretation. The use of foreign languages in the laws of such foreign countries might limit the understanding. These factors challenged the operations of the Company, and the Company needed to study and keep up with those changes and to comply with them accordingly so that the Company would still receive privileges on business operation, and the Company needed to reduce risks from breaches of laws which may result in payment of fines, temporary closure of workplaces or revocation of licenses.

Moreover, the current trading partner countries of the Company have issued trade regulations to protect their domestic industries or well-being of people in terms of determination of tariff barriers and non-tariff barriers such as determination of quotas and stricter standards of goods; as a result, the Company may have expenses in the production and handling of goods throughout the supply chain, which would affect its sales and competitiveness.

Risk Management

The Company had its central departments such as Compliance Department, Department of Occupational Health, Safety, Environment and Energy, Regulatory Affair Department, Quality Assurance Department, etc., which shall be obliged to monitor related specific laws and to communicate with operators, with objectives, as follows:

- To monitor laws and regulations;
- To study, communicate and give advice to executives and units with direct duties and responsibilities;
- To cooperate with related units in assessing the risks from non-compliance with laws such as risks from the Trade Competition Act B.E.2560;
- To coordinate with third-party expert consulting companies for in-depth opinions;
- To supervise the operations of business lines to be in accordance with laws and regulations.

However, the compliance units may assist the Company in monitoring the compliance with laws at a certain level but they could not cover the whole business operations of the Company; therefore, the Company has designed its working systems and has monitored the operations to ensure that the Company has compliance with the laws of all countries in which the Company was operating its businesses or delivering its goods for distribution, and has emphasized that all personnel of the Company must have work ethics and code of conduct through the implantation of awareness of the corporate culture of “CPF Way”, revision of work ethics manuals and continuous communication.

6. Corporate Image and Reputational Risks

Social media have been channels for rapid communication and exchange of information and there were a lot of users. Therefore, in case, any negative news or events appeared in the media which may be originated from news in the industry or rumors, erroneous release of the Company’s data or failure of business operation or innocuousness, it would definitely affect the Company’s image and reputation.

Risk Management

The Company has been committed to its business operation with transparency, social responsibilities, community benefits, proper responses to demands of stakeholders and compliance with the laws of each country in which the Company has invested and delivered goods for distribution; therefore, the Company has emphasized the personnel development and work processes, as well as implementation of projects through:

- Implantation of awareness on ethics and honesty as the basis for operations of directors, executives and employees;
- Improvement and development of the internal management system and communication in normal and crisis situations;

- Provision of projects which are beneficial to communities and the environment such as CPF Grow-Share-Protect Mangrove Forestation Project for protection of biodiversity, Raising Layer for Student Lunch Project, CPF Growing Happiness, Growing Futures Project for promotion of food accessibility among children and the youth, etc.
- Continuous survey of expectations and satisfactions of stakeholders to obtain data for improvement of operations.

7. Risks from CPF Major Shareholders Representing Shares of More Than 25% of the Total Issued Shares

As of March 7, 2019, Charoen Pokphand Group Co., Ltd., and its subsidiaries, represented CPF shares equal to 48.93% 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 authorities 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, the Company might have unknown or consider as insignificant risk factors; therefore, investors should consider other risk factors for investing in the Company's securities.

**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 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 Treethip Building, 1st floor, Silom road, Silom, Bangrak, Bangkok 10500 Thailand
 Telephone number 66-2-636-5696 Facsimile number 66-2-230-1893

CPF debentures 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, No. 2/2018 Series 1 due 2020, Series 2 due 2022, Series 3 due 2024, Series 4 due 2028 and Series 5 due 2030

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 2018

1. Mr. Charoen Phosamritlert C.P.A. (Thailand) No. 4068
2. Mr. Veerachai Ratanajaratkul C.P.A. (Thailand) No. 4323
3. Miss Sawitree Ongksirimemongkol C.P.A. (Thailand) No. 10449

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, 2018**

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 March 7, 2019, the latest record date.**

Names	No. of Shares	% Shareholding
1. CPG Group ⁽¹⁾ comprises:	4,639,991,604	53.88%
1.1 CPG ⁽²⁾	2,155,315,835	25.03%
1.2 Jumbo Kingdom Ventures Limited ⁽³⁾	935,494,230	10.86%
1.3 Charoen Pokphand Holding Co., Ltd. ⁽⁴⁾	818,660,460	9.51%
1.4 Worth Access Trading Limited ⁽³⁾	145,922,200	1.69%
1.5 Orient Success International Limited ⁽³⁾	120,814,159	1.40%
1.6 Creative Light Investments Limited ⁽³⁾	38,000,000	0.44%
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⁾	652,055,233	7.57%
3. Social Security Office ⁽⁹⁾	337,261,000	3.92%
4. GIC PRIVATE LIMITED ⁽¹⁰⁾	305,486,592	3.55%
5. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED ⁽¹⁰⁾	161,314,001	1.87%
6. STATE STREET EUROPE LIMITED ⁽¹⁰⁾	131,419,857	1.53%
7. Mr. Prinya Tieworn	65,800,000	0.76%
8. BNY MELLON NOMINEES LIMITED ⁽¹¹⁾	38,953,698	0.45%
9. Vayupak Fund 1 by MFC Asset Management Plc. ⁽¹²⁾	33,973,450	0.39%
Vayupak Fund 1 by Krungthai Asset Management Plc. ⁽¹²⁾	33,973,450	0.39%
10. SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED ⁽¹⁰⁾	31,983,517	0.37%

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

Note

⁽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. Top ten major shareholders of Charoen Pokphand Group Co., Ltd. ("CPG") and % shareholding of such persons are as follows: Smetjaravanon Co., Ltd. 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%, Mr. Manas Chiaravanont 4.22%, Mrs. Somsri Lumsam 4.21%, Mr. Nopadol Chiaravanont and Mrs. Nuchanart Chiaravanont 3.00% each.

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

⁽⁴⁾ CPG's direct 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, Dindaeng, Bangkok 10400, Thailand

⁽⁹⁾ A Thai government department, contact information: Siam Commercial Bank Plc., Markets Operations Division, 9 G Tower, 17th Floor, North Wing, Rama 9 Road, Huay Kwang, Bangkok 10310, 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

⁽¹²⁾ A Thai fund, contact information: Kasikorn Bank Plc., Custodian Department, 19th Floor, Soi Rat Burana 27/1, Rat Burana Road, Bangkok 10140, 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 March 7, 2019, the latest record date, there were 28.02% 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, 2018, there were 24 CPF outstanding debentures, totaling principal of Baht 116,000 million as follows:

(1) 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

(2) 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

(3) 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

(4) 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

(5) 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

(6) 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
(7) 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
(8) 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

(9) 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

(10) 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

(11) 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

(12) 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

(13) 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

(14) 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

(15) 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

(16) 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

(17) 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

(18) Debentures of Charoen Pokphand Foods Plc. #1/2018 Series 1 due 2025

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 5,460,000,000
Issuing amount	: 5,460,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: January 24, 2018
Maturity date	: January 24, 2025



Interest	: 3.05% p.a.
Interest payment date	: Semi-annually on every January 24 and July 24 of each year during the term of the debenture. The first interest payment date was July 24, 2018.
Outstanding amount	: Baht 5,460,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Debentureholders' representative	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

(19) Debentures of Charoen Pokphand Foods Plc. #1/2018 Series 2 due 2028

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 6,540,000,000
Issuing amount	: 6,540,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: January 24, 2018
Maturity date	: January 24, 2028
Interest	: 3.60% p.a.
Interest payment date	: Semi-annually on every January 24 and July 24 of each year during the term of the debenture. The first interest payment date was July 24, 2018.
Outstanding amount	: Baht 6,540,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Debentureholders' representative	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

(20) Debentures of Charoen Pokphand Foods Plc. #2/2018 Series 1 due 2020

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 2 years from the issuing date
Issue size	: Baht 6,700,000,000
Issuing amount	: 6,700,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: November 15, 2018
Maturity date	: November 15, 2020
Interest	: 2.74% p.a.
Interest payment date	: Semi-annually on every May 15 and November 15 of each year during the term of the debenture. The first interest payment date was May 15, 2019.
Outstanding amount	: Baht 6,700,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.



Debentureholders' representative : Siam Commercial Bank Plc.
 Secondary market : Thai Bond Market Association

(21) Debentures of Charoen Pokphand Foods Plc. #2/2018 Series 2 due 2022

Type of debenture : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
 Tenor : 3 years 6 months from the issuing date
 Issue size : Baht 7,600,000,000
 Issuing amount : 7,600,000 units
 Face value per unit : Baht 1,000
 Offering price per unit : Baht 1,000
 Issuing date : November 15, 2018
 Maturity date : May 15, 2022
 Interest : 3.20% p.a.
 Interest payment date : Semi-annually on every May 15 and November 15 of each year during the term of the debenture. The first interest payment date was May 15, 2019.
 Outstanding amount : Baht 7,600,000,000
 Latest credit rating : "A+" by TRIS Rating Co., Ltd.
 Registrar : Siam Commercial Bank Plc.
 Debentureholders' representative : Siam Commercial Bank Plc.
 Secondary market : Thai Bond Market Association

(22) Debentures of Charoen Pokphand Foods Plc. #2/2018 Series 3 due 2024

Type of debenture : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
 Tenor : 6 years from the issuing date
 Issue size : Baht 2,200,000,000
 Issuing amount : 2,200,000 units
 Face value per unit : Baht 1,000
 Offering price per unit : Baht 1,000
 Issuing date : November 15, 2018
 Maturity date : November 15, 2024
 Interest : 3.79% p.a.
 Interest payment date : Semi-annually on every May 15 and November 15 of each year during the term of the debenture. The first interest payment date was May 15, 2019.
 Outstanding amount : Baht 2,200,000,000
 Latest credit rating : "A+" by TRIS Rating Co., Ltd.
 Registrar : Siam Commercial Bank Plc.
 Debentureholders' representative : Siam Commercial Bank Plc.
 Secondary market : Thai Bond Market Association

(23) Debentures of Charoen Pokphand Foods Plc. #2/2018 Series 4 due 2028

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 3,200,000,000
 Issuing amount : 3,200,000 units



Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: November 15, 2018
Maturity date	: November 15, 2028
Interest	: 4.41% p.a.
Interest payment date	: Semi-annually on every May 15 and November 15 of each year during the term of the debenture. The first interest payment date was May 15, 2019.
Outstanding amount	: Baht 3,200,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Debentureholders' representative	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

(24) Debentures of Charoen Pokphand Foods Plc. #2/2018 Series 5 due 2030

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 12 years from the issuing date
Issue size	: Baht 5,300,000,000
Issuing amount	: 5,300,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: November 15, 2018
Maturity date	: November 15, 2030
Interest	: 4.66% p.a.
Interest payment date	: Semi-annually on every May 15 and November 15 of each year during the term of the debenture. The first interest payment date was May 15, 2019.
Outstanding amount	: Baht 5,300,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Debentureholders' representative	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

Bills of Exchange

As of December 31, 2018, CPF had outstanding bills of exchange totaling Baht 17,204 million.

5.4 Dividend Policy

The Board of Directors' Meeting on February 23, 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.

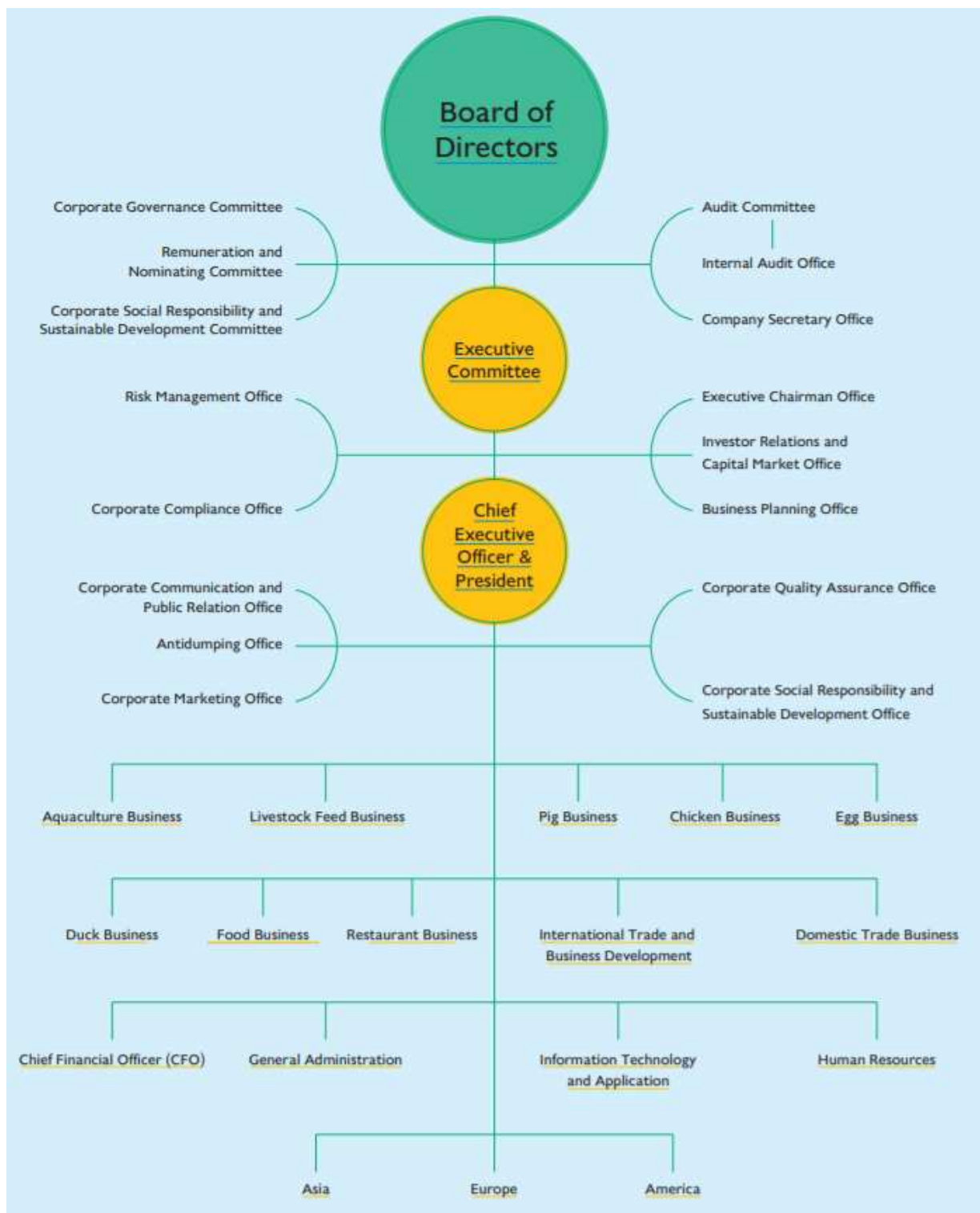
Additionally, CPF has a duty to comply with the terms and conditions of its debentures, which prohibit CPF from paying cash dividends to shareholders in the event of CPF being unable to service interest payments on, or any other amounts owing to, the debenture holders.



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, 2018, CPF's dividend income from subsidiaries totaled Baht 10,612 million, of which Baht 124 million was from subsidiary that are listed in foreign stock exchanges and Baht 10,488 million was from subsidiary that are non-listed company.

6. Management¹

6.1 The Company's management structure as of February 18, 2019



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 February 18, 2019, 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	Sripratak	Vice Chairman ⁽¹⁾
6. Dr. Chaikawat	Wibulswasdi	Director ⁽²⁾
7. Professor Dr. Pongsak	Angkasith	Director ⁽²⁾
8. Mr. Rungson	Sriworasat	Director ⁽²⁾
9. Pol. Gen. Phatcharavat	Wongsuwan	Director ⁽²⁾
10. Mrs. Vatchari	Vimooktayon ⁽³⁾	Director ⁽²⁾
11. Mr. Phongthep	Chiaravanont	Director ⁽¹⁾
12. Mr. Pong	Visedpaitoon	Director ⁽¹⁾
13. Mrs. Arunee	Watcharananan	Director ⁽¹⁾
14. Mr. Sooksunt	Jiumjaiswanglerg	Director ⁽¹⁾
15. Mr. Sukhawat	Dansersuk	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 in replacement of Emeritus Professor Supapun Ruttanaporn who resigned from the directorship of CPF as she held the independent director position for more than nine consecutive years, effective from December 12, 2018

Mrs. Kobboon Srichai is the Company Secretary².

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 February 18, 2019, the Company's Board of Directors comprised five independent directors (equal to 1/3 of the total number of directors), four executive directors and six 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

² Appointed by the Board and effective from March 1, 2019

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, management of the Company's risks, allocation and management of information technology, 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 promote innovation and the use of technology to enhance competitiveness with responsibilities to social and environmental matters and ensure that management take it into their consideration when reviewing the Company's strategies;
- (8) To assess the compliance with the corporate governance policy and conduct a review thereof at least once a year;
- (9) 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;
- (10) To appoint directors or executives to serve as directors of the subsidiaries in order to oversee their operations in accordance with their investment objectives;
- (11) To appoint the Company Secretary who is to be responsible for all matters as required by the law;
- (12) 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

(13) 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 February 18, 2019, 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. Professor Dr. Pongsak	Angkasith	Member of the Audit Committee
3. Mr. Rungson	Sriworasat	Member of the Audit Committee
4. Mrs. Vatchari	Vimooktayon	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, Mr. Rungson Sriworasat and Mrs. Vatchari Vimooktayon, 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 identified 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 April 1, 2021. 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 February 18, 2019, 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 16, 2022. As of February 18, 2019, 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 16, 2021. As of February 18, 2019, the Corporate Social Responsibility and Sustainable Development Committee comprises five members: two members are independent directors and the remaining three 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

Name	Surname	Position
4. Mr. Sooksunt	Jiumjaiswanglerg	Member of the Corporate Social Responsibility and Sustainable Development Committee
5. Mr. Sukhawat	Darnsermsuk	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 2018

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	4/7				
2. Mr. Prasert	Poongkumarn	7/7		2/2		
3. Mr. Min	Tieanworn	7/7				
4. Mr. Chingchai	Lohawatanakul	7/7				
5. Mr. Adirek	Sripatak	7/7			2/2	2/2
6. Dr. Chaiyawat	Wibulwasdi	7/7	9/9		2/2	2/2
7. Emeritus Professor Supapun	Ruttanaporn ⁽¹⁾	7/7	9/9			
8. Professor Dr. Pongsak	Angkasith	6/7	8/9	2/2		2/2
9. Mr. Rungson	Sriworasat	7/7	8/9		2/2	
10. Pol. Gen. Phatcharavat	Wongsuwan	7/7		2/2		
11. Mr. Phongthep	Chiaravanont	7/7				
12. Mr. Pong	Visedpaitoon	7/7				
13. Mrs. Arunee	Watcharananan	7/7				
14. Mr. Sooksunt	Jiumjaiswanglerg	7/7				2/2
15. Mr. Sukhawat	Darnsermsuk	7/7				1/2

Remark ⁽¹⁾ Resigned from the directorship as she held the independent director position for more than nine consecutive years, effective from December 12, 2018

In addition to the above meetings, non-executive directors held 1 meeting, during 2018, 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 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 February 18, 2019, the members of CPF's Executive Committee are as follows:

Name	Surname	Position
1. Mr. Adirek	Sripratak	Chairman of the Executive Committee
2. Mr. Sooksunt	Jiumjaiswanglerg	Executive Director
3. Mr. Sukhawat	Darnsermsuk	Executive Director
4. Dr. Sujint	Thammasart, D.V.M.	Executive Director
5. Mr. Prasit	Boondoungprasert	Executive Director
6. Mr. Paisan	Chirakitchareon	Executive Director
7. Ms. Patchara	Chartbunchachai	Executive Director

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 Committee³:

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) Purchase or acquisition of investment in shares or equity of any juristic person by CPF or its subsidiaries, where the value not more than Baht 800 million except any matters that are required by law, or relevant regulations, to be approved by the Board of Directors, or at a shareholders' meeting of CPF or its subsidiaries;
 - (c) 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;
 - (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;

³ Approved by the Board of Directors' meeting No. 1/2019, dated February 18, 2019.

- (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 Committee⁴:

- (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.

6.2 Executives

As of February 18, 2019, CPF's executives comprises the following:

- | | | |
|-----|--|--|
| 1. | Mr. Sooksunt Jiumjaiswanglerg ⁽¹⁾ | Chief Executive Officer (CEO) - Agro Industrial Business and Co - President |
| 2. | Mr. Sukhawat Dansermuk ⁽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. Rewat Hathaisattayapong ⁽¹⁾ | Chief Operating Officer - Livestock Feed Business |
| 5. | Mr. Somkuan Choowatanapakorn ⁽¹⁾ | Chief Operating Officer - Pig Business |
| 6. | Mr. Prasit Boondoungprasert ⁽¹⁾ | Chief Operating Officer - Chicken Business and Chief Operating Officer -
International Trade and Business Development |
| 7. | Mr. Sathit Sangkanarubordee ⁽¹⁾ | Chief Operating Officer - Restaurant Business |
| 8. | Mr. Paisan Chirakitcharern ⁽¹⁾ | Chief Financial Officer |
| 9. | Mr. Pairoj Apiruknusi | Executive Vice President - Aquatic Feed Business |
| 10. | Mr. Premsak Wanuchsoontorn | Executive Vice President - Aquaculture Farming Business |
| 11. | Mr. Robins Pharr McIntosh Jr. | Executive Vice President - Aquatic Breeding Business |
| 12. | Dr. Ming Dang Chen | Executive Vice President - Aquatic Research and Development |
| 13. | Mr. Virote Kumpeera | Executive Vice President - Agro-Industry Technology and Innovation |

⁴ Approved by the Board of Directors' meeting No. 1/2019, dated February 18, 2019.

14. Mr. Somporn Jermpong	Executive Vice President - Pig Business
15. Mr. Suchat Sitthichai	Executive Vice President - Chicken Integration Business 1 (Eastern and Southern Region)
16. Mr. Siripong Aroonratana	Executive Vice President - Chicken Integration Business for Export
17. Mr. Banjerd Homboonma	Executive Vice President - Egg Business
18. Mr. Narerk Mangkeo	Executive Vice President - Agro-Food Business
19. Mr. Tanapol Sagulwiwat	Senior Vice President - Duck Business
20. Mr. Voravit Janthanakul	Executive Vice President - General Administration Unit
21. Mr. Praderm Chotisuparach	Executive Vice President - Information Technology and Application Unit
22. Mr. Anurat Suthamnirun	Executive Vice President - Food Processing Technology and Engineering Unit
23. Mr. Vittavat Tantivess	Executive Vice President - Marketing Unit
24. Mr. Nattawat Chunhawuttiyanon	Executive Vice President - Business Planning Unit
25. 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.

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 February 18, 2019, passed a resolution to appoint Mrs. Kobboon Srichai to be the Company Secretary, effective from March 1, 2019, due to her experience as well as knowledge and understanding of the Company's businesses. She also possess adequate knowledge concerning 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

Monetary remuneration The Annual General Shareholders' Meeting No. 1/2018 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 2018 of the Board of Directors amounted to a total of Baht 59.60 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 2018 to be approved by the Annual General Shareholders' Meeting No. 1/2019.

Other remuneration - None -

In addition, some directors also received remuneration as director of subsidiaries which amounted to Baht 2.2 million. Remuneration of the Audit Committee for 2018 was Baht 12.6 million. Details of these are given in the following table:



Unit : Baht

Unit : Bar

Name	Surname	CPF		Subsidiaries	
		Director	Audit Committee	Director	
1.	Mr. Dhanin	Chearavanont	6,628,000	-	-
2.	Mr. Prasert	Poongkumarn	4,970,700	-	-
3.	Mr. Min	Tieanworn	4,970,700	-	-
4.	Mr. Chingchai	Lohawatanakul	4,970,700	-	-
5.	Mr. Adirek	Sripatak	4,970,700	-	500,000
6.	Dr. Chaipayat	Wibulswasdi	3,313,900	5,400,000	-
7.	Emeritus Professor Supapun	Ruttanaporn ⁽¹⁾	3,313,900	2,400,000	-
8.	Professor Dr. Pongsak	Angkasith	3,313,900	2,400,000	-
9.	Mr. Rungson	Sriworasat	3,313,900	2,400,000	-
10.	Pol. Gen. Phatcharavat	Wongsuwan	3,313,900	-	-
11.	Mr. Phongthep	Chiaravanont	3,313,900	-	-
12.	Dr. Veeravat	Kanchanadul ⁽²⁾	59,500	-	-
13.	Mr. Pong	Visedpaitoon	3,313,900	-	-
14.	Mr. Sunthorn	Arunanondchai ⁽²⁾	59,500	-	-
15.	Mrs. Arunee	Watcharananan	3,313,500	-	410,000
16.	Mr. Sooksunt	Jiumjaiswanglerg	3,227,500	-	545,804
17.	Mr. Sukhawat	Dansermasuk	3,227,500	-	725,804

Remark ⁽¹⁾ Resigned from the directorship as she held the independent director position for more than nine consecutive years, effective from December 12, 2018

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

6.4.2 Remuneration of the Executives

Remuneration of the executives and all employees will be considered base on the corporate KPI which consists of successful performance evaluation, the adherence to CPF Value and code of conduct, and sustainable indices.

Monetary remuneration Monetary remuneration in 2018 for 5 executives amounted to a total of Baht 156 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 2018 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 scoring can be classified into 4 levels :

More than 80%	Excellent
70%-80%	Good
60%-70%	Fair
Less than 60%	Needs improvement

The evaluation result of the performance of the Board as a whole for the year 2018 was Excellent. It 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, 2018, CPF had a total of 11,853 employees and workers who received remuneration in 2018 totaling Baht 6,331 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	11,138
2. Central units	715
Total	11,853

As of December 31, 2018, CPF and its subsidiaries had a total of 133,389 employees and workers.

Human Resources Management

The Company has realized that "employees" are important resources in achieving corporate goal and business sustainability. The Company's human resource management is developed on the basis of fair treatment and respect of human rights. The Company provides opportunities of job advancement and participatory work environment as well as develop skills and promote on the job training. This leads to "talented and good ethics personnel" which adhere to the corporate values of "CPF Way". The vision is to have "People Excel-Business Exceeds" by create bonds between employees and the organization together with the enhancement of work safety and happiness to create work life balance environment.

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. 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 prepare for business expansion by recruiting high potential graduates from leading universities in Thailand and other countries through Management Trainee Program which prepare and give them understanding of CPF's business and corporate culture. These talents will then be recruited to talent management process using recruitment tools. These selected tools are aligned with the corporate culture (CPF Way) and are recognized internationally such as Manager Assessment, BBI Interview, HOGAN and TOEIC. These talents are to receive a comprehensive development including skills for business, leadership and career advancement in accordance to their individual development plan (IDP). The Company also has prepared succession plan to support replacement of key positions through Succession Management Program. The Program selects high potential employees to be developed and have necessary knowledge and skills suitable for future key positions. Also, through the program, local personnel are developed in terms of professional skills through Learning Center and leadership skill for managements and employees in each country in which the Company has operations 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.

Building 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. Promote employees at all levels to initiate innovative ideas and provide support to deliver outstanding outcome so employee can grow with the Company in the future.

The Company is committed to operate business 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. This is 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 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 (whistle blowing);
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 2018, there were 11 groups of CPF new employees, total of 438 persons or 34% of the total

new employees (1,282 persons) took the training courses. The Company has also magnified such training courses to CPF operations in 8 other countries. Next, the Company plans to follow up and expand the policy implementation by communication to educate the remaining new employees and existing employees by June 2019.

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

On the grounds that changes and challenges in different aspects such as digital disruption and severe local and overseas competitions have driven the personnel development to focus on the determination of strategies, as well as development, design and improvement of curriculums for enhancement of potentials and knowledge of employees and maintenance of competency-based skill development; however, the Company has given the importance to the training and development of mindset, the promotion of core competency, modern managerial competency, functional and technical competency, and digital literacy curriculums for digitalization transformation together with development of basic knowledge on sustainability, review of basic knowledge on international standards, knowledge and understanding on the changing laws, rules and regulations, including occupational health, safety, environment and energy saving. Moreover, the Company has also enhanced and developed language skills of its employees with the Online English Program and Placement Test.

The Company has been aware that personnel development through in-class learning only may not meet the demand of creation of employees' potentials anywhere and anytime; therefore, the knowledge-relationship-experience-based learning principle of 10-20-70 People Development Impact has been applied, and the blended learning principle has also been used for utmost utilization of programs and tools in the existing computer system such as e-learning platform in important and essential subjects, e-testing, and e-evaluation. Moreover, the Company has also given the importance to ROI measurement of important training programs under the principle of Kirk Patrick such as coaching and feedback, TRIZ and action learning curriculums, etc.

Furthermore, regarding the personnel development, the Company has still emphasized and has given the importance to the functional and technical competency through the establishment of local and overseas learning centers

to continuously support the in-depth personnel development in significant businesses through distributed administration on standard learning management platform, and has determined the learning center development pack used as operation framework under 4 main processes including (1) task analysis; (2) learning intervention design; (3) learning media design and development and (4) training of the trainer so that the learning center of each business shall be able to exist under the same operation framework, and has also created the sustainability through continuous audit of the learning center in every 6 months.

Meanwhile, in the personnel development, both formal learning and informal learning shall be taken into consideration through enhancement of innovative work behaviors under the principle of J. De Jong and Den Hartog (2010) such as idea exploration, idea generation, idea champion, and idea implementation through KM activities, analysis, synthesis, application and rebuilding through lessons learned, knowledge, experiences and case studies from internal experts, and has shared and created new know-how on the knowledge management system. At present, the Company has established 16 learning centers in Thailand and 7 learning centers overseas.

In the previous year, the Company cooperated with executives of business units and executives of the Personnel Department in recruiting and selecting high performers and sending totally 1,716 employees and executives at all levels to participate in the Leadership Development Program with C.P. Leadership Institute.

As CPF has given the importance to operations under the international standards in response to its rules and regulations on overseas business transactions, regarding the personnel development, CPF has been committed to the systematic human resource development. Therefore, CPF Training Center Co., Ltd., has maintained its organizational potentials continuously and has been accredited with the quality standard system of ISO 9001:2015, and the standard system of ISO 29990:2010 on the counselling service, design and development of learning, training services and learning through electronic media for the 7th year and the 6th year, respectively by the United Registrar of Systems Ltd. (URS) under the accredited bodies of the United Kingdom Accreditation Service (UKAS) of the United Kingdom, which provided accreditation of evaluation units covering industrial sectors worldwide.

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 2018, there were 63 additional factories and farms fully accredited under TLS.8001-2010 in different business lines divided into 48 factories of broiler business, 9 factories of duck business and 6 factories of livestock feed business. In total, 126 factories and farms were 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.

In 2017, the Securities and Exchange Commission announced the Corporate Governance Code (the "CG Code") as practice principles for the board of directors to apply with each company in order to create long-term sustainable value according to the expectation of business sectors, investors, capital market and society. The Company's Board of Directors, through Corporate Governance Committee, reviewed and applied the CG Code by means that are suitable for the Company's businesses. However, there are some principles which the Company have not yet complied during 2018.

Principles which the Company have not yet complied during 2018	Reason
1. The Board should comprise at least 5 directors and not be more than 12 directors	At present, the Company's Board of Directors comprised 15 directors with diversified qualifications, skills, experience, capability and gender to achieve the objectives and goals of the Company which the Board considered and opined that number of directors was appropriate.
2. Chairman of the Board should be independent	Although Chairman of the Board was not independent director, the roles and responsibilities of Chairman was clearly defined. Moreover, the Company maintained its appropriate and adequate internal control system to ensure compliance of the Company's operations.
3. Majority of the Board should be independent	At present, the Company's Board of Directors comprised 5 independent directors (equal to 1/3 of the total number of directors), 4 executive directors and 6 non-executive directors which the Board considered and opined that such composition was well balanced.

Regarding the Company's Corporate Governance Policy, it 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 2018 Annual General Meeting of Shareholders, the Company has publicized relevant documents and information on its website since March 23, 2018. Such documents and information were the same as those sent to shareholders by mail on April 3, 2018, 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 2018 Annual General Meeting of Shareholders was held on April 24, 2018, 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 2018 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.

Mr. Dhanin Chearavanont, Chairman of the Company, took on the role of Chairman of the 2018 Annual General Meeting of Shareholders. The Chairman assigned Mr. Adirek Sripratak, Vice Chairman, as a conductor 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, abstaining votes and invalid votes.

The Company submitted the minutes of the 2018 Annual General Meeting of Shareholders to the Stock Exchange of Thailand on May 9, 2018 (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. In addition, the regulation on securities trading also clearly specify the blackout periods as follows: (1) since the following date after the end of each quarter until (include) the day which CPF disclose its quarterly financial performance (2) since the beginning of significant project which have not disclosed publicly until (include) the end of such project and (3) any other period that the Company Secretary might specify from time to time.

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 2019 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 28, 2018. 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.

8. Promote a good corporate governance culture and strive to have the Company's objectives embedded in Company-wide decision-making and conduct through effective communication.

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. All employees have to sign for acknowledgement and uphold the principles stated in this code of ethics as a guideline for performing their work,
- to respect 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. At present, the Company is in the process of the agreement arrangement.

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 2018, 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 : 34 times
 - Participation in the conference and Roadshow both domestic and international events : 17 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, race, nationality, 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 under Disclosure of Information and Transparency of Corporate Governance Policy.

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; and
 - 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; and
- 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.

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 Management topic.

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.

During 2018, there were 7 Board of Directors meetings conducted in February, March, May, June, August, November and December. In addition, the Board meeting convened in December 2018 already approved the Board meeting dates for the year 2019 which will occur in February, March, May, June, August, November and December.

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 under Management topic. 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.
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 Corporate Governance Policy.

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 Equitable Treatment of Shareholders of Corporate Governance Policy.

7.5 Auditor's Remuneration

CPF's auditors in the year 2018, considered and proposed by the Audit Committee which then approved by the Annual General Shareholders' Meeting No.1/2018, were Mr. Charoen Phosamritlert C.P.A. (Thailand) Registration No. 4068, Mr. Veerachai Ratanajaratkul C.P.A. (Thailand) Registration No. 4323, and Miss Sawitree Ongksirimemongkol C.P.A. (Thailand) Registration No. 10449 of KPMG Phoomchai Audit Limited.

The remunerations that CPF and its subsidiaries paid to KPMG Phoomchai Audit Limited and its related companies⁽¹⁾ in 2018, were as follows:

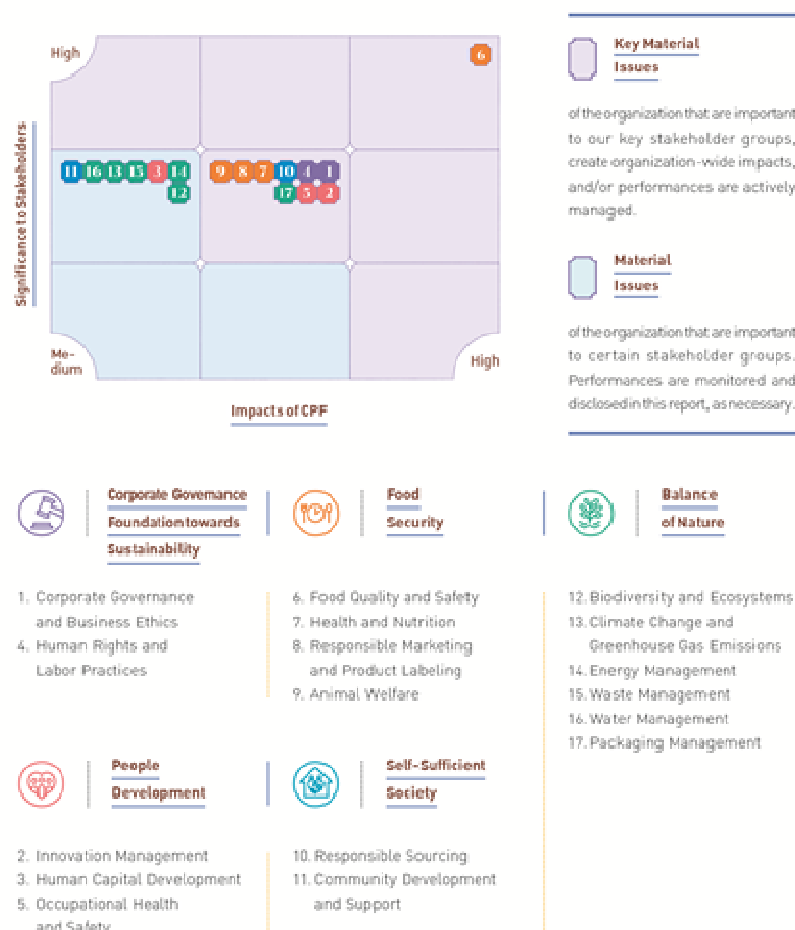
(Unit : Baht)	CPF	Subsidiaries
1. The audit fees on company's accounts	3,737,000	75,418,315
2. Other audit fees on special projects	275,000	525,000
3. Other fees	-	43,992,500

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

8. CSR towards Sustainability

The Company prescribes Corporate Social and Environmental Responsibility (CSER) as one of its main strategies for sustainable business operations. The strategic directions for Corporate Social Responsibility towards Sustainability are under “Three pillars: Food Security, Self-Sufficient Society, and Balance of Nature”. They are based on good corporate governance, personnel development, and fair treatment of employees with respect for human rights. This ensures shareholders’ optimal benefits, consumers’ good health and well-being, security and happiness of our employees, business partners, and communities, as well as conservation of natural resources and environment 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, which cover economically, environmentally, and socially significant opportunities and risks. We adhere to the four principles of Global Reporting Initiatives (GRI): Sustainability Context, Materiality, Completeness, and Stakeholder Inclusiveness. In 2018, the results of materiality assessment based on stakeholders’ priorities and impacts of business on the economy, environment, and society are as follows:



Integration of the stakeholders’ and the Company’s perspectives and expectations helps enhance our confidence in pursuing strategic directions under the “Three Pillars of Food Security, Self-Sufficient Society, and Balance of Nature”. This is deemed as the scope of our corporate social responsibility towards long-term sustainability of the Company. It shall be implemented concurrently with continuous review and improvement of management approaches in order to achieve the Company’s goals, meet stakeholders’ expectations, and respond to current and future challenges.

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

The Company also participates in a variety of internationally collaborative networks, i.e., Seafood Business for Ocean Stewardship (SeaBOS) which aims to produce socially and environmentally responsible seafood products, Seafood Task Force which promotes sustainable seafood supply chains, Global Dialogue on Seafood Traceability which advances a unified framework for seafood traceability practices, and Food Reform for Sustainability and Health (FReSH) which accelerates transformational change towards sustainable and health-conscious food production system.



Food Security

The world's population is projected to reach 9.7 billion by 2050¹. This might affect access

to limited food. The Company is committed to providing hygienic food products and quality services from our environmentally friendly and high standard process. We also communicate accurate product information which is sufficient for consumers' decision making through a variety of marketing channels. Our objectives are to "Enhance Quality and Safety throughout the Value Chain" and to "Improve Food Access" in order to improve knowledge and nutritional status, as well as to eradicate hunger and malnutrition in the wider society.

- Enhancing food quality and safety throughout the value chain

The company highly prioritize quality control and food safety throughout the value chain, from raw material selection, analysis and examination, research and development, animal feed production, animal farming, food production, packaging and delivering to our consumers.

In 2017, the Company initiated the CPF Digital Traceability throughout the value chains in the broiler business in Thailand successfully. Moreover, the prototype system is in the process of development for the operations of swine, duck, shrimp, and ready-to-eat businesses nationwide in 2018. In the same year, the system in Vietnam can be completely traced in broiler business - and is being installed in swine, layer, shrimp, fish and ready-to-eat food businesses also. Additionally, the system is expanding for install in the Laos, Cambodia, China, Malaysia and India.

Furthermore, the Company also gave knowledge on CPF Digital Traceability to managers and employees throughout the value chain to the business in 8 countries worldwide: Laos, Cambodia, Vietnam, the Philippines, Malaysia, India, Turkey, and Russia.

The Company acknowledges that good management of animal welfare, including antimicrobials used that might cause antimicrobial resistant gene and antimicrobial residue in animal products, is vital to food safety. Therefore, the Company complies to animal-friendly business follows the Five Freedoms principle. This includes establishment of the steering committee and the announcement of "Global Vision on Antibiotic Use in Animals" and "Long-term Policies and Goals on Animal Welfare", which will be implemented in the Company operations in all countries in the future. This year, the Company's overall operations are in accordance with the goals as follows.

- Pregnant breeding sow farms are moving towards group gestation pen, covering 100% of newly constructed farms in Thailand, and accounted for 34% of the current Company's farms in the country.

¹ The Future of Food and Agriculture Trends and Challenges, FAO 2017

- Layer farms in Thailand are moving towards cage-free system, which piloted at Wangsomboon Farm in Saraburi. However, the operations in Taiwan and Cambodia are already implemented cage-free system for 12 and 50% respectively.
- Our Poultry Welfare Officers in broiler business are covering 100% in Thailand and 63% oversea.

Moreover, the Company supports the UN's "One Health" approach to address antimicrobial resistance. The use of antibiotics is strict and only for injured or ill animals which must be controlled by the veterinarian of the farm only. No growth hormone, which is illegal to Thai law, is used in the Company business. No human only antibiotic nor prohibited substances are allowed in the Company own farms and contracted farms.

The Company has also created new healthier choice products accounted for 27% of the 2018 New Product Development. Our goal is to reach 30% within 2020 as an alternative to consumers. Moreover, we aim to promote understanding and knowledge on healthy diet for consumers.

The Company also gives priority to the key ingredients, used and storage instruction and nutrition information displayed on product labels, according to the laws and sufficient information for consumers' decisions.

- Improving food access

The Company prioritizes the promotion of adequate, appropriate, and sustainable food access for children and youth. We utilize our knowledge and expertise in food production to promote well-rounded learning skills and processes, as well as to educate over 236,300 children and youth in Thailand on nutritious and safe food consumption in 2018, with the goal of 300,000 supported children and youth within 2020. This program aims to relieve current situation of malnutrition in the country.

The Company maintains its project on layer farms for students' lunch in school. This project improves continuous and sustainable access to protein sources among the youth in remote areas. The Open the World of Learning Project develops knowledge and understanding on production of quality, safe and nutritious food through experience in the Company's food processing facilities for children and youth nationwide. Finally, the CPF Growing Happiness, Growing Futures Project improves nutrition of students in neighboring areas of our factories and farms, their access to safe and nutritious food appropriate for their age group, and develops food access learning centers in schools and communities.

Self-Sufficient Society

One of the key success factors for ensuring food security and the environmental balance is that businesses have to recognize their roles and participation in tackling social and environmental issues. This is why the Company is committed to concurrent sustainable raw material sourcing and social development, focusing on promotion of business partners' participation in socially and environmentally responsible business operations. The Company also enhances the development of skills, knowledge, and quality of life of farmers and communities, with the objectives to "Promote Win-Win Partnership" and "Support Community Livelihood" so that our business partners and communities have the ability to address current and future challenges.

- Promoting Win-Win Partnership

In order to sustainably develop and grow the organization towards the vision "Kitchen of the World", the Company prioritizes the secure fundamentals of responsible sourcing throughout the supply chain and sustainable growth throughout operational processes of the Company and business partners. Since 2015, the Company has shared responsible business practices through communication and trainings on sustainable sourcing policy and business partner practices. The Company has also extended the practice to business partners in foreign countries and launched the Environment, Social, and Governance: Supplier Sustainability Self-Assessment. Up until now, more than 7,300 business partners in 13 product categories have communicated to our sustainable sourcing policy.

Since 2017, the Company has successfully conducted the ESG: Supplier Sustainability Audit with 53% of all critical suppliers in the country and extended the policy to 100% of business partners in Direct Raw Materials (animal feed raw

materials), and Indirect Raw Materials (food ingredients and packaging group) in Vietnam. In 2018, the Company successfully conducted ESG: Supplier Sustainability Audit with 20% of business partners in Vietnam. The goal is to complete the audit with all critical suppliers in Thailand and Vietnam by 2020.

In terms of responsible sourcing, the Company has targeted to source five key agricultural animal feed raw materials, namely fishmeal, corn for animal feed, soybean, palm oil, and cassava from responsible or sustainable sources by 2020. Since 2015, the Company has purchased fishmeal for our Thailand operations from sources certified by the IFFO Responsible Sourcing (IFFO RS) standard which is the best international standard on sustainable fishmeal and fish oil production. In 2018, the Company started to source fishmeal from sources in IFFO RS Improvers Programme (IFFO RS IP) for the operations in Thailand and Vietnam and is seeking for such sources for the operations in India and the Philippines.

Simultaneously, corn for animal feed that is used for our feed production in Thailand has also been sourced under the Corn Traceability System which was developed in 2016. The system ensures that the corn is grown on lands with legal title deeds and free from forest invasion. The Company has also expanded its responsible sourcing to soybean. In case of palm oil, we are currently in the process of developing traceability system with two main business partners in Thailand. As for cassava, we are forming a group of cassava farmers in Thailand in order to develop the traceability system for our business partners.

In terms of capacity building, the Company has planned to develop our business partners annually. In 2018, the Company and the Ministry of Labour of Thailand have arranged the annual “CPF Capacity Building for Partnership”. The seminar was to enhance our business partners’ practices in human rights in accordance with the laws, and occupational health and safety. In addition, we have been working with the Agricultural Land Reform Office in “Self-Sufficient Farmers: Sustainable Corn” project since 2014. The project aims to build the capacity of corn farmers based on academic knowledge which would lead to higher yield per rai, lower production cost per unit, better quality of products, and more environmentally friendly produces.

Our commitment to responsible supply chain management is not only limited to our own supply chain but also covers our effort to improve fisheries industry supply chain. We have supported Thai Sustainable Fisheries Roundtable (TSFR) since 2013 in order to develop the 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 2018, we have become a proud member of the Global Sustainable Seafood Initiative (GSSI) so that we can help develop standard assessment system and raise the standard of aquatic animal farming among the GSSI members.

- Improving community livelihood

Recognizing that job and income security contributes to the community livelihood, national economic security, and food security, the Company is strongly committed to support jobs with regular income for smallholder farmers and small entrepreneurs by adhering to the “4Cs to Sustainability: Competency+Creation+Collaboration+(Connection)” Framework. In 2018, the Company supported employment prospect and quality of life of more than 30,532 smallholder farmers and small entrepreneurs through Five Star Business, CP Community Refrigerator, CP Pork Shop Business, Contract Farming, and Self-Sufficient Farmers: Sustainable Corn Project, as well as other programs to improve the quality of life of communities surrounding the operations, and to support smallholder farmers.

Under the Contract Farming, the farmers are trained under the concept of “Partnership for Development and Advance to the Kitchen of the World”. The training programs include quality, animal welfare, efficiency, labours, and society and environment, with the goal of conducting socially and environmentally responsible business operations and promoting concurrent business opportunities and successes. The Company is the first company in Thailand to collaborate with farmers to improve its contracts using the guideline from UNIDROIT in order to promote the role of farmers as “Sustainably Growing Business Partners”. We also set up CPF Contract Farming Complaint Center to increase communication channels between farmers and the Company.

Furthermore, the Company also supports income generation and sustainable jobs for farmers by purchasing safe vegetable from members of Nakhon Pathom Fruits and Vegetable Community Enterprise Network. This enables direct delivery from the farmers to the Company, ensuring accurate farming location and QR code traceability. The vegetables are certified by GAP standard, dressed and packaged under GMP standard. More importantly, we support sustainable income and jobs for Thai farmers by providing stable markets.

Balance of Nature

Limited natural resources, along with impacts of climate change, environmental pollutions, and increasingly deteriorating biodiversity directly and indirectly affect the quality of life of people in the society, food security, and continuity of business operation. As a result, the Company is continues to embed environmental sustainability in our business activities through the consideration of environmental impacts and the support on natural resources conservation throughout the value chains. Our aims are to “Reduce Environmental Footprints” and to “Protect Biodiversity”, thus contributing to the balance of nature and sustainable development to the future.

- Reducing Environmental Footprints

As we recognize the changing trend and the importance of natural resources as the capital for driving the economy and social development, we never cease to improve, cumulative, and develop our production process. We integrated the concept of circular economy with the operation throughout the value chains, in order to maximize the utilization of resources and continuously reduce environmental footprints. As a result, in 2018, the Company reduced intensities of energy consumption by 6%, GHG emissions by 8%, water withdrawal by 32%, and waste disposal by landfill and incineration by 24%, compared to the base year 2015.

In addition to our Carbon Footprint Project and CPF Product Sustainability Project which have been carried out since 2008 and 2013 respectively, in 2018 our raw chicken meat and tender chicken breast were Thailand's first products certified the “Water Scarcity Footprint” by the Federation of Thai Industries. The project aims to assess the impact of water scarcity in each area. This, along with proactive water resource management measures, will help relieve impacts of water stress in the future.

Moreover, the Company has acknowledged the importance of packaging that helps protect and maintain quality and safety of the product. We are also aware of environmental footprints resulting from packaging and waste generation. Therefore, the Company is determined to develop packaging that reduces environmental footprints throughout the value chains. Our livestock feed business has replaced feed-containing plastic bags with bulk feed tanks since 2013. The shrimp farming business has used Q-Pass tanks which can be reusable after sanitization since 2006. The two projects help reduce over 9,000 tons of plastic waste per year.

The Company has emphasized the design and development of packaging by taking into account resource maximization, maintaining the ability and efficiency in safely protection of the product, and ensuring nutritional value of the food. This year, the Company was able to reduce 525 tons of plastic and paper consumption in packaging production or over 2,840 tons since 2007. We were also the first food manufacturer in Thailand to use Polylactic Acid (PLA), which is the biodegradable plastic, for the packaging of our chilled raw pork and chicken meat products since 2015.

- 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 of business activities on a regular basis.

In 2018, the Company has continued its CPF Grow-Share-Protect Mangrove Forestation Project for five 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 has also been carried out for three 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. Up until now, these projects have helped to create new forest, conserve, and restore existing forest covering 10,079 rai (1,613 hectares) which able to absorb 38,108 tons CO₂ equivalent. Our target is to reach 9,000 rai by 2020.

Since 2014, throughout the five-year operation of the CPF Grow-Share-Protect Mangrove Forestation Project, beside restoring and conserving mangrove forest, the project has also conducted the learning center in order to raised awareness of the importance of mangrove ecosystem for the public and supported ecotourism and community tourism in two locations, namely Paknam Prasae community, Rayong province and Bang Ya Praek community, Samut Sakhon. In 2018, the Company handed the Mangrove Fund to the working groups of two communities in order to be responsible for the management of the fund which is revolving funded for developing the community's products and services, generating income leading to their good quality of life. As well as the fund can be spent for conservation and restoration of the mangrove sustainably.

With continuous determination to operate our business following CSR towards Sustainability strategy, the Company plans to address various issues, adjust itself in accordance with current situation, and prepare for future changes. These include animal welfare, responsible management of supply chains, sustainable packaging management, and reduction of food lost/food waste in compliance with the circular economy concept. The goal is for the Company to operate securely and sustainably.

Remark: Results of the Company's CSR to Sustainable activities for 2018 are exhibited in the Sustainable Report 2018



9. Internal Control and Risk Management

At the Board of Directors' meeting No.1/2019 held on February 18, 2019, including 3 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 2018 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 2018, 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, 2018, the Company had accounts receivable, arising from transactions with a significant influence entity, associates, joint ventures and related companies amounting to Baht 16,607 million, or 41% of total accounts receivable. (2017: Baht 12,129 million)

10.1.2 Accounts Payable

As of December 31, 2018, the Company had accounts payable, arising from transactions with a significant influence entity, associates, joint ventures and related companies, amounting to Baht 4,905 million, or 14% of total accounts payable. (2017: Baht 3,841 million)

10.1.3 Sales

In 2018, the Company sold products to a significant influence entity, 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, 2018 was Baht 67,130 million, or 12% of total sales. (2017: Baht 55,373 million)

10.1.4 Purchase of Raw Materials

In 2018, the Company purchased raw materials from a significant influence entity, 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, 2018 was THB 87,358 million, or 18% of total cost of goods sold. (2017: Baht 72,069 million)

10.1.5 Other Income

In 2018, 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 533 million, or 0.1% of total revenues. (2017: Baht 347 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 9 years expiring during year 2018 to 2027. The rental and services fees obligation of the Company, as of December 31, 2018, amounted to Baht 3,850 million. (2017: Baht 3,384 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, 2018, the value of these transactions was Baht 1,895 million, or 4% of total selling and administrative expenses. (2017: THB 1,655 million)

10.1.7 Technical Service Fees

The Company has technical service agreements with a significant influence entity, 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 2018, the Company paid CPG for technical services according to the agreements amounting to Baht 724 million, or 0.2% of total cost of goods sold. (2017: Baht 816 million)



10.1.8 Other Expenses

In 2018, the Company paid application system service fee, sales promotional fee, transportation fee and other fees, to related companies amounted to Baht 1,854 million. (2017: Baht 1,632 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 2018, the payments in respect of these agreements amounted to a total of Baht 3,148 million. (2017: Baht 3,152 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 2018 amounted to Baht 73 million. (2017: THB 50 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 2018 amounted to a total of Baht 1,430 million. (2017: Baht 1,079 million)

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

During 2018, 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, 2016, 2017 and 2018*

	As of December 31,					
	2016		2017		2018	
	Baht million	%	Baht million	%	Baht million	%
Cash and cash equivalent	34,100	6	22,972	4	31,478	5
Current investments	6,757	1	3,866	1	1,555	-
Accounts receivable - trade and others	30,679	5	36,134	6	40,749	6
Inventories	54,991	10	55,118	9	59,632	10
Current biological assets	29,178	5	29,973	5	34,678	6
Other current assets	10,664	2	16,384	3	17,451	3
Total current assets	166,369	29	164,447	28	185,543	30
Long-term investments	87,658	15	98,661	17	111,520	18
Investment properties	1,372	-	1,729	-	1,851	-
Property, plant and equipment	176,177	30	189,060	32	195,201	31
Non-current biological assets	7,525	2	7,764	1	8,216	1
Goodwill	107,492	18	99,522	17	95,428	15
Other non-current assets	35,586	6	32,314	5	30,332	5
Total non-current assets	415,810	71	429,050	72	442,548	70
Total assets	582,179	100	593,497	100	628,091	100
Overdrafts and short-term borrowings	68,680	12	68,077	11	61,312	10
Bills of exchange	43,563	8	35,946	6	32,244	5
Accounts payable – trade and others	31,562	5	34,837	6	35,459	6
Current portion of long-term debts	23,190	4	25,251	4	27,128	4
Other current liabilities	23,504	4	26,507	5	26,069	4
Total current liabilities	190,499	33	190,618	32	182,212	29
Long-term debts	177,295	30	159,018	27	208,948	33
Other non-current liabilities	20,679	4	17,219	3	18,273	3
Total non-current liabilities	197,974	34	176,237	30	227,221	36
Total liabilities	388,473	67	366,855	62	409,433	65
Total equity	193,706	33	226,642	38	218,658	35



(B) Consolidated statements of income of CPF and its subsidiaries for the years ended December 31, 2016, 2017 and 2018

	2016		2017		2018	
	Baht million	%	Baht million	%	Baht million	%
Revenue from sale of goods	464,465	99	501,507	97	541,937	98
Gains on sale of investments	2,126	-	10,429	2	9,328	2
Others	3,579	1	3,261	1	4,238	-
Total income	470,170	100	515,197	100	555,503	100
Cost of sale of goods	391,822	83	441,422	86	476,228	86
Loss (Gains) on changes in fair value of biological assets	889	-	57	-	(3,975)	-
Selling and administrative expenses	45,473	10	51,788	10	52,049	9
Finance costs	10,601	2	11,743	2	11,703	2
Others	-	-	21	-	204	-
Total expenses	448,785	95	505,031	98	536,209	97
Share of profits of associates and joint venture	6,513	1	7,983	2	8,343	2
Profit before income tax	27,898	6	18,149	4	27,637	5
Income tax expense	7,212	2	251	-	6,212	1
Profit for the year	20,686	4	17,898	4	21,425	4
Non-controlling interests	(5,983)	(1)	(2,639)	(1)	(5,894)	(1)
Profit for the year attributable to equity holders of the Company	14,703	3	15,259	3	15,531	3

(C) Consolidated Statements of comprehensive income for the years ended December 31, 2016, 2017 and 2018

(Unit : Baht million)	2016	2017	2018
Profit for the year	20,686	17,898	21,425
Other comprehensive income (loss) for the year, net of income tax	8,869	(9,793)	(14,712)
Total comprehensive income for the year	29,555	8,105	6,713
Non-controlling interests	(5,207)	(880)	(3,589)
Total comprehensive income for the year attributable to equity holders of the Company	24,348	7,225	3,124

(D) Consolidated statements of cash flows for the years ended December 31, 2016, 2017 and 2018

(Unit : Baht million)	2016	2017	2018
Net cash provided by (used in) operating activities	31,231	17,256	15,294
Net cash provided by (used in) investing activities	(62,783)	(22,482)	(27,880)
Net cash provided by (used in) financing activities	29,618	(2,518)	22,029
Net increase (decrease) in cash and cash equivalent	(1,934)	(7,744)	9,443
Cash and cash equivalents at the beginning of the year	32,388	30,974	21,922
Effect of exchange rate changes on the balances held in foreign currencies	520	(1,308)	(1,322)
Cash and cash equivalents at end of year	30,974	21,922	30,043



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

	2016	2017	2018
Liquidity ratios			
Current ratio ¹ (times)	0.87	0.86	1.02
Quick ratio ² (times)	0.38	0.33	0.40
Cash flow liquidity ratio ³ (times)	0.17	0.09	0.08
Accounts receivable turnover ⁴ (times)	15.92	14.67	13.81
Collection period ⁵ (days)	23	25	27
Inventory turnover ratio ⁶ (times)	27.59	30.03	29.39
Inventory turnover ⁷ (days)	14	12	13
Accounts payable turnover ⁸ (times)	13.15	13.30	13.55
Payable period ⁹ (days)	27	27	27
Cash Cycle ¹⁰ (days)	10	10	13
Profitability ratios			
Gross profit margin ¹¹ (%)	15.64	11.98	12.12
Operating profit margin ¹² (%)	8.29	5.96	7.26
Net profit margin ¹³ (%)	4.34	3.42	3.77
Return on Equity ¹⁴ (%)	11.76	10.12	9.31
Operating Efficiency ratios			
Return on fixed assets ¹⁵ (%)	20.24	17.68	19.07
Asset turnover ¹⁶ (times)	0.89	0.89	0.93
Leverage ratios			
Debt to equity ¹⁷ (times)	2.01	1.62	1.87
Interest coverage ¹⁸ (times)	3.73	1.95	1.78
Debt service coverage ¹⁹ (times)	0.20	0.18	0.13
Net debt to equity ²⁰ (times)	1.66	1.45	1.68
Net interest-bearing debt to equity ²¹ (times)	1.33	1.13	1.32
Dividend payout ²² (%)	66.84 ²³	42.32 ²⁴	36.04 ²⁴

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 The Board of Directors' Meeting convened on February 23, 2018 approved the amendment of the Company's dividend policy from "The total dividend paid each year will be approximately 50% of net income, after the deduction of income taxes and the legal reserve (based on separate financial statements)" to "The total dividend paid each year will not be less than 30% of net income (which is attributable to equity holders of the Company)"²³ Dividend payout = Dividend paid / Net profit of the Company's separate financial statements²⁴ 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 2018, there were significant events affecting the preparation and presentation of the consolidated financial statements for the year ended December 31, 2018, i.e. the acquisition of investments and non-controlling interests in the following companies:

1. Acquisitions of subsidiaries

Transaction No.1: During the second quarter of 2018, Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirect subsidiary of CPF, acquired the remaining shares of Jilin Chia Tai Enterprise Co., Ltd. (“Jilin CT”) from the joint venture partner at the amount of RMB 48 million or equivalent to approximately Baht 238 million. Jilin CT is incorporated in China and principally engages in production and sale of animal feed.

The Company obtained control of Jilin CT on June 13, 2018 (“Acquisition date”) through the common share acquisition, resulting to the increase in ownership interests of CTI in Jilin CT from 50% interests of issued and paid-up capital to 100% interests of issued and paid-up capital. As a result, the Company’s ownership interests in Jilin CT increased from 25.21% to 50.43%.

Transaction No. 2: During the fourth quarter of 2018, Bellisio Foods, Inc. (“Bellisio”), an indirect wholly-owned subsidiary of the Company, signed the Agreement and Plan of Merger (the “Agreement”) among 1) Bellisio 2) Firebird Acquisition Corp. (“FAC”), a direct wholly-owned subsidiary of Bellisio and 3) SPC Partner II LP, representative of existing shareholders of FSI Parent who hold all shares of Frozen Specialties, Inc. (“FSI”), pursuant to the Agreement which Bellisio has agreed to acquire the 100% interest of issued and paid-up share capital of FSI Parent with total consideration of USD 15.5 million or approximately Baht 549 million by means of a merger between FAC and FSI Parent. In this regard, FAC will be dissolved after the merger and Bellisio will become the sole direct shareholder of FSI Parent.

FSI parent is incorporated in the United States of America. FSI Parent and subsidiaries (“FSI Group”) principally engages in the manufacturing of frozen pizza and pizza bites distributed to retailers and wholesalers in North America and manufacturing private label products based on clients’ specific needs. FSI Group is the only private label producer in frozen value pizza in North America.

The Company obtained control of FSI Group on November 26, 2018 (“Acquisition date”) through the acquisition of 100.00% of FSI Parent’s total issued and paid-up share capital.

Upon the completion of Transaction No. 1 and 2, all those companies became CPF’s indirect subsidiaries. In the preparation of consolidated financial statements for the year ended December 31, 2018, financial statements of all those subsidiaries were included; and the Company complied with the Financial Reporting Standards No.3 (Revised 2017) Business Combinations. The Company disclosed the recognition of such transactions in the Notes to Financial Statements for the year ended December 31, 2018, 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)	Jilin CT	FSI Parent	Total
Cash and cash equivalents	94	37	131
Accounts receivables - trade and others	22	120	142
Inventories	81	115	196
Other current assets	59	-	59
Property, plant and equipment	263	299	562
Leasehold rights	150	-	150
Customer relationship	55	-	55
Deferred tax assets	-	31	31
Other non-current assets	1	-	1
Trade and other payables	(41)	(96)	(137)
Other current liabilities	(171)	(59)	(230)
Deferred tax liabilities	(37)	-	(37)
Net assets	476	447	923
Goodwill	-	102	102
The Company's previously held equity interests in each company prior to the acquisition	(238)	-	(238)
Consideration transferred	238	549	787

As at the acquisition date, the Company had to measure the fair value of the interests in Jilin CT before the business combination. The measurement resulted in gain on changes in fair value which was recognised as "Gain on changes in fair value of investment in joint venture" in the consolidated statements of income for the year ended December 31, 2018. Details as follows:

(Unit: Million Baht)

Fair value of existing interests in Jilin CT in CTI Group at the acquisition date	238
Less investment in Jilin CT accounted for equity method in CTI Group at the acquisition date	(200)
transferred other components in equity to the consolidated statement of income	57
Gain on changes in fair value of investment in joint venture	95

The Consolidated statement of income for the year ended December 31, 2018 includes operating results of new subsidiaries as mentioned above since the acquisition date as follows:

(Unit : Baht million)	Jilin CT	FSI Parent	Total
Revenue from sale of goods	474	180	654
Loss for the period attributable to equity holders of the Company	2	24	26

2. Acquisitions of non-controlling interests

Transaction No.1: During the second quarter of 2018, the Company acquired an additional 6.32% non-controlling interest in Charoen Pokphand Enterprise (Taiwan) Co., Ltd. ("CPE") from the acquisition of all issued shares of Giant Crown Investments Limited ("GC"), a registered company by law in British Virgin Island which engages in investment business and holds an investment in CPE, for a total consideration of USD 29 million or equivalent to Baht 911 million, increasing the Company's ownership interest in CPE from 32.68% to 39.00%.

Transaction No.2: During the third quarter of 2018, the Company acquired an additional 20.00% non-controlling interest in CJSC Poultry Production Severnaya ("Severnaya") and CJSC Poultry Parent Stock Production Woyskovitsy ("Woyskovitsy") for USD 150 million or equivalent to Baht 4,935 million, increasing the Company's ownership interest in Severnaya and Woyskovitsy from 79.99% to 99.99%.

Transaction No.3: During the fourth quarter of 2018, the Company acquired an additional 42.48% and 40.00% non-controlling interest in CP Foods (UK) Ltd. ("CPF UK") and The Foodfellas Ltd. ("FF") for GBP 11 million or equivalent to Baht 479 million and GBP 11 million or equivalent to 473 million, respectively, increasing the Company's ownership interest in CPF UK and FF from 57.52% to 99.99% and 34.51% to 99.99%, respectively.

(Unit : Baht million)	CPE	Severnaya & Woyskovitsy	CPF UK & FF	Total
Carrying amount of non-controlling interests acquired	571	5,399	697	6,667
Consideration transferred	911	4,935	952	6,798
Increase (decrease) in equity attributable to equity holders of the Company	(340)	464	(255)	(131)

The increase (decrease) in equity attributable to equity holders of the Company comprised:

(Unit : Baht million)	CPE	Severnaya & Woyskovitsy	CPF UK & FF	Total
Surplus from change in shareholders' equity in subsidiaries	(576)	261	(176)	(491)
Foreign currency translation differences	236	203	(79)	360
Total	(340)	464	(255)	(131)

The following financial analysis is based on the Company's consolidated financial statements ended December 31, 2018 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 2018, the Company's income from sale was amounted to Baht 541,937 million (2017: Baht 501,507 million), increased by 8% from those of the previous year due to 12% increase in the sales of International Operations and 0.2% increase in the sales of Thailand Operations.

The Company's 2018 net profit was amounted to Baht 15,531 million or equal to Baht 1.82 per share (2017: Baht 15,259 million or equal to Baht 1.91 per share), increased by 2% from those of the previous year primarily due to the business operations in Vietnam which returned to normal situation in 2018.

(2) Operating Performance of Each Business Line

	2016		2017		2018	
	Baht million	%	Baht million	%	Baht million	%
1. Thailand Operations						
Feed	49,165	11	50,684	10	49,594	9
Farm	86,255	18	82,477	17	83,818	16
Food	43,162	9	45,242	9	45,268	8
<i>Total Sales – Thailand Operations</i>	<i>178,582</i>	<i>38</i>	<i>178,403</i>	<i>36</i>	<i>178,680</i>	<i>33</i>
2. International Operations						
2.1 China						
Feed	101,817	22	109,523	22	117,150	22
Farm	791	0	5,878	1	19,485	4
Food	3,963	1	8,969	2	6,342	1
2.2 Vietnam						
Feed	31,248	7	28,260	6	27,639	5
Farm	44,409	10	34,542	7	51,834	10
Food	1,902	0	2,018	0	2,302	0
2.3 Other countries						
Feed	38,250	8	37,049	7	35,156	6
Farm	56,127	12	61,133	12	67,270	12
Food	7,376	2	35,732	7	36,079	7
<i>Total Sales – International Operations</i>	<i>285,883</i>	<i>62</i>	<i>323,104</i>	<i>64</i>	<i>363,257</i>	<i>67</i>
Total Sales Revenue	464,465	100	501,507	100	541,937	100

*Operating Performance by Geography**(1) Thailand Operations*

In 2018, total sales revenue generated from Thailand Operations was amounted to Baht 178,680 million (2017: Baht 178,403 million), 0.2% increased from those of the previous year, as per the following details:

a. Domestic Sale

In 2018, domestic sales was amounted to Baht 149,650 million (2017: Baht 147,894 million), increased by 1% from those of the previous year mostly resulting from the increase in sales volume of domestic livestock farm.

b. Export

In 2018, revenue from export was amounted to Baht 29,030 million (2017: Baht 30,509 million), decreased by 5% from those of the previous year mainly due to the decrease in export volume and selling price of livestock and aquaculture farm business.

(2) International Operations

In 2018, sales revenue from international operations was amounted to Baht 363,257 million (2017: Baht 323,104 million), increased by 12% from those of the previous year primarily resulting from the increase in sales volume and selling price of farm business in Vietnam and China.

a. China

In 2018, sales revenue from China operations was amounted to Baht 142,977 million (2017: Baht 124,370 million), increased by 15% from those of the previous year primarily resulting from the increase in sales volume and selling price of farm business.

b. Vietnam

In 2018, sales revenue from Vietnam operations was amounted to Baht 81,775 million (2017: Baht 64,820 million), increased by 26% from those of the previous year primarily resulting from the increase in sales volume and selling price of farm business.

2. Changes in Other Comprehensive Incomes

Changes in other components of shareholders' equity after tax presented in the Statements of Comprehensive Income of 2018 decreased by Baht 14,712 million, resulting the decrease of currency translation differences by Baht 13,450 million, changes in the fair value of the investments held as available for sale which decreased by Baht 1,190 million, revaluation differences on assets which decreased by Baht 16 million and defined benefit plan actuarial gain which decreased by Baht 56 million.

3. Financial status*(1) Assets*

As of December 31, 2018, the Company's total assets were amounted to Baht 628,091 million, consisting of current assets of Baht 185,543 million, property, plant and equipment of Baht 195,201 million, goodwill of Baht 95,428 million, along with long-term investments and other assets of Baht 151,919 million.

The Company's assets increased by 6% from those of the previous year mostly from the increase in investments in associates, cash and cash equivalent as well as property, plant and equipment.

(2) Liquidity

As of December 31, 2018, the Company's liquidity ratio as per the consolidated financial statements was equal to 1.02 times, increased from 0.86 times on December 31, 2017. Meanwhile, the cash cycle was 13 days, increase from 10 days in the previous year primarily due to the increase of average collection period by 2 days.

The Company's long-term loans and debentures due within 2019 were amounted to Baht 26,993 million; due within 2020 were amounted to Baht 42,735 million; due within 2021 were amounted to Baht 45,444 million; and due within 2022-2041 were amounted to Baht 119,064 million.

Regarding the inventory management, as of December 31, 2018, the Company's net inventories was amounted to Baht 59,632 million, 8% increased from those of the previous year mostly resulting from the increase of inventories reserved for feed production; whereby the inventory turnover ratio in 2018 was equal to 29.39 times, slightly decreased from 30.03 times in 2017.

(3) *The Analysis of Financial Ratios*

For the profitable ratio in 2018, net profit margin was 3.77%, increased from 3.42% in 2017, mainly due to the business operations in Vietnam which returned to normal situation in 2018. The Interest coverage ratio for the year 2018 was 1.78 times, decreased from 1.95 times in 2017 as a result of the decrease of net cash provided by operating activities.

(4) *Sources and Uses of Capital*

As of December 31, 2018, the Company's sources of capital were obtained from its operation of Baht 15,294 million and from financing activities of Baht 22,029 million (divided into proceeds from financing activities totaling Baht 48,841 million and outflow in payment of interest, dividends and others totaling Baht 26,812 million) and spending in the investment activities amounted to Baht 27,880 million.

As of December 31, 2018, the Company's interest-bearing debts were amounted to Baht 177,561 million, debentures amounted to Baht 152,733 million and subordinated perpetual debenture amounted to Baht 15,000 million.

Details of the outstanding debenture tranches as of December 31, 2018 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 2	3,000	Aug. 19, 2011	Aug. 19, 2021	10	4.87%
2. CPF Debenture #1/2011 Series 3*	4,000	Aug. 19, 2011	Aug. 19, 2041	30	5.42%
3. CPF Debenture #2/2011*	6,000	Dec. 21, 2011	Dec. 21, 2041	30	5.42%
4. 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%
5. 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%
6. CPF Debenture #2/2012 Series 3*	5,000	Aug. 3, 2012	Aug. 3, 2032	20	5.30%
7. CPF Debenture #2/2013 Series 2	2,500	Aug. 2, 2013	Aug. 2, 2019	6	4.54%
8. CPF Debenture #2/2013 Series 3	5,500	Aug. 2, 2013	Aug. 2, 2021	8	4.90%
9. CPF Debenture #1/2015 Series 1	6,500	May 13, 2015	May 13, 2020	5	3.21%
10. CPF Debenture #1/2015 Series 2	5,500	May 13, 2015	May 13, 2023	8	3.98%
11. CPF Debenture #2/2015 Series 1	1,940	July 29, 2015	July 29, 2023	8	3.97%
12. CPF Debenture #2/2015 Series 2	3,000	July 29, 2015	July 29, 2025	10	4.28%
13. CPF Debenture #2/2015 Series 3	2,000	July 29, 2015	July 29, 2027	12	4.51%
14. CPF Debenture #1/2016 Series 1	3,060	Apr. 12, 2016	Apr. 12, 2020	4	2.28%
15. CPF Debenture #1/2016 Series 2	3,500	Apr. 12, 2016	Apr. 12, 2024	8	3.11%
16. CPF Debenture #1/2016 Series 3	2,500	Apr. 12, 2016	Apr. 12, 2031	15	3.73%
17. CPF Debenture #1/2018 Series 1	5,460	Jan. 24, 2018	Jan. 24, 2025	7	3.05%
18. CPF Debenture #1/2018 Series 2	6,540	Jan. 24, 2018	Jan. 24, 2028	10	3.60%



Debentures	Amount (THB mn.)	Issued Date	Maturity Date	Tenor (Years)	Coupon Rate per Annum
19. CPF Debenture #2/2018 Series 1	6,700	Nov. 15, 2018	Nov. 15, 2020	2	2.74%
20. CPF Debenture #2/2018 Series 2	7,600	Nov. 15, 2018	May 15, 2022	3 years 6 months	3.20%
21. CPF Debenture #2/2018 Series 3	2,200	Nov. 15, 2018	Nov. 15, 2024	6	3.79%
22. CPF Debenture #2/2018 Series 4	3,200	Nov. 15, 2018	Nov. 15, 2028	10	4.41%
23. CPF Debenture #2/2018 Series 5	5,300	Nov. 15, 2018	Nov. 15, 2030	12	4.66%

* 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 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%
10. CPFTH Debenture #1/2018 Series 1	4,500	May 24, 2018	May 24, 2021	3	2.43%
11. CPFTH Debenture #1/2018 Series 2	4,000	May 24, 2018	May 24, 2024	6	3.24%
12. CPFTH Debenture #1/2018 Series 3	3,500	May 24, 2018	May 24, 2030	12	4.16%
13. CPFTH Debenture #1/2018 Series 4	3,000	May 24, 2018	May 24, 2033	15	4.43%

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.

During the year 2018, CPFH derecognised the EBs with an aggregate principal amount of USD 144 million or equivalent to Baht 4,580 million on the Exchange Date and recognised the related transactions as a result of the exercise of exchange rights by the holders of the EBs into ordinary shares of CPALL as an exchange property, pursuant to the terms and conditions of the EBs. In this regard, CPFH delivered CPALL shares to the EBs holders in relation to the aggregate principal amount of the EBs for a pro rata share which the holders of the EBs exercised their exchange rights within the specified period.

On September 24, 2018, CPFH redeemed and derecognised the EBs with an aggregate principal amount of USD 66 million or approximately Baht 2,121 million as the EB holders exercised their redemption rights pursuant to the terms and conditions of the EBs.

As of December 31, 2018 the carrying amount of the EBs were USD 94 million or equivalent to Baht 3,042 million (2017: 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. on June 21, 2018.

As of December 31, 2018, the carrying amount of the debenture was RMB 998 million or equivalent to Baht 4,691 million (2017: 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.

During the year 2018, the Company paid interest expense to the Debentures holders amount of Baht 750 million (2017: Baht 378 million). The interest expense net of income tax of Baht 605 million (2017: Baht 310 million) was deducted from unappropriated retained earnings in the statements of financial position as of December 31, 2018.

As of December 31, 2018, the accumulated accrued interest expenses subsequent to the latest interest payment date was Baht 249 million (2017: Baht 249 million).

As of December 31, 2018, 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	1.68	0.87
CPF Debenture #2/2013 and debentures issued thereafter ^{2 3}	1.32	N/A
CPFTH Debenture #1/2016 and #2/2016 ⁴	N/A	1.46
CPFTH Debenture #1/2018 ³	N/A	1.46

As of December 31, 2018, the Company's total liabilities were amounted to Baht 409,433 million, increased by 12% from those of the previous year due to the increase in interest bearing liabilities of Baht 41,583 million. Total liabilities consisted of non-interest bearing and interest-bearing liabilities amounted to Baht 79,140 million and Baht 330,293 million, respectively. The interest-bearing liabilities consisted of short-term liabilities amounted to Baht 121,345 million and long-term liabilities amounted to Baht 208,948 million.

As of December 31, 2018, the shareholders' equity was amounted to Baht 218,658 million, decreased by 4% from those of the previous year, mostly resulting from the decrease of currency translation and Non-controlling interests.

As of December 31, 2018, total debts to equity ratio was 1.87 times, increased from 1.62 times from the previous year due to the increase of total liabilities, mostly from the interest bearing liabilities of Baht 41,583 million, and the decrease of shareholders' equity due to the currency translation. Net debt to EBITDA as of December 31, 2018 was 4.99 times, decreased from 5.83 times in 2017 as a result of operational performance improvement in 2018.

(5) Commitments and Contingent Liabilities

As of December 31, 2018, 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 2019

The Company's estimated capital expenditure for both Thailand and international operations for the year 2019 totaled approximately Baht 37,377 million. However, the investment budget is subject to certain situation changes.

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



(7) *Dividend Payment*

On February 18, 2019, CPF's Board of Directors passed a resolution to approve a dividend payment for 2018 performance to shareholders of Baht 0.65 per share in total. CPF paid the first dividend payment to shareholders, as an interim dividend of Baht 0.35 per share on September 7, 2018. Therefore, the second dividend payment will be Baht 0.30 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. 1/2019, to be held on April 24, 2019 for further approval.

(8) *Events after the reporting period*

- None -

(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

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF ² (%)		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ³		Period	Position	Company	Business
Mr. Dhanin Chearavanont Chairman	79	Dec. 28, 1993 ⁴	The National Defence College of Thailand Commercial School, Hong Kong Shantou Secondary School, China Director Accreditation Program (May 4, 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 Present	<u>CPF Group</u> Chairman Chairman Chairman Chairman Chairman <u>Other Listed Companies</u> Chairman Chairman <u>Other Juristic Person</u> Senior Chairman Director	Charoen Pokphand Foods Plc. C.P. Pokphand Co., Ltd. Chia Tai (China) Investment Co., Ltd. CP All Plc. True Corporation Plc. Charoen Pokphand Group Co., Ltd. C.P. Land Plc.	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 Property development
Mr. Prasert Poongkumam Vice Chairman and Member of the Remuneration and Nominating Committee	82	Dec. 28, 1993 ⁴	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 Jiejiang University, Chengchou province, China Honorary Professor in Agriculture Jiejiang University, Chengchou province, China Director Accreditation Program (May 4, 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 <u>Other Juristic Person</u> Director and Senior Vice Chairman Chairman Director Director Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. 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 Plc. C.P. Land Plc. 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 assistance service Production and sale of plastic Property development International trading Manufacturing and distribution of milk products and healthy dairy products
Mr. Min Tieworn Vice Chairman	83	Dec. 28, 1993 ⁴	Honorary Professor in Economics Jiejiang University, Chengchou province, China Honorary Doctorate in Sociology and Anthropology Ramkhamhaeng University Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	None	None	None	1993-Present 1995-Present Present Present Present	<u>CPF Group</u> Vice Chairman Director <u>Other Juristic Person</u> Director and Senior Vice Chairman Director Director	Charoen Pokphand Foods Plc. CPF Investment Ltd. Charoen Pokphand Group Co., Ltd. C.P. Land Plc. C.P. Intertrade Co., Ltd.	Agro-industrial and food Investment Investment, import and sale of chemical products, and assistance service Real Estate Development International trading
Mr. Chingchai Lohawatanakul Vice Chairman	79	Dec. 28, 1993 ⁴	Master Degree in Science Arizona State University, USA 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 <u>Other Juristic Person</u> Director and Senior Vice Chairman Director	Charoen Pokphand Foods Plc. 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 Sripratak Vice Chairman Chairman of the Executive Committee Member of the Corporate Social Responsibility and Sustainable Development Committee and Member of the Corporate Governance Committee	72	Jul. 14, 1998	Honorary Doctorate in Business Administration (Management) Rajamangala University of Technology Suvarnabhumi 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 Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Certification Program No. 5/2001 Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	0.0017%	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) <u>Other Listed Companies</u> Director Director <u>Other Juristic Person</u> Director Honorary President	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. CPF (Thailand) Plc. C.P. Pokphand Co., Ltd. Subsidiaries of Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Siam Makro Plc. CP All Plc. 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 Information as of December 31, 2018³ Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992⁴ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limitedExchange Act of 1992

Attachment 1 Item 1.1 detail about director ,executives¹ and company secretary

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF ² (%)		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ³		Period	Position	Company	Business
Dr. Chaiyawat Wibulsawadi Director ⁵ Chairman of the Audit Committee Chairman of the Corporate Social Responsibility and Sustainable Development Committee and Chairman of the Corporate Governance Committee	72	Apr. 20, 2010	Ph.D. in Economics Massachusetts Institute of Technology, USA Bachelor Degree in Economics Williams College, USA Director Certification Program No. 77/2006 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 2005-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 Dr. Pongsak Angkasti Director ⁵ a member of the Audit Committee a member of the Remuneration and Nominating Committee and a member of the Corporate Social Responsibility and Sustainable Development Committee	70	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 Rural Extension course International Agriculture Centre Wageningen, the Netherlands International Project Administration and Management course Management for Development Foundation, Ede, the Netherlands Director Certification Program in Year 2006 Thai Institute of Directors Association Seminar "Enhancing Audit Committee Excellences through Internal Audit", Nov. 21, 2017 KPMG Executive Development Program No. 27 (2018) Capital Market Academy	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 Development 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 ⁵ a member of the Audit Committee and a member of the Corporate Governance Committee	63	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 (No. 13) King Prajadhipok's Institute Training program for Inspector of the Ministry Senior Executive on Criminal Justice Administration No. 2 (BoYorSor.2) Executive Development Program No. 10 Capital Market Academy Director Certification Program No. 81/2006 Audit Committee Program No. 26/2009 Successful Formulation & Execution the Strategy No. 2/2008 Thai Institute of Directors Association Good Governance for Medical Executives No. 7 (Oct. 2018-June 2019) King Prajadhipok's Institute	None	None	None	2016-Present 2017-Present 2017-Present 2015-Present 2013-May 2018 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 Remunerating 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 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 (LPG) Manufacture and sale of packaging, consumer goods and 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 Information as of December 31, 2018³ Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992⁴ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limitedExchange Act of 1992⁵ Independent director

Attachment 1 Item 1.1 detail about director ,executives¹ and company secretary

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF ² (%)		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ³		Period	Position	Company	Business
Pol. Gen. Phatcharawat Wongsuwan Director ⁵ and Chairman of the Remuneration and Nominating Committee	69	Aug. 11, 2016	Master Degree in Arts (Social Development) Kasetsart University Royal Police Cadet Academy No. 25 Armed Forces Academy Preparatory School No. 9 Diploma, National Defence College, The State Private Sector and Political Course No. 2	None	None	None	2016-Present 2017-Present 2014-Present 2013-Present 2014-Present Present Present	<u>CPF Group</u> Director and Chairman of the Remuneration and Nominating Committee <u>Other Listed Companies</u> Vice Chairman Director Director <u>Other Juristic Person</u> Member of the The National Legislative Assembly Director Director	Charoen Pokphand Foods Plc. Country Group Development Plc. Energy Absolute Plc. CP All Plc. The National Legislative Assembly The Thai Dairy Industry Co., Ltd. IMCC Corp Plc.	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
Mrs. Vatchari Vinoklayton Director ⁵ and Chairman of the Remuneration and Nominating Committee	65	Feb. 16, 2019	Master Degree in Business Administration National Institute of Development Administration Bachelor Degree in Accounting Thammasat University Bachelor Degree in Law Sukhothai Thammathirat University	None	None	None	2019-Present 2013-Present 2012-2013 2010-2012	<u>CPF Group</u> Director and member of the Audit Committee Independent director <u>Other Juristic Person</u> Permanent Secretary Director General	Charoen Pokphand Foods Plc. C.P. Pokphand Co., Ltd. Ministry of Commerce Department of Internal Trade, Ministry of Commerce	Agro-industrial and food Investment in agro-industrial and food Ministry
Mr. Phongthep Chiaravanont Director	68	Dec. 28, 1993 ⁴	Master Degree in Avian Sciences University of California at Davis, USA Director Accreditation Program (May 4, 2005) Thai Institute of Directors	0.0128%	0.0103%	Cousin of Mr. Dhanin Chearavanont and Brother-in-law of Mr. Prasert Poongkumam	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 Plc. 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 Visedpailoon Director	74	Dec. 28, 1993	Honorary Doctorate in Fisheries Maejo University Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	None	None	None	1993-Present Present 2007-Present	<u>CPF Group</u> Director Director <u>Other Juristic Person</u> Director of the University Council	Charoen Pokphand Foods Plc. Subsidiaries of Charoen Pokphand Foods Plc. Maejo University	Agro-industrial and food Academic Institution
Mrs. Arunee Watcharananan Director	70	Mar. 29, 2000	Bachelor degree in Economics, Thammasat University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	0.0950%	None	Younger sister of Mr. Adirek Sirpratak	2000-Present 2012-Present 2012-Present Present 2003-Present	<u>CPF Group</u> Director Director Executive Director Director Deputy Group CFO	Charoen Pokphand Foods Plc. CPF (Thailand) Plc. C.P. Pokphand Co., Ltd. Subsidiaries of Charoen Pokphand Foods Plc. Charoen Pokphand Group Co., LTD	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. Sooksunt Jiumjaisanglerg Director Executive Director Member of the Corporate Social Responsibility and Sustainable Development Committee and Chief Executive Officer-Agro Industrial Business and Co-President	66	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 Francous Rabelais, France Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Certification Program No. 245/2017 Thai Institute of Directors Association	None	None	None	2017-Present Present Present Present Present	<u>CPF Group</u> Director, Executive Director, member of the Corporate Social Responsibility and Development Committee and Chief Executive Officer-Food Business and Co-President Director Director Director <u>Other Juristic Person</u> Director	Charoen Pokphand Foods Plc. C.P. Pokphand Co., Ltd. C.P. Vietnam Corporation Subsidiaries of Charoen Pokphand Foods Plc. CP-Meiji Co., Ltd.	Agro-industrial and food Investment in agro-industrial and food Agro-industrial and food Manufacturing and distribution of milk products and healthy dairy products
Mr. Sukhawat Dansermuk Director Executive Director Member of the Corporate Social Responsibility and Sustainable Development Committee and Chief Executive Officer-Food Business and Co-President and Chief Operating Officer - Food Business	68	May 11, 2017	Bachelor Degree in Economics Thammasat University Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Director Certification Program No.225/2016 Thai Institute of Directors Association	0.0073%	None	None	2018-Present 2017-Present 2015-Present Present Present	<u>CPF Group</u> Member of the Corporate Social Responsibility and Sustainable Development Committee Director, Executive Director, Chief Executive Officer-Food Business and Co-President Director Director <u>Other Juristic Person</u> Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc. CP-Meiji Co., Ltd.	Agro-industrial and food Agro-industrial and food Agro-industrial and food Manufacturing and distribution of milk products and healthy dairy products

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 Information as of December 31, 2018³ Shareholding of individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee⁴ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limitedExchange Act of 1992⁵ Independent director

Attachment 1 Item 1.1 detail about director ,executives¹ and company secretary

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF ² (%)		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ³		Period	Position	Company	Business
Dr. Sujint Thammasart, D.V.M. Executive Director and Chief Operating Officer - Aquaculture Business	65	-	Bachelor Degree in Veterinary Medicine Kasetsart University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	0.0016%	None	None	2019-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 Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Mr. Rewat Hathaisattayapong Chief Operating Officer - Livestock Feed Business	61	-	Bachelor Degree in Animal Science Rajamangala University of Technology Tawan-ok	0.0000%	None	None	2018-Present 2015-2018 2013-2015	<u>CPF Group</u> Chief Operating Officer - Livestock Feed Business Executive Vice President - Livestock Feed Business (Northeastern, Central, and Eastern Region and Cattle Feed) Executive Vice President - Livestock Feed Unit	CPF (Thailand) Plc. CPF (Thailand) Plc. CPF (Thailand) Plc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Mr. Somkuan Choowatanapakorn Chief Operating Officer - Pig Business	71	-	Master Degree in Animal Production Kasetsart University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Director Certification Program No.217/2016 Thai Institute of Directors Association	0.0023%	None	None	2016-Present 2015-Present	<u>CPF Group</u> Director Chief Operating Officer - Pig Business	CPF (Thailand) Plc. CPF (Thailand) Plc.	Agro-industrial and food Agro-industrial and food
Mr. Prasit Boondoungprasert Executive Director Chief Operating Officer - Chicken Business and Chief Operating Officer - International Trade and Business	49	-	Master of Business Administration Cleveland State University, USA Bachelor Degree in Accounting Rajamangala University of Technology Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Certification Program No. 204/2015 Thai Institute of Directors Association	None	None	None	2019-Present 2018-Present 2017-Present 2016-2018 Present Present	<u>CPF Group</u> Executive Director Chief Operating Officer - Chicken Business Chief Operating Officer - International Trade and Business Development Executive Vice President - Chicken Integration Business (Bangkok, Minburi and Eastern Region) Director <u>Other Juristic Person</u> Director	Charoen Pokphand Foods Plc. CPF (Thailand) Plc. CPF (Thailand) Plc. CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc. CP-Meiji Co., Ltd.	Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Manufacturing and distribution of milk products and healthy dairy products
Mr. Sathit Sangkananurdee Chief Operating Officer - Restaurant Business	63	-	Bachelor Degree in Agricultural Economics Kasetsart University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Certification Program No. 218/2016 Thai Institute of Directors Association	0.0022%	None	None	2015-Present Present	<u>CPF Group</u> Chief Operating Officer - Restaurant Business Director	CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food
Mr. Pisan Chirakitchareem Executive Director and Chief Financial Officer	59	-	Master Degree in Business Administration National Institute of Development Administration Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Director Certification program No. 98/2008 Thai Institute of Directors Association Updating New Financial Reporting Standard for Future Analyst (June 22, 2018) Thailand Federation of Accounting Professions, collaboration with Investment Analysts 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 Plc. Charoen Pokphand Foods Plc. CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food
Mrs. Kobboon Srichai Company Secretary ⁴ and Senior Vice President - Investor Relations and Capital Market	52	-	Master Degree in Business Administration - International Business Azusa Pacific University, USA Bachelor Degree in Laws Thammasat University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Director Certification program in 2008 Director Accreditation Program in 2005 Company Secretary Program in 2005 Thai Institute of Directors Association The Rule of Law and Development in 2017 Thailand Institute of Justice Executive Development Program Thai Listed Companies Association	None	None	None	2019-Present Present 2016-Present 2015-Present Present 2012-2014	<u>CPF Group</u> Company Secretary Senior Vice President - Investor Relations and Capital Market <u>Other Juristic Person</u> Sub-committee on Consideration of Regulations on Issuance and Offering of Equity Instruments Sub-committee on Overall Management and Corporate Strategies Consultant Club President	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Securities and Exchange Commission Thailand Management Association Accounting Profession in Management Accounting Committee Thai Investor Relations Club	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 Information as of December 31, 2018³ Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee⁴ Appointed to be Company Secretary effective from March 1, 2019

Attachment 1 item 1.2 Information about CPF shares held by directors and executives¹

Name - Surname	Balance as of December 31,		Increase (Decrease) during the year
	2017	2018	
1. Mr. Dhanin Chearavanont	0	0	0
Spouse and minor children	0	0	0
2. Mr. Prasert Poongkumarn	144,039	144,039	0
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	144,778	(3,700,000)
Spouse and minor children	0	0	0
6. Dr. Chaiyawat Wibulwasdi	0	0	0
Spouse and minor children	0	0	0
7. Professor Dr. Pongsak Angkasith	50,000	50,000	0
Spouse and minor children	0	0	0
8. Mr. Rungson Sriworasat	0	0	0
Spouse and minor children	0	0	0
9. Pol. Gen. Phatcharavat Wongsuwan	0	0	0
Spouse and minor children	0	0	0
10. Mrs. Vatchari Vimooktayon ²	N/A	0	N/A
Spouse and minor children	N/A	0	N/A
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	8,180,000	8,180,000	0
Spouse and minor children	0	0	0
14. Mr. Sooksunt Jiumjaiswanglerg	0	0	0
Spouse and minor children	0	0	0
15. Mr. Sukhawat Dansermsuk	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. Rewat Hathaisattayapong ³	N/A	1,000	N/A
Spouse and minor children	N/A	0	N/A
18. Mr. Somkuan Choowatanapakorn	200,000	200,000	0
Spouse and minor children	0	0	0
19. Mr. Prasit Boondoungprasert	0	0	0
Spouse and minor children	0	0	0
20. Mr. Sathit Sangkanarubordee	189,533	189,533	0
Spouse and minor children	0	0	0
21. Mr. Paisan Chirakitcharenn	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 February 18, 2019

³ Appointed as executive according to the definition in announcement by SEC at KorChor 17/2008, effective since August 1, 2018



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 in 2018 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. However, Emeritus Professor Supapun Ruttanaporn tendered her resignation from member of the Audit Committee since December 12, 2018.

During 2018, the Audit Committee has convened totally 9 meetings; whereas, Dr. Chaibawat Wibulswasdi and Emeritus Professor Supapun Ruttanaporn, who resigned from member of the Audit Committee since December 12, 2018, participated in all 9 meetings whereby Professor Dr. Pongsak Angkasith and Mr. Rungson Sriworasat participated in 8 meetings.

Significant activities carried out by the Audit Committee during 2018 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 2017 and of 1st Quarter, 2nd Quarter and 3rd Quarter of 2018 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 2017 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. Furthermore, the Audit Committee considered and approved the recruitment of internal auditor for Bellisio Group in USA.

The Audit Committee 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 Committee 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 18, 2019



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 2018, 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 2018 can be summarized, as follows:

1. Conducted an annual evaluation of the performance of the Board of Directors for the year 2017. 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;
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 2018 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 2018 to be proposed to the Board of Directors and to the 2018 Annual General Shareholders' Meeting;
4. Review the performance evaluation form for the whole Board of Directors, individual director and Remuneration and Nominating Committee and
5. Conducted an annual evaluation of the performance of the Remuneration and Nominating Committee for the year 2018.

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 directors' remuneration in accordance with their roles and responsibilities.

On behalf of the Remuneration and Nominating Committee

Pol. Gen. Phatcharavat Wongsuwan

(Pol. Gen. Phatcharavat Wongsuwan)

Chairman of the Remuneration and Nominating Committee

December 12, 2018



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. Chaibawat Wibulswasdi, Chairman of the Corporate Governance Committee, Mr. Rungson Sriworasat and Mr. Adirek Sripratak.

In 2018, the Corporate Governance Committee has convened totally 2 meetings with all members participated.

Significant activities carried out by the Corporate Governance Committee during 2018 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 2017;
2. Assessed the performance of the Corporate Governance Committee for the year 2017;
3. Prepared a report of the Corporate Governance Committee for the year 2017 and published in the Company's 2017 annual report;
4. Reviewed and revised the corporate governance matters in accordance with the 2017 Corporate Governance Code announced by the Securities and Exchange Commission and international rating agencies;
5. Reviewed and revised the self-assessment form for Board of Directors and Corporate Governance Committee.

For the year 2018, CPF was awarded the "Excellent" Corporate Governance Scoring from Thai Institute of Directors ("IOD") for three 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

Chaibawat Wibulswasdi

(Dr. Chaibawat Wibulswasdi)

Chairman of the Corporate Governance Committee

February 18, 2019



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 5 members, i.e. Dr. Chaiyawat Wibulswasdi, Chairman of the CSR&SD Committee, Professor Dr. Pongsak Angkasith, Mr. Adirek Sripratak, Mr. Sooksunt Jiumjaiswanglerg and Mr. Sukhawat Dansersuk as committee.

In 2018, the Corporate Social Responsibility and Sustainable Development Committee has convened totally 2 meetings; whereas, Dr. Chaiyawat Wibulswasdi, Professor Dr. Pongsak Angkasith, Mr. Adirek Sripratak and Mr. Sooksunt Jiumjaiswanglerg participated in 2 meetings. Mr. Sukhawat Dansersuk, (the appointment was effective from February 23, 2018 onwards) participated in 1 meeting from 2 meetings.

Significant activities carried out by the Corporate Social Responsibility and Sustainable Development Committee during 2018 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 Society and Balance of Nature;
2. Promoted the Company role in supporting the UN's Sustainable Development Goals (SDGs);
3. Advised the participation in sustainability rankings and indices either country level or international level for the year 2018;
4. Validated and approved the Sustainability Report 2017;
5. Reviewed the performance of the Corporate Social Responsibility and Sustainable Development Committee for the year 2017.

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 fourth year in a row. This is the second year that the Company was also included in FTSE4Good Emerging Index. In addition, the Company was awarded the Outstanding SET Sustainability Award 2018 from the Stock Exchange of Thailand and the Best Sustainability Report Award 2018 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

Chaiyawat Wibulswasdi

(Dr. Chaiyawat Wibulswasdi)

Chairman of the Corporate Social Responsibility
and Sustainable Development Committee

March 11, 2019



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, 2018.

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



Charoen Pokphand Foods Public Company Limited

Attachment 7

Financial Statements for the Year 2018

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

Financial statements for the year ended
31 December 2018
and
Independent Auditor's Report



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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 2018, 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 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

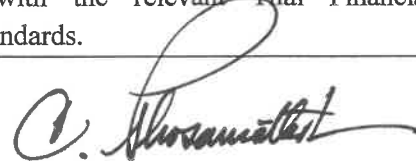
Basis for Opinion

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

Key Audit Matters

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

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; • 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.





Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements 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)

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets		2018	2017	2018	2017
<i>Current assets</i>					
Cash and cash equivalents	6	31,478,037	22,971,716	4,405,856	3,608,756
Current investments		1,555,490	3,866,394	-	-
Accounts receivable - trade and others	7	40,749,353	36,133,672	3,050,636	3,658,844
Short-term loans to subsidiaries	5	-	-	60,622,000	36,556,000
Short-term loans to joint venture	5	16,624	558,541	-	-
Inventories	8	59,631,804	55,117,570	3,660,905	3,630,932
Current biological assets	9	34,677,589	29,973,327	847,253	1,159,072
Advance payments for purchase of goods		8,120,183	6,657,021	-	-
Prepaid expenses		2,155,930	2,110,715	181,016	152,511
Accrued dividend income	5	201,159	170,632	3,228,208	3,600,000
Restricted deposits at financial institutions	20	1,134,452	818,209	-	-
Other current assets		5,822,133	6,069,307	32,115	319,223
Total current assets		185,542,754	164,447,104	76,027,989	52,685,338

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	
Assets (Continued)	<i>Note</i>	2018	2017	2018	2017
<i>Non-current assets</i>					
Investments held as available for sale	10	4,261,522	5,910,158	-	-
Investments in subsidiaries	11	-	-	151,976,480	133,236,916
Investments in associates	13	96,125,533	84,225,527	334,809	334,809
Investments in joint ventures	14	9,595,506	6,949,351	4,360,381	1,882,164
Investments in related companies	15	1,504,511	1,542,009	150,291	678,170
Investments in other companies		33,313	34,395	-	-
Long-term loans to subsidiaries	5	-	-	15,673,186	16,939,090
Long-term loans to associate	5	6,150	2,700	-	-
Investment properties	16	1,850,902	1,729,341	354,663	199,863
Property, plant and equipment	17	195,200,722	189,060,060	16,218,982	16,839,701
Non-current biological assets	9	8,216,165	7,764,161	-	-
Goodwill	18	95,428,170	99,522,368	-	-
Other intangible assets	19	16,211,916	16,484,693	32,632	36,600
Restricted deposits at financial institutions	20	1,600	2,577	-	-
Deferred tax assets	21	3,384,069	4,727,324	1,572,692	2,990,483
Leasehold rights	22	8,301,979	7,869,990	-	-
Other non-current assets		2,426,039	3,225,190	196,110	161,005
Total non-current assets		442,548,097	429,049,844	190,870,226	173,298,801
Total assets		628,090,851	593,496,948	266,898,215	225,984,139

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>	2018	2017	2018	2017
<i>Current liabilities</i>					
Bank overdrafts and short-term borrowings					
from financial institutions	23	61,312,159	68,077,205	2,463	3,477
Bills of exchange	23	32,243,942	35,945,586	17,204,109	15,440,590
Accounts payable - trade and others	24	35,458,644	34,837,343	1,245,798	1,384,152
Short-term borrowings from					
joint ventures	5, 23	660,716	417,608	-	-
Current portion of long-term borrowings	23	27,128,370	25,251,497	8,500,000	9,000,000
Accrued expenses		11,555,211	10,996,851	200,756	167,846
Income tax payable		1,256,492	1,625,305	-	-
Other current liabilities		12,596,625	13,467,004	1,649,944	1,465,120
Total current liabilities		182,212,159	190,618,399	28,803,070	27,461,185
<i>Non-current liabilities</i>					
Long-term borrowings	23	208,948,336	159,018,495	95,378,585	64,000,000
Deferred tax liabilities	21	9,087,554	9,985,310	-	-
Provision for employee benefits	25	5,966,062	5,765,752	1,688,656	1,619,785
Provisions and others		3,218,486	1,467,136	-	-
Total non-current liabilities		227,220,438	176,236,693	97,067,241	65,619,785
Total liabilities		409,432,597	366,855,092	125,870,311	93,080,970

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>	2018	2017	2018	2017
(Continued)					
Shareholders' equity					
Share capital	26				
Authorised share capital		9,291,530	9,291,530	9,291,530	9,291,530
Issued and paid-up share capital		8,611,242	8,611,242	8,611,242	8,611,242
Treasury shares	27	(2,909,249)	(2,909,249)	-	-
Share premium	28				
Share premium on ordinary shares		57,298,909	57,298,909	56,408,882	56,408,882
Other premium		3,470,021	3,470,021	3,470,021	3,470,021
Surplus from change in shareholders' equity in subsidiaries and associates		3,500,083	3,949,783	-	-
Surplus on common control transactions		(5,159)	(5,159)	490,423	490,423
Retained earnings					
Appropriated	28				
Legal reserve		929,166	929,166	929,166	929,166
Unappropriated		92,078,740	82,115,694	53,296,242	45,171,051
Other components of shareholders' equity		(12,440,598)	(445,209)	2,821,928	2,822,384
Total		150,533,155	153,015,198	126,027,904	117,903,169
Subordinated perpetual debentures	29	15,000,000	15,000,000	15,000,000	15,000,000
Total shareholders' equity attributable to equity holders of the Company		165,533,155	168,015,198	141,027,904	132,903,169
Non-controlling interests	12	53,125,099	58,626,658	-	-
Total shareholders' equity		218,658,254	226,641,856	141,027,904	132,903,169
Total liabilities and shareholders' equity		628,090,851	593,496,948	266,898,215	225,984,139

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	
		2018	2017	2018	2017
Income	5				
Revenue from sale of goods		541,937,396	501,507,496	26,021,010	28,231,395
Interest income		918,378	936,923	4,386,778	3,548,936
Dividend income		92,722	97,287	10,650,656	13,958,276
Gain on changes in fair value of investment in joint venture	4	95,239	-	-	-
Gains on sale of investments	10, 13, 15	9,327,996	10,428,763	6,454,810	-
Other income		3,130,765	2,226,472	103,023	87,136
Total income		555,502,496	515,196,941	47,616,277	45,825,743
Expenses	5				
Cost of sale of goods	8, 34	476,228,200	441,421,552	24,415,422	25,755,071
(Gains) losses on changes in fair value of biological assets	9	-3,974,589	56,554	-	-
Distribution costs	31, 34	20,825,346	20,597,460	879,367	907,894
Administrative expenses	32, 34	31,223,387	31,190,622	2,931,469	3,082,584
Net foreign exchange losses		203,243	21,487	164,962	1,205,919
Finance costs	35	11,703,447	11,743,356	3,765,130	3,727,784
Total expenses		536,209,034	505,031,031	32,156,350	34,679,252
Share of profit of associates and joint ventures	13, 14	8,343,121	7,983,044	-	-
Profit before income tax expense (income)		27,636,583	18,148,954	15,459,927	11,146,491
Income tax expense (income)	36	6,211,904	250,648	1,563,220	-468,673
Profit for the year		21,424,679	17,898,306	13,896,707	11,615,164
Profit for the year attributable to:					
Equity holders of the Company		15,531,470	15,259,320	13,896,707	11,615,164
Non-controlling interests		5,893,209	2,638,986	-	-
Profit for the year		21,424,679	17,898,306	13,896,707	11,615,164
Basic earnings per share (in Baht)	38	1.82	1.91	1.54	1.37

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 2018	2017	Year ended 31 December 2018	2017
Profit for the year		21,424,679	17,898,306	13,896,707	11,615,164
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	(1,094,821)	699,469	-	-
Reclassification of net change in fair value of investments held as available for sale to profit or loss	10	(441,729)	-	-	-
Foreign currency translation differences		(13,445,931)	(10,946,096)	-	-
Reclassification of currency transaction differences on previously held interest in joint venture before status change to subsidiary to profit or loss		(3,650)	-	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	36	346,041	396,846	-	-
Total items that will be reclassified subsequently to profit or loss		(14,640,090)	(9,849,781)	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Revaluation differences on assets	17	-	109,484	-	-
Losses on remeasurements of defined benefit plans		-63,001	-51,070	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	36	-9,244	-1,908	-	-
Total items that will not be reclassified subsequently to profit or loss		(72,245)	56,506	-	-
Other comprehensive income (expense) for the year, net of income tax		(14,712,335)	(9,793,275)	-	-
Total comprehensive income for the year		6,712,344	8,105,031	13,896,707	11,615,164

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)

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
Total comprehensive income				
attributable to:				
Equity holders of the Company	3,123,582	7,225,082	13,896,707	11,615,164
Non-controlling interests	3,588,762	879,949	-	-
Total comprehensive income				
for the year	6,712,344	8,105,031	13,896,707	11,615,164

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																	

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																	
Note	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	Other components of equity				Total	Subordinated perpetual debentures	Total shareholders' equity attributable to equity holders of the Company	Non-controlling interests	Total shareholders' equity
									Revaluation differences on assets	Fair value change on investments held as available for sale	Foreign currency translation differences	Total other components of shareholders' equity					
Year ended 31 December 2018																	
Balance at 1 January 2018	8,611,242	(2,909,249)	57,298,909	3,470,021	3,949,783	(5,159)	929,166	82,115,694	13,824,515	(2,819,217)	(11,450,507)	(445,209)	153,015,198	15,000,000	168,015,198	58,626,658	226,641,856
Transactions with owners, recorded directly in equity																	
Distributions to owners																	
Dividends paid	-	-	-	-	-	-	-	(4,911,692)	-	-	-	-	(4,911,692)	-	(4,911,692)	(2,652,377)	(7,564,069)
Total distributions to owners	-	-	-	-	-	-	-	(4,911,692)	-	-	-	-	(4,911,692)	-	(4,911,692)	(2,652,377)	(7,564,069)
Changes in ownership interests in subsidiaries and associates																	
Acquisitions of non-controlling interests without a change in control	4	-	-	-	(491,173)	-	-	-	-	-	360,994	360,994	(130,179)	-	(130,179)	(6,667,355)	(6,797,534)
Changes in interests in associates		-	-	-	41,473	-	-	-	-	-	-	-	41,473	-	41,473	-	41,473
New shares issued by subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	229,411	229,411
Total changes in ownership interests in subsidiaries and associates		-	-	-	(449,700)	-	-	-	-	-	360,994	360,994	(88,706)	-	(88,706)	(6,437,944)	(6,526,650)
Total transactions with owners, recorded directly in equity																	
	-	-	-	-	(449,700)	-	-	(4,911,692)	-	-	360,994	360,994	(5,000,398)	-	(5,000,398)	(9,090,321)	(14,090,719)
Comprehensive income for the year																	
Profit		-	-	-	-	-	-	15,531,470	-	-	-	-	15,531,470	-	15,531,470	5,893,209	21,424,679
Other comprehensive income																	
- Losses on remeasurement of defined benefit plans	25	-	-	-	-	-	-	(51,961)	-	-	-	-	(51,961)	-	(51,961)	(4,233)	(56,194)
- Others		-	-	-	-	-	-	-	(12,020)	(980,231)	(11,363,676)	(12,355,927)	(12,355,927)	-	(12,355,927)	(2,300,214)	(14,656,141)
Total comprehensive income for the year		-	-	-	-	-	-	15,479,509	(12,020)	(980,231)	(11,363,676)	(12,355,927)	3,123,582	-	3,123,582	3,588,762	6,712,344
Interest paid on subordinated perpetual debentures - net of income tax																	
	29	-	-	-	-	-	-	(605,227)	-	-	-	-	(605,227)	-	(605,227)	-	(605,227)
Transfer to retained earnings		-	-	-	-	-	-	456	(456)	-	-	(456)	-	-	-	-	-
Balance at 31 December 2018		8,611,242	(2,909,249)	57,298,909	3,470,021	3,500,083	(5,159)	929,166	92,078,740	13,812,039	(3,799,448)	(22,453,189)	150,533,155	15,000,000	165,533,155	53,125,099	218,658,254

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	Share premium on		Surplus on		Unappropriated	Revaluation	Total other	Subordinated	Total
		paid-up	ordinary	Other	common control	Legal	retained	differences	components	perpetual	shareholders'
Note		share capital	shares	premium	transactions	reserve	earnings	on assets	of shareholders' equity	debentures	shareholders' equity
Year ended 31 December 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											
Contributions by and distributions to owners											
	27	868,300	20,836,027	-	-	-	-	-	-	-	21,704,327
	39	-	-	-	-	-	(7,789,945)	-	-	-	(7,789,945)
		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											
		-	-	-	-	-	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											
29		-	-	-	-	-	-	-	-	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											
29		-	-	-	-	-	(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	2,822,384	15,000,000	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 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	Total other components of shareholders' equity	Subordinated perpetual debentures	Total shareholders' equity	
Note											
Year ended 31 December 2018											
Balance at 1 January 2018	8,611,242	56,408,882	3,470,021	490,423	929,166	45,171,051	2,822,384	2,822,384	15,000,000	132,903,169	
Transactions with owners, recorded directly in equity											
Distributions to owners											
Dividends paid	39	-	-	-	-	(5,166,745)	-	-	-	(5,166,745)	
Total distributions to owners		-	-	-	-	(5,166,745)	-	-	-	(5,166,745)	
Total transactions with owners, recorded directly in equity											
		-	-	-	-	(5,166,745)	-	-	-	(5,166,745)	
Comprehensive income for the year											
Profit		-	-	-	-	13,896,707	-	-	-	13,896,707	
Total comprehensive income for the year		-	-	-	-	13,896,707	-	-	-	13,896,707	
Interest paid on subordinated perpetual debentures - net of income tax											
	29	-	-	-	-	(605,227)	-	-	-	(605,227)	
Transfer to retained earnings		-	-	-	-	456	(456)	(456)	-	-	
Balance at 31 December 2018		8,611,242	56,408,882	3,470,021	490,423	929,166	53,296,242	2,821,928	2,821,928	15,000,000	141,027,904

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)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>Cash flows from operating activities</i>					
Profit for the year		21,424,679	17,898,306	13,896,707	11,615,164
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Depreciation	16, 17	15,206,544	14,385,569	1,720,852	1,803,511
Amortisation		1,466,340	1,496,822	7,937	8,221
Depreciation of biological assets	9	5,734,534	5,366,291	136,339	136,768
(Reversal of) bad and doubtful debts expenses	7	387,896	184,581	882	(5)
(Reversal of) losses on inventory of allowance	8	232,549	10,197	(50,720)	(4,780)
Interest income		(918,378)	(936,923)	(4,386,778)	(3,548,936)
Dividend income		(92,722)	(97,287)	(10,650,656)	(13,958,276)
Finance costs	35	11,703,447	11,743,356	3,765,130	3,727,784
Gains on sale of investments	10, 13, 15	(9,327,996)	(10,428,763)	(6,454,810)	-
Gains from liquidation of subsidiaries		-	(1,766)	-	(2,324)
Provisions for employee benefits	25	644,849	551,546	157,205	142,032
Losses on sale and write-off of property, plant, equipment and intangible assets		248,987	234,958	14,519	51,217
(Reversal of) impairment losses on plant, equipment and assets held for sale		47,497	669,239	-	(53,754)
Impairment loss on goodwill	18	514,685	-	-	-
Unrealised (gains) losses on exchange rates		(46,843)	10,055	199,490	953,133
Impairment losses on investment in subsidiary	11	-	-	-	8,655
(Gains) losses on changes in fair value of biological assets	9	(3,974,589)	56,554	-	-
Gain on changes in fair value of investment in joint venture	4	(95,239)	-	-	-
Share of profits of associates and joint ventures	13, 14	(8,343,121)	(7,983,044)	-	-
Income tax expense (income)	36	6,211,904	250,648	1,563,220	(468,673)
		41,025,023	33,410,339	(80,683)	409,737
<i>Changes in operating assets and liabilities</i>					
Accounts receivable - trade and others		(6,045,246)	(5,257,836)	607,326	(107,410)
Inventories		(6,736,190)	(296,329)	20,746	(600,013)
Current and non-current biological assets		(8,201,924)	(8,245,373)	175,480	(142,320)
Other current assets		(2,870,568)	(3,535,259)	(36,986)	91,263

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	2018	2017	2018	2017
Cash flows from operating activities					
(Continued)					
Other non-current assets		(311,660)	(745,755)	422	186
Accounts payable - trade and others		2,532,085	5,701,018	(138,354)	25,894
Other current liabilities		1,983,418	1,341,625	25,086	(10,708)
Employee benefits paid		(414,395)	(278,714)	(88,334)	(53,384)
Income tax paid		(5,666,524)	(4,837,852)	(35,527)	(46,021)
Net cash provided by (used in)					
operating activities		15,294,019	17,255,864	449,176	(432,776)
Cash flows from investing activities					
Interest received		936,342	945,064	4,682,366	3,354,587
Dividends received		3,920,292	3,592,307	11,022,448	10,358,276
Payment for short-term loans to subsidiaries		-	-	(24,066,000)	(11,488,400)
Proceeds from (payment for) short-term loans to associate and joint ventures		534,943	(556,607)	-	-
Proceeds from current investments		1,750,725	2,565,408	-	-
Payment for acquisition of investments		(15,165,835)	(12,363,780)	(14,235,092)	(14,332,200)
Proceeds from sale of investments		8,627,423	15,811,535	-	-
Net consideration paid for acquisition of subsidiaries	4	(624,965)	(2,154,233)	-	-
Proceeds from (payment for) long-term loans to subsidiaries		-	-	1,066,564	(1,497,378)
Payment for long-term loans to associate	5	(3,450)	(2,700)	-	-
Payment for acquisition of investment properties		(106,467)	-	-	-
Payment for acquisition of property, plant and equipment		(27,127,784)	(30,475,043)	(1,351,682)	(1,480,157)
Payment for acquisition of other intangible assets		(1,122,561)	(132,741)	(3,159)	(5,238)
Proceeds from sale of property, plant and equipment		1,118,148	320,322	94,820	5,090
Proceeds from sale of other intangible assets		2,803	82	4,586	3
Proceeds from sale of leasehold rights		32,559	-	-	-
Payment for acquisition of leasehold rights		(652,639)	(31,645)	-	-
Proceeds from liquidation of subsidiaries		-	-	-	2,324
Net cash used in investing activities		(27,880,466)	(22,482,031)	(22,785,149)	(15,083,093)

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)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>Cash flows from financing activities</i>					
Proceeds from (repayment of) short-term borrowings from financial institutions		(5,145,076)	3,251,892	-	-
Proceeds from (repayment of) bills of exchange		(4,317,701)	(8,360,479)	1,514,968	(5,968,426)
Proceeds from short-term borrowings from joint ventures		278,903	140,802	-	-
Repayment of short-term borrowings from other company		(193,796)	-	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(23,746)	(19,356)	-	-
Proceeds from long-term borrowings from financial institutions		40,532,216	9,524,517	2,933,594	-
Repayment of long-term borrowings from financial institutions		(23,126,205)	(13,156,107)	-	(1,849,200)
Proceeds from issue of debentures	23	52,000,000	-	37,000,000	-
Repayment of debentures		(11,163,150)	(7,000,000)	(9,000,000)	(7,000,000)
Proceeds from issue of subordinated perpetual debentures	29	-	15,000,000	-	15,000,000
Payment of financial transaction costs		(289,687)	(336,780)	(11,114)	(87,596)
Interest paid		(12,649,264)	(11,751,387)	(4,137,348)	(3,954,262)
Proceeds from issue of new ordinary shares		229,411	20,171,864	-	21,704,327
Dividend paid of the Company - net of dividends paid to subsidiaries (for shares held in treasury)		(4,910,810)	(7,411,616)	(5,165,863)	(7,784,407)
Dividends paid to non-controlling interests		(2,631,029)	(2,456,433)	-	-
Payment for the acquisition of non-controlling interests	4	(6,560,587)	(114,406)	-	-
Net cash provided by (used in) financing activities		22,029,479	(2,517,489)	23,134,237	10,060,436

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)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
Net increase (decrease) in cash and cash equivalents,					
before effect of exchange rates		9,443,032	(7,743,656)	798,264	(5,455,433)
Effect of exchange rate changes on					
cash and cash equivalents		(1,322,053)	(1,307,531)	(150)	(19)
Net increase (decrease) in cash and cash equivalents		8,120,979	(9,051,187)	798,114	(5,455,452)
Cash and cash equivalents at beginning of year		21,922,487	30,973,674	3,605,279	9,060,731
Cash and cash equivalents at ending of year		30,043,466	21,922,487	4,403,393	3,605,279

Supplemental disclosures of cash flows

information:

1. Cash and cash equivalents

These consisted of:

Cash and cash equivalents	6	31,478,037	22,971,716	4,405,856	3,608,756
Overdrafts	23	(1,434,571)	(1,049,229)	(2,463)	(3,477)
Net		30,043,466	21,922,487	4,403,393	3,605,279

2. Non-cash transactions

- 2.1 As at 31 December 2018, the Group and the Company had accrued dividend income amounting to Baht 201 million and Baht 3,228 million respectively (2017: Baht 171 million and Baht 3,600 million respectively).
- 2.2 During the year 2018, a subsidiary derecognised the Exchangeable Bonds (“EBs”) with an aggregate principal amount of U.S. Dollar 144 million or equivalent to Baht 4,580 million as a result of the exercise of exchange rights by the holders of the EBs into ordinary shares of CP ALL Public Company Limited (“CPALL”) as specified in the terms and conditions of the EBs (see details in note 23).
- 2.3 During the year 2018, the Company transferred investment in a related company amount of Baht 528 million to a subsidiary as a payment for the subscription of shares of the subsidiary and incurred gain from this payment of the subscription shares of Baht 6,455 million in the separate financial statement (see details in note 15).
- 2.4 As at 31 December 2018, the Group had outstanding payables for the acquisition of certain non-controlling interests amounting of Pound Sterling 5 million or equivalent to Baht 237 million (see details in note 4.4).

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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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**Charoen Pokphand Foods Public Company Limited
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Notes to the financial statements
For the year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the executive directors on 18 February 2019.

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 (%)	
			2018	2017
<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) CP Hilai Habour Co., Ltd.	Restaurant	Thailand	50.99	-
2) CPF Trading Co., Ltd.	Wholesale and retail food products	Thailand	99.97	99.97
3) CPF Food and Beverage Co., Ltd.	Production and sale of ready meals	Thailand	99.98	-

**Charoen Pokphand Foods Public Company Limited
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
4) CPF Restaurant and Food Chain Co., Ltd.	Five stars business and restaurants	Thailand	99.98	-
5) International Pet Food Co., Ltd.	Production and sale of pet food	Thailand	99.98	-
6) CPF Denmark A/S	Importer and distributor of processed meat and ready meals	Denmark	52.00	52.00
7) CPF Europe S.A. (7.1 to 7.3 are subsidiaries of CPF Europe S.A.)	Importer and distributor of processed meat and ready meals	Belgium	99.99	99.99
7.1) CP Chosen Limited (7.1.1 to 7.1.2 are subsidiaries of CP Chosen Limited)	Investment	United Kingdom	79.99	71.49
7.1.1) Chosen Holdings Limited	Restaurant	United Kingdom	79.99	71.49
7.1.2) Chosen Noodle Trading Limited	Property lease-out	United Kingdom	79.99	71.49
7.2) Tops Foods NV	Production and distributor of ready meals	Belgium	84.07	84.07
7.3) Paulsen Food GmbH	Distributor of processed meat and investment	Germany	94.99	94.99
8) CPF Food Trading Co., Ltd.	Importer and distributor of processed meat and ready meals	China	100.00	100.00
9) CP Foods (UK) Limited (9.1 to 9.61 are subsidiaries of CP Foods (UK) Limited)	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.1) Fusion Abbey Park Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.2) Fusion Alfrick Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.3) Fusion Bracewell Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.4) Fusion Bransford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.5) Fusion Broadway Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.6) Fusion Brothwood Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.7) Fusion Calis Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.8) Fusion Carnoustie Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.9) Fusion Charlton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.10) Fusion Crowle Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.11) Fusion Dalamán Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.12) Fusion Defford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.13) Fusion Dormington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52

**Charoen Pokphand Foods Public Company Limited
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Notes to the financial statements
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
9.14) Fusion Driscoll Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.15) Fusion Dumbleton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.16) Fusion Eastoe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.17) Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.18) Fusion Everton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.19) Fusion Exning Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.20) Fusion Fethiye Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.21) Fusion Gatley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.22) Fusion Gocek Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.23) Fusion Gray Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.24) Fusion Harper Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.25) Fusion Hartford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.26) Fusion Hawstead Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.27) Fusion Head Street Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.28) Fusion Heath Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.29) Fusion Irvine Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.30) Fusion Kaitaia Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.31) Fusion Kroma Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.32) Fusion Krone Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.33) Fusion Lineker Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.34) Fusion Littleworth Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.35) Fusion Madeley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.36) Fusion McMahon Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.37) Fusion Mountfield Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.38) Fusion Moyes Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.39) Fusion Newlands Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52

**Charoen Pokphand Foods Public Company Limited
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
9.40) Fusion Niamh Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.41) Fusion Pershore Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.42) Fusion Priest Lane Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.43) Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.44) Fusion Reid Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.45) Fusion Richardson Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.46) Fusion Samui Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.47) Fusion Sharp Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.48) Fusion Sheedy Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.49) Fusion Soham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.50) Fusion Southall Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.51) Fusion Stevens Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.52) Fusion Thetford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.53) Fusion Turgay Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.54) Fusion Uzumlu Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.55) Fusion Van Den Hauwe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.56) Fusion Wadborough Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.57) Fusion Wellington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.58) Fusion Whistler Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.59) Fusion Wright Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.60) Fusion Yamac Limited	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	57.52
9.61) The Foodfellas Limited	Importer of ingredients and food products	United Kingdom	99.99	34.51
10) Westbridge Food Group Limited (10.1 to 10.6 are subsidiaries of Westbridge Food Group Limited)	Investment	United Kingdom	100.00	100.00
10.1) Westbridge Foods Limited (10.1.1 is a subsidiary of Westbridge Foods Limited)	Importer and distributor of meat and ready meals	United Kingdom	100.00	100.00
10.1.1) Westbridge Foods (Thailand) Limited	Provision and development for Asian food product	Thailand	99.99	99.99

**Charoen Pokphand Foods Public Company Limited
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
10.2) Westbridge (Qingdao) Trading Co., Ltd.	Provision and development for Asian food product	China	100.00	100.00
10.3) Wignall Holdings Limited ⁽²⁾ (10.3.1 is a subsidiary of Wignall Holdings Limited)	Investment	United Kingdom	100.00	100.00
10.3.1) Westbridge Foods (Haydock) Limited	Distribution of meat products	United Kingdom	100.00	100.00
10.4) Westbridge Holding B.V.	Investment	Netherlands	100.00	100.00
10.5) Westbridge Foods (France) SARL	Distribution of meat products	France	100.00	100.00
10.6) Food Trac Limited (10.6.1 is a subsidiary of Food Trac Limited)	Distribution of meat products	United Kingdom	100.00	100.00
10.6.1 Westbridge Group License Companies	Importer of poultry meat products	United Kingdom	100.00	100.00
<i>Aquaculture business</i>				
<i>Direct subsidiary</i>				
1) Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd.	Shrimp farming	China	100.00	-
<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. ⁽²⁾ (1.1.1 to 1.1.6 are subsidiaries of Bellisio Parent, LLC.)	Investment	United States of America	100.00	100.00
1.1.1) Arden International, LLC. ⁽²⁾	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.2) Bellisio Foods, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.3) Bellisio Foods Canada Corp.	Production and distributor of ready meals	Canada	100.00	100.00
1.1.4) FSI Parent Corp. (1.1.4.1 is a subsidiary of FSI Parent Corp.)	Investment	United States of America	100.00	-
1.1.4.1 Frozen Specialties, Inc.	Production and distributor of ready meals	United States of America	100.00	-
1.1.5) Overhill Farms, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00

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				2018	2017
	1.1.6) The All American Gourmet Company ⁽²⁾	Production and distributor of ready meals	United States of America	100.00	100.00
2)	Charoen Pokphand Foods Kenya Co., Ltd. ⁽²⁾	Animal feedmill and livestock farming	Kenya	99.99	99.99
3)	CPF Investment Limited (3.1 to 3.2 are subsidiaries of CPF Investment Limited)	Investment	British Virgin Islands	100.00	100.00
	3.1) Giant Crown Investments Limited	Investment	British Virgin Islands	100.00	-
	3.2) CPF Hong Kong Co., Ltd.	Importer and distributor of eggs, processed meat, milk product and ready meals	Hong Kong	100.00	-
4)	CPF Poland S.A.	Agro-industrial products and food	Poland	66.67	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. ⁽²⁾	Aquaculture farming and hatchery business	China	100.00	100.00
8)	C.P. Aquaculture (Zhanjiang) Co., Ltd.	Shrimp hatchery business	China	100.00	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

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			2018	2017
11.1.9) Rechnoe Limited Liability Company	Biological waste management services provider	Russia	75.82	75.82
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	99.99	79.99
11.2.2) CJSC Poultry Production Severnaya	Animal feedmill, livestock farming and food processing plant	Russia	99.99	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. ⁽¹⁾	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. ⁽²⁾	Importer and distributor of meat products	Russia	99.99	99.99
2.6) CPF Zaraysk LLC. ⁽²⁾	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) Henan Chia Tai Biochemistry Trading Co., Ltd. ⁽¹⁾	Trading of animal drugs	China	35.17	-
3.7) Pucheng Chia Tai Biochemistry Co., Ltd. ⁽¹⁾	Production and sale of chlortetracycline	China	35.17	35.17
3.8) Shanghai C.P. Industrial Trading Co., Ltd. ⁽²⁾	Sale of machine and spare part	China	50.43	50.43

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			2018	2017
3.9) Zhumadian Huazhong Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of chlortetracycline	China	35.17	35.17
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 5.114 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	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. ⁽¹⁾	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. ⁽¹⁾	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. ⁽¹⁾	Production and sale of animal feed	China	35.30	35.30

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			2018	2017
5.23) Chia Tai Aquaculture (Nantong) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.24) Chia Tai (Beijing) Investment Management Co., Ltd.	Rendering management and advisory service	China	50.43	50.43
5.25) Chia Tai (China) Investment Co., Ltd.	Investment and trading	China	50.43	50.43
5.26) Chia Tai Feed Dongying Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.27) Chia Tai Feed (Harbin) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.28) Chia Tai Feed (Hefei) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.29) Chia Tai Feed (Helin) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.30) Chia Tai Feed (Hengshui) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.31) Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.32) Chia Tai Feed (Sui zhou) Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.33) Chia Tai Feed (Yiwu) Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	27.74	27.74
5.34) Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.35) Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.36) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.37) Chia Tai Food (Suqian) Co., Ltd.	Poultry farming, production and sale of chicken meat products	China	50.43	50.43
5.38) Chia Tai (Hainan) Agro-Industry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	50.43	50.43
5.39) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.40) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.41) Chongqing Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.26	30.26
5.42) Chongqing Shuangqiao Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	35.30	35.30
5.43) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.44) CP China Investment Limited	Investment	Cayman Islands	50.43	50.43
5.45) CP Food Investment Limited	Investment	Hong Kong	50.43	50.43
5.46) CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd.	Production and sale of animal feed	China	50.43	50.43

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			2018	2017
5.47) CPV Food Co., Ltd.	Livestock farming, production and sale of animal feed and processed food	Vietnam	64.89	-
5.48) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.49) Fujian Chia Tai Food Co., Ltd. ⁽¹⁾	Sale of processed poultry meat	China	35.30	35.30
5.50) Fujian Hetai Agro-Industry Co., Ltd. ⁽¹⁾	Farming and sale of poultry	China	35.30	35.30
5.51) Fujian Longzeji Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.52) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.53) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.54) Ganzhou Chia Tai Industrial Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	40.34	40.34
5.55) Guang An Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.26	30.26
5.56) Guangdong Chia Tai Biotechnology Co., Ltd.	Production and sale of probiotics	China	50.43	50.43
5.57) Guangxi Chia Tai Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.58) Guilin Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	42.86	42.86
5.59) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.60) Hannick Limited	Property investment	Hong Kong	50.43	50.43
5.61) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.62) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.63) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.64) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.65) Hubei Chia Tai Co., Ltd.	Production and sale of animal feed, breeding and processed meat	China	50.43	50.43
5.66) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.67) Inner Mongolia Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	45.58	45.58
5.68) Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.69) Jiangsu Huai Yin Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	44.38	44.38
5.70) Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.71) Jilin Chia Tai Enterprise Co., Ltd.	Production and sale of animal feed	China	50.43	25.21

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			2018	2017
5.72) Jilin Chia Tai Food Co., Ltd.	Production and sale of processed food and ready meal	China	50.43	50.43
5.73) Jinan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	32.78	32.78
5.74) Jiujiang Chia Tai Feedstuffs Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.26	30.26
5.75) Kaifeng Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.76) Kunming Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	46.59	46.59
5.77) Lanzhou Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	45.70	45.70
5.78) Longyan Baotai Agro-Industry Co., Ltd. ⁽¹⁾	Farming and sale of poultry	China	35.30	35.30
5.79) Longyan Chia Tai Co., Ltd. ⁽¹⁾ (Formerly known as Fujian Baojiashun Food Development Co., Ltd.)	Production of processed poultry meat	China	35.30	35.30
5.80) Mianyang Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	40.34	40.34
5.81) Modern State Investments Limited	Investment	British Virgin Islands	50.43	50.43
5.82) Nanchang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.83) Nanning C.P. Food Co., Ltd.	Production and sale of processed food	China	50.43	50.43
5.84) Nanning Chia Tai Animal Husbandry Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	46.21	46.21
5.85) Nantong Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.26	30.26
5.86) Nantong Chia Tai Feedmill Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.26	30.26
5.87) Nanyang Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	45.89	45.89
5.88) Neijiang Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	35.30	35.30
5.89) Ningbo Chia Tai Agriculture Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	42.86	42.86
5.90) Pingdingshan Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	35.30	35.30
5.91) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.92) Shaanxi Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	48.41	48.41
5.93) Shanghai Han Tong International Trading Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	35.30
5.94) Shanxi Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.21	30.21
5.95) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.96) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.97) Shuangliu Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	35.30	35.30
5.98) Tai Zhou Chia Tai Feed Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	48.41	48.41

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			2018	2017
5.99) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.100) Urumqi Chia Tai Animal Husbandry Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	47.11	47.11
5.101) Weinan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.102) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.103) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.104) Wuxuan Chia Tai Animal Husbandry Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	42.86	42.86
5.105) Xiamen Chia Tai Agriculture Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.26	30.26
5.106) Xiamen Sumpo Food Trading Co., Ltd. ⁽¹⁾	Sale of processed poultry meat	China	35.30	35.30
5.107) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.108) Xuzhou Chia Tai Feed Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	32.78	32.78
5.109) Yichang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.110) Yinchuan Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	42.86	42.86
5.111) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.112) Zhangjiakou Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.26	30.26
5.113) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.114) Zhumadian Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	30.76	30.76
6) CPF Tanzania Limited ⁽²⁾	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. ⁽¹⁾	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. ⁽²⁾	Broiler chicken integration	United States of America	99.97	99.97
6) Charoen Pokphand Enterprise (Taiwan) Co., Ltd. ⁽¹⁾ (6.1 to 6.7 are subsidiaries of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	Chicken integration and livestock farming	Taiwan	39.00	32.68
6.1) Arbor Acres (Taiwan) Co., Ltd. ⁽¹⁾	Livestock farming	Taiwan	19.50	16.34
6.2) Charoen Pokphand (Taiwan) Co., Ltd. ⁽¹⁾	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	35.10	29.41

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			2018	2017
6.3) Chia Tai Lianyungang Co., Ltd. ⁽¹⁾	Investment	Hong Kong	39.00	32.68
6.4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	27.30	22.88
6.5) Plenty Type Limited ⁽¹⁾	Investment	Cayman Islands	39.00	32.68
6.6) Rui Fu Foods Co., Ltd. ⁽¹⁾	Layer chicken business	Taiwan	19.89	16.67
6.7) Rui Mu Foods Co., Ltd. ⁽¹⁾	Layer chicken business	Taiwan	20.28	16.99
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⁾ The Company has the power to govern those companies

⁽²⁾ Operations wound up

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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 2018. 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 2019 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 43 to the financial statements.

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 prospectively.

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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.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that 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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Step acquisition

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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.

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.

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(c) Derivatives

Derivatives are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivatives are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss depending on the nature of the item being hedged. The gain or loss on remeasurement to fair value 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.

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.

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(g) Inventories

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.

(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.

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Investments held as available for sale

Investments held as available for sale are investments in marketable equity securities that are non-subsiaries 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-subsiaries 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.

(I) 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.

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.

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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, from the date that they are available for use.

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.

(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.

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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.

(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.

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(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.

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.

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Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

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.

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.

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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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(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 Acquisitions of subsidiaries and non-controlling interests

4.1 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, acquired 23,750 ordinary shares of Paulsen Food GmbH (“PF”) from Peter Paulsen Import-Export GmbH & Co. Handels KG (“PP” or the “Seller”), representing 95.00% 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 94.99% of PF’s total issued and paid-up shares).

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As at 31 December 2018, 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	115	-	115
Accounts receivable - trade and others	94	-	94
Inventories	301	-	301
Other current assets	11	-	11
Intangible assets - import licenses	-	92	92
Accounts payable - trade and others	(121)	-	(121)
Deferred tax liabilities	-	(28)	(28)
Short-term borrowings from financial institutions	(39)	-	(39)
Net assets	361	64	425
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(18)	(3)	(21)
Goodwill	101	(92)	9
Consideration transferred	444	(31)	413
Cash received from acquisition of subsidiary	(115)	-	(115)
Net consideration paid for acquisition of subsidiary	329	(31)	298

The factors contributing to the goodwill are the fact that the Group will obtain additional distribution channels for food services and food manufacturers in Germany and the European Union which have a high potential. Goodwill arising from business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

4.2 Share acquisition of Jilin Chia Tai Enterprise Co., Ltd. (“Jilin CT”)

On 13 June 2018, Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary of the Company, acquired the remaining shares of Jilin CT from the joint venture partner at the amount of Renminbi 48 million or equivalent to approximately Baht 238 million.

Jilin CT is incorporated in China and principally engages in production and sale of animal feed.

The Group obtained control of Jilin CT on 13 June 2018 (“Acquisition date”) through the common share acquisition, resulting to the increase in ownership interests of CTI in Jilin CT from 50% interests of issued and paid-up capital to 100% interests of issued and paid-up capital. As a result, the Group’s ownership interests in Jilin CT increased from 25.21% to 50.43%.

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The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2017) *Business Combinations* to recognise the business combination transactions. The following summaries 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	238

Identifiable assets acquired and liabilities assumed

(Unit: Million Baht)

	Fair value
Cash and cash equivalents	94
Accounts receivable - trade and others	22
Inventories	81
Other current assets	59
Property, plant and equipment	263
Leasehold rights	150
Customer relationship	55
Other non-current assets	1
Accounts payable - trade and others	(41)
Other current liabilities	(171)
Deferred tax liabilities	(37)
Net assets	476
Group's previously held equity interests in Jilin CT prior to the acquisition	(238)
Consideration transferred	238
Cash received from acquisition of subsidiary	(94)
Net consideration paid for acquisition of subsidiary	144

As at the acquisition date, the Group had to measure the fair value of the interests in Jilin CT before the business combination. The measurement resulted in gain on changes in fair value which was recognised as “Gain on changes in fair value of investment in joint venture” in the consolidated statements of income for the year ended 31 December 2018. Details as follows:

(Unit: Million Baht)

Fair value of existing interests in Jilin CT in CTI Group at the acquisition date	238
Less investment in Jilin CT accounted for equity method in CTI Group at the acquisition date	(200)
transferred other components in equity to the consolidated statement of income	57
Gain on changes in fair value of investment in joint venture	95

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As at 31 December 2018, the Group is still assessing the final fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2017). In this regards, the Group has provisionally estimated the fair value of the identifiable assets 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.

Operating results of Jilin CT for the period from 13 June 2018 to 31 December 2018 included in the consolidated statement of income for the year ended 31 December 2018 has significant details as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2018
Revenue from sale of goods	474
Loss for the year attributable to equity holders of the Company	2

4.3 Share acquisition of FSI Parent Corp. (“FSI Parent”)

On 26 November 2018, Bellisio Foods, Inc. (“Bellisio”), a 100% indirectly owned subsidiary of the Company, signed the Agreement and Plan of Merger (the “Agreement”) among 1) Bellisio 2) Firebird Acquisition Corp. (“FAC”), a 100% owned subsidiary of Bellisio and 3) SPC Partner II LP, representative of existing shareholders of FSI Parent who hold all shares of Frozen Specialties, Inc. (“FSI”), pursuant to the Agreement which Bellisio has agreed to acquire the 100% interest of issued and paid-up share capital of FSI Parent with total consideration of U.S. Dollar 15.5 million or approximately Baht 549 million by means of a merger between FAC and FSI Parent. In this regard, FAC will be dissolved after the merger and Bellisio will become the sole direct shareholder of FSI Parent.

FSI parent is incorporated in the United States of America. FSI Parent and subsidiaries (“FSI Group”) principally engages in the manufacturing of frozen pizza and pizza bites distributed to retailers and wholesalers in North America and manufacturing private label products based on clients’ specific needs. FSI Group is the only private label producer in frozen value pizza in North America.

The Group obtained control of FSI Group on 26 November 2018 (“Acquisition date”) through the acquisition of 100.00% of FSI Parent’s total issued and paid-up share capital.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2017) *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	549

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Identifiable assets acquired and liabilities assumed

	(Unit: Million Baht)
	Fair value
Cash and cash equivalents	37
Accounts receivable - trade and others	120
Inventories	115
Property, plant and equipment	299
Deferred tax assets	31
Accounts payable - trade and others	(96)
Other current liabilities	(59)
Net assets	447
Goodwill	102
Consideration transferred	549
Cash received from acquisition of subsidiary	(37)
Net consideration paid for acquisition of subsidiary	512

As at 31 December 2018, the Group had completed the fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2017). 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 can penetrate the frozen value pizza business in the United States of America immediately with a new customer base which will help expanding the distribution channels and resulted in the higher of production efficiency and management for the group of companies in the United States of America. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

Operating results of FSI Group for the period from 26 November 2018 to 31 December 2018 included in the consolidated statement of income for the year ended 31 December 2018 has significant details as follows:

	(Unit: Million Baht)
	For the year ended 31 December 2018
Revenue from sale of goods	180
Loss for the year attributable to equity holders of the Company	24

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If the acquisition of Jilin CT and FSI Group had occurred on 1 January 2018, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the year ended 31 December 2018 would have been as follows:

	<i>(Unit: Million Baht)</i> For the year ended 31 December 2018
Revenue from sale of goods	544,142
Profit for the year attributable to equity holders of the Company	15,446

4.4 Acquisition of non-controlling interests

4.4.1 Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (“CPE”)

In June 2018, the Group acquired an additional 6.32% non-controlling interest in CPE from the acquisition of all issued shares of Giant Crown Investments Limited (“GC”), a registered company by law in British Virgin Island which engages in investment business and holds an investment in CPE, for a total consideration of U.S. Dollar 29 million or equivalent to Baht 911 million, increasing the Group’s ownership interest in CPE from 32.68% to 39.00%.

	<i>(Unit: Million Baht)</i> 2018
Carrying amount of non-controlling interests acquired	571
Consideration transferred	911
A decrease in equity attributable to equity holders of the Company	(340)
A decrease in equity attributable to equity holders of the Company comprised:	
Surplus from change in shareholders’ equity in subsidiaries	(576)
Foreign currency translation differences	236
Total	(340)

4.4.2 CJSC Poultry Production Severnaya (“Severnaya”) and CJSC Poultry Parent Stock Production Woyskovitsy (“Woyskovitsy”)

In August 2018, the Group acquired an additional 20.00% non-controlling interest in Severnaya and Woyskovitsy for U.S. Dollar 150 million or equivalent to Baht 4,935 million, increasing the Group’s ownership interest in Severnaya and Woyskovitsy from 79.99% to 99.99%.

	<i>(Unit: Million Baht)</i> 2018
Carrying amount of non-controlling interests acquired	5,399
Consideration transferred	4,935
An increase in equity attributable to equity holders of the Company	464
An increase in equity attributable to equity holders of the Company comprised:	
Surplus from change in shareholders’ equity in subsidiaries	261
Foreign currency translation differences	203
Total	464

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4.4.3 CP Foods (UK) Limited (“CPF UK”) and The Foodfellas Ltd. (“FF”)

In October 2018, the Group acquired an additional 42.48% and 40.00% non-controlling interest in CPF UK and FF for Pound Sterling 11 million or equivalent to Baht 479 million and Pound Sterling 11 million or equivalent to 473 million, respectively, increasing the Group’s ownership interest in CPF UK and FF from 57.52% to 99.99% and 34.51% to 99.99%, respectively.

	<i>(Unit: Million Baht)</i>
	2018
Carrying amount of non-controlling interests acquired	697
Consideration transferred	952
A decrease in equity attributable to equity holders of the Company	(255)
A decrease in equity attributable to equity holders of the Company comprised:	
Surplus from change in shareholders’ equity in subsidiaries	(176)
Foreign currency translation differences	(79)
Total	(255)

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 49.11% of the Company’s voting rights as of the latest closing date of shareholder register book on 29 August 2018.

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
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		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
(a)	Income				
	Significant influence entity				
	Training and seminar income	1	2	-	-
	Software application income	1	1	-	-
	Rental, service and other income	1	1	-	-
	Sale of goods	1	-	-	-
	Subsidiaries				
	Dividend income	-	-	10,612	13,902
	Gain on sale of investment	-	-	6,455	-
	Interest income	-	-	4,321	3,468
	Sale of goods	-	-	2,322	2,686
	Rental, service and other income	-	-	10	10
	Gain on sale of fixed assets	-	-	7	-
	Associates, joint ventures and related companies				
	Sale of goods	67,129	55,373	1,057	869
	Software application income	219	36	-	-
	Rental, service and other income	182	186	3	3
	Dividend income	88	94	38	56
	Interest income	31	13	-	-
	Training and seminar income	8	14	-	-
	Gain on sale of fixed assets	2	-	2	-
(b)	Expenses and others				
	Significant influence entity				
	Purchase of raw materials and goods	10,748	10,266	2,699	2,777
	Trademark license fees	1,430	1,079	7	6
	Technical service fees	724	816	40	42
	Subsidiaries				
	Purchase of raw materials and goods	-	-	2,950	3,402
	Software application fees	-	-	165	183
	Rental and service fees	-	-	56	62
	Other expenses	-	-	36	42
	Training and seminar fees	-	-	30	40
	Loss on sale of fixed assets	-	-	-	4

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		(Unit: Million Baht)	
		Consolidated	Separate
		financial statements	financial statements
		<u>2018</u>	<u>2017</u>
		<u>2018</u>	<u>2017</u>
(b)	<i>Expenses and others (continued)</i>		
	Associates, joint ventures		
	and related companies		
	Purchase of raw materials and goods	76,610	61,803
	Construction costs of buildings, structures and others	2,944	2,885
	Rental and service fees	1,895	1,655
	Training and seminar fees	218	113
	Purchase of equipment and others	204	267
	Trademark license fees	73	50
	Software application fees	30	30
	Technical service fees	25	4
	Interest expense	11	9
	Loss on sale of fixed assets	-	30
	Other expenses	1,570	1,446

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
		<u>2018</u>	<u>2017</u>
		<u>2018</u>	<u>2017</u>
	Significant influence entity	3	2
	Subsidiaries	-	-
	Associates and joint ventures	4,553	3,911
	Related companies	12,051	8,216
	Total	16,607	12,129

5.2.2 Short-term loans

		(Unit: Million Baht)	
		Consolidated financial statements	
		Outstanding balance	Average balance
		<u>2018</u>	<u>2017</u>
		<u>2018</u>	<u>2017</u>
	Associate	-	-
	Joint venture	17	559
	Total	17	559

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5.2.2 Short-term loans (Continued)

		(Unit: Million Baht)	
		Separate financial statements	
		Outstanding balance	Average balance
		2018	2017
Subsidiaries		60,622	36,556
Total		60,622	36,556

The Group and the Company computes the average balance from the outstanding balances of short-term loans at the end of each month excluding accrued interest income.

The currency denomination of short-term loans as at 31 December was as follows:

		(Unit million Baht)	
		Consolidated financial statements	Separate financial statements
		2018	2017
Functional currencies of each company in the Group		17	559
Total		17	559

5.2.3 Advance payments for purchase of goods

		(Unit: Million Baht)	
		Consolidated financial statements	Separate financial statements
		2018	2017
Joint ventures		78	3
Related companies		5,580	4,500
Total		5,658	4,503

5.2.4 Accrued dividend income

		(Unit: Million Baht)	
		Consolidated financial statements	Separate financial statements
		2018	2017
Subsidiary		-	-
Associates		161	171
Related companies		40	-
Total		201	171

5.2.5 Accrued interest income

		(Unit: Million Baht)	
		Consolidated financial statements	Separate financial statements
		2018	2017
Subsidiaries		-	291
Total		-	291

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5.2.6 Long-term loans

(Unit: Million Baht)

	Consolidated financial statements			
	Outstanding balance		Average balance	
	2018	2017	2018	2017
Associate	6	3	4	-
Total	6	3	4	-

(Unit: Million Baht)

	Separate financial statements			
	Outstanding balance		Average balance	
	2018	2017	2018	2017
Subsidiaries	15,673	16,939	13,998	17,838
Total	15,673	16,939	13,998	17,838

The Group and 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	
	2018	2017	2018	2017
Functional currencies of each company in the Group	6	3	282	-
Foreign currencies				
- United States Dollar	-	-	15,391	16,939
Total	6	3	15,673	16,939

5.2.7 Accounts payable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Significant influence entity	257	459	57	93
Subsidiaries	-	-	48	52
Associates and joint ventures	405	321	6	8
Related companies	4,243	3,061	123	77
Total	4,905	3,841	234	230

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5.2.8 Short-term borrowings

(Unit: Million Baht)

	Consolidated financial statements			
	Outstanding balance		Average balance	
	2018	2017	2018	2017
Joint ventures	661	418	567	482
Total	661	418	567	482

The Group computes the average balance from the outstanding balances of short-term borrowings at the end of each month excluding accrued interest expense.

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					
	(Unit: Million Baht)					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2018	2017	2018	2017	2018	2017
Short-term loans to joint venture	17	559	-	-	4.85	4.85
Long-term loans to associate	6	3	-	-	4.95	4.95
Short-term borrowings from joint ventures	661	418	-	-	2.00	2.00

	Separate financial statements					
	(Unit: Million Baht)					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2018	2017	2018	2017	2018	2017
Short-term loans to subsidiaries	-	-	60,622	36,556	7.13	7.13
Long-term loans to subsidiaries	6,328	16,939	9,345	-	6.25	6.34

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5.4 Key management personnel compensation

Key management personnel compensation consists of:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>For the year ended 31 December</i>				
Short-term employee benefits	1,490	1,358	228	247
Post-employment under defined benefit plans	16	9	4	4
Total	<u>1,506</u>	<u>1,367</u>	<u>232</u>	<u>251</u>
<i>As at 31 December</i>				
Provisions for employee benefits	434	232	87	90
Total	<u>434</u>	<u>232</u>	<u>87</u>	<u>90</u>

5.5 Commitments

As at 31 December, the Group had commitments with related parties as follows:

5.5.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	<u>593</u>	<u>337</u>	<u>59</u>	<u>7</u>

5.5.2 Commitments under operating lease agreements

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within one year	1,228	1,027	273	275
Over one year but within five years	2,207	1,881	277	245
Over five years	415	476	-	-
Total	<u>3,850</u>	<u>3,384</u>	<u>550</u>	<u>520</u>

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 9 years, expiring in 2019 to 2027.

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5.6 Significant agreements


As at 31 December 2018, 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 2018 to 31 December 2018. The Company and subsidiaries have extended the agreements for an additional period until 31 March 2019 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.

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 2018 to 31 December 2018. The Company and subsidiaries have extended the agreements for an additional period until 31 March 2019 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. The Company and subsidiaries have extended the agreements for an additional period until 31 March 2019 with the same conditions and fee rates.

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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 effective starting from 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.

6 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash at financial institutions and on hand	26,353	19,803	4,406	3,609
Highly liquid short-term investments	5,125	3,169	-	-
Total	31,478	22,972	4,406	3,609

(Unit: Million Baht)

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The currency denomination of cash and cash equivalents as at 31 December was as follows:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Functional currencies of each company in the Group	29,467	21,733	4,392	3,609
Foreign currencies				
- United States Dollar	1,588	756	14	-
- Euro	153	116	-	-
- Taiwan Dollar	82	85	-	-
- Renminbi	47	94	-	-
- Hong Kong Dollar	21	25	-	-
- Zloty	19	-	-	-
- Pound Sterling	13	12	-	-
- Norway Krone	2	18	-	-
- Others	86	133	-	-
Total	31,478	22,972	4,406	3,609

7 Accounts receivable - trade and others

	Note			(Unit: Million Baht)	
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Related parties	5	16,607	12,129	1,516	1,291
Other parties		24,974	24,778	1,541	2,373
Total		41,581	36,907	3,057	3,664
Less allowance for doubtful accounts		(832)	(773)	(6)	(5)
Net		40,749	36,134	3,051	3,659
Bad and doubtful debts expense for the year ended 31 December		388	185	1	-

The outstanding balances of the doubtful accounts receivable - trade and others as at 31 December classified by aging were as follows:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Periods over credit terms:				
Over 3 months to 6 months	108	67	-	-
Over 6 months to 12 months	122	90	-	-
Over 12 months	602	616	6	5
Total	832	773	6	5

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The currency denomination of accounts receivable - trade and others as at 31 December was as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
			Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Functional currencies of each company in the Group	37,529	33,749	1,748	2,300
Foreign currencies				
- United States Dollar	2,103	1,309	590	450
- Won	393	411	-	-
- Singapore Dollar	272	294	-	-
- Euro	134	163	49	89
- Pound Sterling	107	4	54	60
- Swedish Krona	69	69	-	-
- Yen	53	43	14	13
- Australian Dollar	42	75	198	338
- Renminbi	32	1	395	401
- Others	15	16	3	8
Total	40,749	36,134	3,051	3,659

8 Inventories

	Consolidated		<i>(Unit: Million Baht)</i>	
			Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Raw materials	33,648	29,828	1,932	2,118
Chemicals and supplies	2,878	2,588	157	153
Work in progress	1,840	1,547	465	241
Finished goods	16,927	15,476	1,149	1,215
Inventories in transit	4,893	6,248	3	-
Total	60,186	55,687	3,706	3,727
Less allowance for decline in value of inventories	(554)	(569)	(45)	(96)
Net	59,632	55,118	3,661	3,631

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2018 amounted to Baht 370,223 million (2017: Baht 350,894 million) in the consolidated statement of income and Baht 15,082 million (2017: Baht 15,045 million) in the separate statement of income.

In 2018, the Group recognised losses for decline in value of inventories of Baht 233 million (2017: Baht 10 million) and the Company recognised a reversal of allowance for decline in value of inventories of Baht 51 million (2017: Baht 5 million).

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9 Biological assets

Movements for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
At 1 January	37,737	36,703	1,159	1,154
Increase due to business combination	-	46	-	-
Increase due to purchase/raise	156,571	151,567	8,848	9,981
Decrease due to sales/harvest	(148,116)	(142,922)	(8,813)	(9,698)
Depreciation	(5,735)	(5,366)	(136)	(137)
Gains (losses) on change in fair value less costs to sell	3,975	(57)	-	-
Currency translation differences	(1,250)	(1,849)	-	-
Others	(288)	(385)	(211)	(141)
Balance at 31 December	42,894	37,737	847	1,159
<i>Current</i>				
Livestock	32,890	28,104	-	-
Aquatic	1,788	1,869	847	1,159
Total current	34,678	29,973	847	1,159
<i>Non-current</i>				
Livestock	8,216	7,764	-	-
Total non-current	8,216	7,764	-	-
Total	42,894	37,737	847	1,159

Biological assets comprise livestock biological assets such as swine, chicken, duck etc. and aquatic biological assets such as shrimp and fish. Biological assets are measured at fair value using quoted prices at the end of reporting period as references. Except certain types of biological assets which have short production cycle or the market prices at present condition of the biological assets 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., they are measured at cost less accumulated depreciation and impairment losses.

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 financial statements		Separate financial statements	
	2018	2017	2018	2017
Livestock	828,853	789,645	-	-
Aquatic	17,316	17,046	3,075	4,111

(Unit: Tons)

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:

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2018					
Biological assets at fair value					
less costs to sell	17,684	-	4,018	13,666	17,684
31 December 2017					
Biological assets at fair value					
less costs to sell	13,244	-	3,218	10,026	13,244

(Unit: Million Baht)

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 2018</p> <ul style="list-style-type: none"> Suckling swine Baht 1,394 per head Weanling swine Baht 2,259 per head Fattening swine Baht 66 to Baht 75 per kilogram Sow Baht 13,309 to Baht 23,487 per head 	On the reporting date, if market price increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by Baht 1,643 million.

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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 financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2018	2017	2018	2017
At 1 January	5,910	5,265	-	-
Disposals	(64)	-	-	-
Transfer from investment in other companies	-	240	-	-
Reclassification of change in fair value to profit or loss from disposals	(442)	-	-	-
Changes in fair value	(1,095)	699	-	-
Currency translation differences	(47)	(294)	-	-
At 31 December	4,262	5,910	-	-

During the year 2018, a subsidiary sold investments held as available for sale with the carrying amount of Baht 64 million with gain on sale of investments amounting to Baht 441 million in the consolidated financial statements.

Details of investments held as available for sale

Investments held as available for sale as at 31 December were as follows:

	Ownership interest (both direct and indirect) (%)		Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2018	2017	2018	2017	2018	2017
<i>Marketable securities</i>						
- at fair value						
True Corporation Public Company Limited - at cost	2.21	2.21	7,381	7,859	-	-
Zhejiang Huatong Meat Products Co., Ltd.	1.38	3.74	165	240	-	-
Changes in fair value			(3,284)	(2,189)	-	-
Total			4,262	5,910	-	-

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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:

(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2018					
<i>Non-current</i>					
Equity securities available for sale	4,262	4,262	-	-	4,262
31 December 2017					
<i>Non-current</i>					
Equity securities available for sale	5,910	5,910	-	-	5,910

11 Investments in subsidiaries

Movements during the years ended 31 December were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
At 1 January	-	-	133,237	120,795
Acquisitions/additional investments	-	-	18,739	12,450
Impairment losses	-	-	-	(8)
At 31 December	-	-	151,976	133,237

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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		At cost - net		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Marketable securities												
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	4,691	-	-	4,691	4,691	124	87
Chia Tai Enterprises International Limited	4.98	4.98	840	840	500	500	-	-	500	500	-	-
Total					5,191	5,191	-	-	5,191	5,191	124	87
Non-marketable securities												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	507	-
CPF (Thailand) Public Company Limited	99.98	99.98	12,900	10,512	38,955	29,401	-	-	38,955	29,401	-	-
CPF Training Center Co., Ltd.	99.99	99.99	20	20	20	20	-	-	20	20	-	-
CPF IT Center Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	-	-
C.P. Merchandising Co., Ltd.	99.99	99.99	9,000	9,000	9,000	9,000	-	-	9,000	9,000	6,750	13,815
Chester Food Co., Ltd.	99.99	99.99	80	80	450	450	-	-	450	450	-	-
CPF Food Research & Development Center Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	-	-
Bellisio Investment, LLC	100.00	100.00	20,925	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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
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	100.00	333	333	333	333	-	-	333	333	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	79.37	49.03	6,596	4,406	3,736	1,587	-	-	3,736	1,587	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	(8)	(8)	-	-	-	-
Charoen Pokphand Foods (Overseas) LLC.	8.15	8.15	3,420	3,420	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	55,662	48,610	55,644	48,661	-	-	55,644	48,661	-	-
CPF Tanzania Limited	58.26	58.26	224	224	129	129	(129)	(129)	-	-	-	-
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	3,231	-
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.	66.67	66.67	27	27	17	17	-	-	17	17	-	-
Zhangzhou C.P. Chai Tai Aquaculture Co., Ltd.	100.00	-	53	-	53	-	-	-	53	-	-	-
Total					147,860	129,121	(1,075)	(1,075)	146,785	128,046	10,488	13,815
Grand Total					153,051	134,312	(1,075)	(1,075)	151,976	133,237	10,612	13,902

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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 2018 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
Non-controlling interests percentage*	49.57	49.57	61.00
Current assets	74,437	2,940	6,173
Non-current assets	78,923	6,976	11,913
Current liabilities	(63,197)	(699)	(6,752)
Non-current liabilities	(31,907)	(1,485)	(2,253)
Net assets	58,256	7,732	9,081
Goodwill of non-controlling interests	15,136	1,179	-
Carrying amount of non-controlling interests**	42,970	4,027	4,805

* 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 2018 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
Revenue	219,141	3,094	22,992
Profit for the year	12,318	713	1,072
Other comprehensive income	(3,614)	(449)	(169)
Total comprehensive income	8,704	264	903
Profit attributable to non-controlling interests	4,926	68	689
Other comprehensive income attributable to non-controlling interests	(1,445)	(186)	(109)
Cash flows from operating activities	8,350	721	1,012
Cash flows from investing activities	(5,703)	(116)	(1,700)
Cash flows from financing activities	1,235	87	567
Effect of exchange rate changes on balances held in foreign currencies	(451)	(53)	3
Net increase (decrease) in cash and cash equivalents	3,431	639	(118)
Dividend paid to non-controlling interests	2,028	-	576

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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 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	20.01
Current assets	62,305	2,464	5,674	559	5,107
Non-current assets	80,788	6,398	10,989	804	5,390
Current liabilities	(53,216)	(529)	(5,643)	(21)	(1,280)
Non-current liabilities	(36,495)	(870)	(1,930)	-	(473)
Net assets	53,382	7,463	9,090	1,342	8,744
Goodwill of non-controlling interests	15,239	1,187	-	101	3,265
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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13 Investments in associates

Movements during the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
At 1 January	84,226	75,786	335	335
Share of profit	7,645	7,437	-	-
Dividend income	(3,615)	(3,336)	-	-
Acquisition/additional investments	12,865	10,125	-	-
Disposals	(2,937)	(5,632)	-	-
Exchange with Exchangeable Bonds	(1,577)	-	-	-
Currency translation differences	(494)	(146)	-	-
Others	13	(8)	-	-
At 31 December	96,126	84,226	335	335

The Group accounts for the investment in ordinary shares of an associate, CP ALL Public Company Limited (“CPALL”), which is a listed company in the Stock Exchange of Thailand, in the consolidated financial statements by the equity method. As at 31 December 2018, the fair value of this investment was Baht 211,073 million (2017: Baht 236,440 million).

During the year 2018, the Group sold a portion of the investment in an associate with the carrying amount of Baht 2,937 million (2017: Baht 5,632 million) with gain on sale of investment amounting to Baht 5,759 million (2017: Baht 10,429 million), and exchanged the Exchangeable Bonds (“EBs”) into ordinary shares of CPALL with the carrying amount of Baht 1,577 million since the holders of EBs had exercised the exchange rights pursuant to the details set out in the terms and conditions of the EBs with gain on the exchange amounting to Baht 3,128 million (see details in note 23).

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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:

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership interest (both direct and indirect)		Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	(%)													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Marketable security														
CP ALL Public Company Limited	34.17	34.28	8,983	8,983	74,776	64,400	89,228	77,307	-	-	89,228	77,307	3,344	3,176
Total					74,776	64,400	89,228	77,307	-	-	89,228	77,307	3,344	3,176
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	140	110	-	-	140	110	27	20
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	143	186	-	-	143	186	90	49
BHJ Kalino Food AB (“BHJ”) *	15.08	15.08	5	5	24	24	30	29	-	-	30	29	2	2
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	685	759	-	-	685	759	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,357	1,359	-	-	1,357	1,359	-	-

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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		At equity - net		Dividend income	
	(%)													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Chia Tai Conti (Cixi)														
Investment														
Management Co., Ltd.	25.21	25.21	5	5	8	8	6	7	-	-	6	7	-	-
Cixi Zhuda Investment														
Centre Limited														
Partnership **	0.50	0.50	3	3	-	-	-	-	-	-	-	-	-	-
Conti Chia Tai														
International														
Limited	25.21	25.21	767	767	1,052	1,052	1,755	1,621	-	-	1,755	1,621	-	-
Ningxia Xiao Ming														
Animal Husbandry														
Co., Ltd. **	8.10	8.34	362	293	749	749	727	738	-	-	727	738	-	6
Qingdao Yi Bang Bio														
Engineering Co., Ltd. **	6.05	6.05	147	147	1,358	1,358	1,359	1,424	-	-	1,359	1,424	152	34
Zhan Jiang Deni														
Carburetor														
Co., Ltd. ***	14.12	14.12	581	581	424	424	531	521	-	-	531	521	-	49
Total					4,165	4,165	6,898	6,919	-	-	6,898	6,919	271	160
Grand total					78,941	68,565	96,126	84,226	-	-	96,126	84,226	3,615	3,336

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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 Centre Limited Partnership (“Cixi Zhuda”) are associates in which 16.07%, 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 8.10%, 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 (“CTEI”), 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	
	(%)											
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<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	
	2018	2017
<i>Financial information of the associate</i>		
Revenue	527,860	489,450
Profit from continuing operations	21,183	20,066
Other comprehensive income	(632)	(244)
Total comprehensive income	20,551	19,822
Attributable to non-controlling interests	253	111
Attributable to the equity holder of the associate	20,298	19,711
Current assets	74,999	66,574
Non-current assets	298,748	293,725
Current liabilities	(123,757)	(112,107)
Non-current liabilities	(150,171)	(167,963)
Net assets	99,819	80,229
Attributable to non-controlling interests	33,397	24,305
Attributable to the equity holder of the associate	66,422	55,924
<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	19,171	15,934
Total comprehensive income attributable to the Group	6,885	6,852
Dividends received during year	(3,344)	(3,176)
Difference from change in ownership	(16)	(439)
Group's interests in net assets of the associate at end of year	22,696	19,171
Goodwill	66,532	58,136
Carrying amount of the interests in the associate at 31 December	89,228	77,307

Immaterial associates

The following is summarised financial information for the Group's interest in immaterial associates:

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2018	2017
Carrying amount of interests in immaterial associates	6,898	6,919
Group's share of:		
- Profit from continuing operations	484	498
- Other comprehensive income	(233)	(67)
- Total comprehensive income	251	431

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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>2018</u>	<u>2017</u>
Group's share of contingent liabilities	14	36

14 Investments in joint ventures

Movements during the years ended 31 December were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2018</u>	<u>2017</u>
At 1 January	6,949	4,582
Share of profit	698	546
Dividend income	(50)	(47)
Previous held interest in joint venture before status change to subsidiary	(217)	-
Acquisitions/additional investments	2,520	1,882
Acquired through business acquisition	-	6
Currency translation differences	(304)	(20)
At 31 December	<u>9,596</u>	<u>6,949</u>

	<i>(Unit: Million Baht)</i>	
	Separate	
	financial statements	
	<u>2018</u>	<u>2017</u>
At 1 January	1,882	-
Share of profit	-	-
Dividend income	-	-
Previous held interest in joint venture before status change to subsidiary	-	-
Acquisitions/additional investments	2,478	1,882
Acquired through business acquisition	-	-
Currency translation differences	-	-
At 31 December	<u>4,360</u>	<u>1,882</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:

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership interest (both direct and indirect)		Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	(%)													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<i>Non-marketable securities</i>														
CP-Meiji Co., Ltd. ("CP-Meiji") *	59.99	59.99	500	500	1,200	1,200	2,235	1,939	-	-	2,235	1,939	-	-
Andhra Pradesh Broodstock Multiplicationcentre Private Limited **	50.00	-	68	-	34	-	35	-	-	-	35	-	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	224	215	-	-	224	215	-	-
Camanor Produtos Marinhos Ltda.	40.00	-	103	-	566	-	540	-	-	-	540	-	-	-
CP-MP Logistics Joint Stock Company	31.80	-	16	-	8	-	8	-	-	-	8	-	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	19	21	-	-	19	21	3	2
Jilin Chia Tai Enterprise Co., Ltd.	-	25.21	261	261	-	211	-	220	-	-	-	220	-	-
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	255	263	-	-	255	263	42	39
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,630	2,433	-	-	2,630	2,433	-	-
SuperDrob S.A.	49.45	33.00	4,708	2,825	3,794	1,882	3,646	1,854	-	-	3,646	1,854	-	-

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Details of investments in joint ventures (Continued)

(Unit: Million Baht)

Consolidated financial statements														
	Ownership interest (both direct and indirect)		Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	(%)													
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Westbridge Foods Holding B.V. **	50.00	50.00	1	1	6	6	4	4	-	-	4	4	5	6
Total					7,257	4,948	9,596	6,949	-	-	9,596	6,949	50	47

* 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.

** Andhra Pradesh Broodstock Multiplicationcentre Private Limited and Westbridge Foods Holding B.V. are joint ventures because each investor has joint control over significant financial and operating decisions and have rights to the net assets of Andhra Pradesh Broodstock Multiplicationcentre Private Limited and 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	
	2018	2017
Carrying amount of interests in immaterial joint ventures	9,596	6,949
Group's share of:		
- Profit from continuing operations	698	546
- Other comprehensive income	(522)	(20)
- Total comprehensive income	176	526

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	
	2018	2017
Group's share of the commitments	413	213
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					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<i>Non-marketable securities</i>												
Camamor Produtos Marinhos Ltda.	40.00	-	103	-	566	-	-	-	566	-	-	-
SuperDrob S.A.	49.45	33.00	4,708	2,825	3,794	1,882	-	-	3,794	1,882	-	-
Total					4,360	1,882	-	-	4,360	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	
	2018	2017	2018	2017
At 1 January	1,542	1,605	678	678
Disposal	-	-	(528)	-
Currency translation differences	(37)	(63)	-	-
At 31 December	1,505	1,542	150	678

During the year 2018, the Company transferred investment in a related company amount of Baht 528 million to a subsidiary as a payment for the subscription of shares of the subsidiary and incurred gain from this payment of the subscription shares of Baht 6,455 million in the separate financial statement.

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	
	2018	2017	2018	2017	2018	2017
Non-marketable securities						
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	1,114	1,151	-	528
Total			1,505	1,542	150	678

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16 Investment properties

Movements for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<i>At cost</i>				
At 1 January	1,729	1,372	200	200
Additions	107	-	-	-
Transfers from property, plant and equipment	155	404	155	-
Transfer to property, plant and equipment	(52)	-	-	-
Depreciation	(48)	(38)	-	-
Currency translation differences	(40)	(9)	-	-
At 31 December	1,851	1,729	355	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 2018 totalling Baht 3,979 million and Baht 1,210 million respectively (2017: Baht 3,879 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 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 and 1 January 2018	33,240	103,567	101,881	13,673	23,175	275,536
Additions	461	2,234	1,944	835	24,683	30,157
Acquired through business acquisitions	8	298	243	2	11	562
Transfers	503	12,048	9,675	908	(23,194)	(60)
Transfers from investment properties	-	52	-	-	-	52
Transfers to investment properties	(155)	-	-	-	-	(155)
Transfer to asset held for sale	(16)	(249)	(631)	(28)	-	(924)
Disposals	(50)	(776)	(2,018)	(801)	(114)	(3,759)
Currency translation differences	(543)	(5,686)	(4,726)	(601)	(1,185)	(12,741)
At 31 December 2018	33,448	111,488	106,368	13,988	23,376	288,668

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17 Property, plant and equipment (Continued)

(Unit: Million Baht)

	Consolidated financial statements					
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	Total
Accumulated depreciation and impairment losses						
At 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 and 1 January 2018	-	(34,325)	(43,638)	(8,513)	-	(86,476)
Depreciation charge for the year	-	(5,457)	(8,323)	(1,379)	-	(15,159)
Impairment losses	-	(35)	(13)	-	-	(48)
Transfers	-	188	832	(231)	-	789
Disposals	-	642	1,752	755	-	3,149
Currency translation differences	-	1,850	2,054	374	-	4,278
At 31 December 2018	-	(37,137)	(47,336)	(8,994)	-	(93,467)
Net book value						
Owned assets	31,415	64,895	50,176	5,065	24,579	176,130
Assets under finance leases	-	-	31	16	-	47
At 1 January 2018	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 and 1 January 2018	33,240	69,242	58,243	5,160	23,175	189,060
Owned assets	33,448	72,754	58,981	4,800	23,376	193,359
Assets under finance Leases	-	1,597	51	194	-	1,842
At 31 December 2018	33,448	74,351	59,032	4,994	23,376	195,201

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17 Property, plant and equipment (Continued)

(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 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 and 1 January 2018	6,529	12,830	11,927	1,197	1,147	33,630
Additions	9	11	159	38	1,153	1,370
Transfers	20	770	840	3	(1,634)	(1)
Transfers to investment properties	(155)	-	-	-	-	(155)
Disposals	(20)	(276)	(556)	(69)	-	(921)
At 31 December 2018	6,383	13,335	12,370	1,169	666	33,923
<i>Accumulated depreciation and impairment losses</i>						
At 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 and 1 January 2018	-	(7,664)	(8,066)	(1,060)	-	(16,790)
Depreciation charge for the year	-	(839)	(819)	(63)	-	(1,721)
Disposals	-	224	517	66	-	807
At 31 December 2018	-	(8,279)	(8,368)	(1,057)	-	(17,704)
<i>Net book value</i>						
Owned assets	6,471	5,309	3,943	153	1,196	17,072
At 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 and 1 January 2018	6,529	5,166	3,861	137	1,147	16,840
Owned assets	6,383	5,056	4,002	112	666	16,219
At 31 December 2018	6,383	5,056	4,002	112	666	16,219

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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 2018 amounted to Baht 51,512 million (2017: Baht 47,323 million) in the consolidated statement of financial position, and Baht 10,514 million (2017: Baht 9,371 million) in the separate statement of financial position.

Capitalised borrowing cost in 2018 of the Group and the Company in accordance with acquisition of property, plant and equipment amounted to Baht 836 million and Baht 18 million respectively (2017: Baht 709 million and Baht 28 million respectively) 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 33,448 million and Baht 6,383 million respectively (2017: Baht 33,240 million and Baht 6,529 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	
		2018	2017
Cost	<i>Note</i>		
At 1 January		99,522	107,492
Acquired through business acquisitions	4	102	466
Fair value adjustments	4	(92)	741
Currency translation differences		(3,589)	(9,177)
At 31 December		95,943	99,522
Impairment loss			
At 1 January		-	-
Impairment loss		(515)	-
At 31 December		(515)	-
Net book value			
At 1 January		99,522	107,492
At 31 December		95,428	99,522

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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, growth rates of the relevant industries of the countries of the operation and the long-term growth plan as well as the comparable businesses in the same industries.

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, costs and related expenses, by taking the average growth rate in the past, budgeted sale quantities, selling price, and expenses into account and referencing to future trend of market growth along with the business strategies and the operation of the Group 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 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 and 1 January 2018	719	1,950	7,110	12,140	21,919
Additions	25	-	-	1,098	1,123
Acquired through business acquisitions	-	-	55	92	147
Transfers	28	1,893	6,973	(8,861)	33
Disposals	-	-	-	(6)	(6)
Currency translation differences	(20)	24	(70)	(571)	(637)
At 31 December 2018	752	3,867	14,068	3,892	22,579
Accumulated amortisation					
At 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 and 1 January 2018	(435)	(139)	(780)	(4,080)	(5,434)
Amortisation charge for the year	(63)	(128)	(507)	(489)	(1,187)
Transfers	-	(131)	(742)	874	1
Disposals	-	-	-	4	4
Currency translation differences	9	(1)	28	213	249
At 31 December 2018	(489)	(399)	(2,001)	(3,478)	(6,367)
Net book value					
At 1 January 2017	264	2,126	7,085	9,213	18,688
At 31 December 2017 and 1 January 2018	284	1,811	6,330	8,060	16,485
At 31 December 2018	263	3,468	12,067	414	16,212

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19 Other intangible assets (Continued)

(Unit: Million Baht)

	Separate financial statements		
	Development cost of software applications	Others	Total
Cost			
At 1 January 2017	7	96	103
Additions	-	6	6
At 31 December 2017 and 1 January 2018	7	102	109
Additions	-	3	3
Transfer	-	1	1
At 31 December 2018	7	106	113
Accumulated amortisation			
At 1 January 2017	(6)	(57)	(63)
Amortisation charge for the year	-	(9)	(9)
At 31 December 2017 and 1 January 2018	(6)	(66)	(72)
Amortisation charge for the year	-	(8)	(8)
At 31 December 2018	(6)	(74)	(80)
Net book value			
At 1 January 2017	1	39	40
At 31 December 2017 and 1 January 2018	1	36	37
At 31 December 2018	1	32	33

The gross amount of the Group's and the Company's fully amortised intangible assets that were still in use as at 31 December 2018 amounted to Baht 892 million in the consolidated statement of financial position, and Baht 36 million in the separate statement of financial position (2017: Baht 593 million and Baht 24 million respectively).

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20 Restricted deposits at financial institutions

As at 31 December 2018, certain subsidiaries had restricted deposits at financial institutions totalling Baht 1,136 million in order to comply with conditions for using credit facilities of foreign financial institutions (2017: Baht 821 million).

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	
	2018	2017	2018	2017
Deferred tax assets	3,384	4,727	1,573	2,990
Deferred tax liabilities	(9,087)	(9,985)	-	-
Net deferred tax assets (liabilities)	(5,703)	(5,258)	1,573	2,990

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Movements of deferred tax assets and liabilities during the year 2018 were as follows:

(Unit: Million Baht)

	Consolidated financial statements						
	Charged/Credited to (Note 36)						
	At 1 January 2018	Profit or loss	Other comprehensive income	Shareholders' equity	Acquired in business combination	Currency translation differences	At 31 December 2018
Deferred tax assets (liabilities)							
Biological assets	(359)	(641)	-	-	-	19	(981)
Investments	(454)	-	277	-	-	7	(170)
Tax losses	5,880	(854)	-	150	69	(231)	5,014
Other intangible assets	(3,452)	257	-	4	(41)	45	(3,187)
Property, plant and equipment	(6,665)	(124)	(16)	69	(63)	300	(6,499)
Provisions for employee benefits	808	24	7	(89)	-	(17)	733
Others	(1,016)	422	-	3	1	(23)	(613)
Net	(5,258)	(916)	268	137	(34)	100	(5,703)

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Movements of deferred tax assets and liabilities during the year 2017 were as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Charged/Credited to (Note 36)				Acquired in business combination	Currency translation differences
	At 1 January 2017	Profit or loss	Other comprehensive income	Shareholders' equity		
Deferred tax assets (liabilities)						
Biological assets	(350)	(35)	-	-	-	26
Investments	(232)	2	(223)	-	-	(1)
Tax losses	4,013	1,544	-	127	304	(108)
Other intangible assets	(5,879)	1,914	-	-	24	489
Property, plant and equipment	(7,410)	574	(8)	-	(11)	190
Provisions for employee benefits	765	46	6	-	-	(9)
Others	(1,285)	256	-	(45)	(29)	87
Net	(10,378)	4,301	(225)	82	288	674

For the year ended 31 December 2018

(Unit: Million Baht)

(Unit: Million Baht)

As at 31 December 2018 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 9,480 million (2017: Baht 11,115 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>	
	financial statements		Separate	
	2018	2017	2018	2017
At 1 January	7,870	7,728	-	-
Additions	650	412	-	-
Acquired through business acquisitions	150	144	-	-
Transfer from other current assets	415	114	-	-
Amortisation	(271)	(278)	-	-
Disposal	(29)	-	-	-
Currency translation differences	(483)	(250)	-	-
At 31 December	8,302	7,870	-	-

23 Interest-bearing liabilities

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2018	2017	2018	2017
<i>Current</i>				
Bank overdrafts	1,435	1,049	3	3
Bills of exchange	32,244	35,946	17,204	15,441
Promissory notes	7,944	11,371	-	-
Short-term borrowings from financial institutions	42,493	47,486	-	-
Packing credits	8,195	7,239	-	-
Liabilities under trust receipts	1,245	932	-	-
Total	93,556	104,023	17,207	15,444

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23 Interest-bearing liabilities (Continued)

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Note		2018	2017	2018	2017
	Short-term borrowings from joint ventures	5	661	418	-
	Current portion of long-term debts				
	Long-term borrowings from financial institutions		13,778	16,235	-
	Debentures		13,190	9,000	8,500
	Liabilities under finance leases		160	16	-
	Total		27,128	25,251	8,500
	Total current		121,345	129,692	25,707
	Non-current				
	Long-term debts				
	Long-term borrowings from financial institutions		67,725	51,110	2,879
	Debentures		136,501	97,976	92,500
	Exchangeable Bonds		3,042	9,895	-
	Liabilities under finance leases		1,680	37	-
	Total		208,948	159,018	95,379
	Total non-current		208,948	159,018	95,379
	Grand total		330,293	288,710	121,086

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

		<i>(Unit: Million Baht)</i>			
		Consolidated financial statements		Separate financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Functional currencies of each company in the Group	314,342	274,568	118,207	88,444
	Foreign currencies				
	- United States Dollar	15,618	12,783	2,879	-
	- Euro	333	1,347	-	-
	- Zloty	-	12	-	-
	Total	330,293	288,710	121,086	88,444

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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	
	2018	2017	2018	2017
Within one year	121,186	129,676	25,707	24,444
After one year but within five years	133,271	103,405	43,800	30,560
After five years	73,996	55,576	51,579	33,440
Total	328,453	288,657	121,086	88,444

The Group had secured interest-bearing liabilities as at 31 December 2018 totalling Baht 24,744 million (2017: Baht 33,641 million). Value of assets used for secured interest-bearing liabilities totalled Baht 22,081 million (2017: Baht 30,322 million).

Long-term borrowings from financial institutions

As at 31 December 2018, the Group had significant borrowing agreements as follows:

CPF Investment Limited (“CPFI”)

On 2 July 2012 CPFI, a 100.00% owned subsidiary of the Group entered into secured long-term borrowing agreement with a financial institution (“the agreement”). Subsequently, on 24 March 2017 CPFI amended the borrowing agreement. Details were as follows:

Borrowing agreements	Utilised credit facilities	Carrying amount as at 31 December 2018	Interest rate (% per annum)	Term of payment
Facility 1	U.S. Dollar 60 million	U.S. Dollar 59 million (Approximately equivalent to Baht 1,923 million)	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 961 million)	LIBOR plus specified rate	Every 6 months, mature in 2022

CPFI used the above long-term borrowing facilities to finance investing activity and for general corporate operations. In this regard, CPFI must pledge the shares of C.P. Pokphand Co., Ltd. (“CPP”) whose shares are listed in the Stock Exchange of Hong Kong as collateral for the above borrowings and must comply with the covenants as specified in the agreement.

As at 31 December 2018 CPFI pledged 1,234 million shares of CPP with a fair value of Baht 3,415 million.

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During the year 2018, CPFI entered into long-term borrowing agreements with various financial institutions (“the agreement”). Details as follows:

Agreements date	Utilised credit facilities	Carrying amount as at 31 December 2018	Interest rate (% per annum)	Term of payment
28 February 2018	U.S. Dollar 650 million	U.S. Dollar 642 million (Approximately equivalent to Baht 20,747 million)	LIBOR plus specified rate	Every 6 months, mature in 2023
26 June 2018	U.S. Dollar 67 million	U.S. Dollar 66 million (Approximately equivalent to Baht 2,126 million)	LIBOR plus specified rate	Every 6 months, mature in 2023

CPFI used the above long-term borrowing facilities to finance investing activity and for general corporate operations. In this regard, CPFI must comply with the covenants as specified in the agreement.

C.P. Pokphand Co., Ltd. (“CPP”)

On 17 June 2016, CPP, a 50.43% owned subsidiary of the Group entered into a long term loan agreement with various financial institutions (“the agreement”) amounting to U.S. Dollar 600 million.

Detail of the agreement is as follows:

Utilised credit facility	Carrying amount as at 31 December 2018	Interest rate (% per annum)	Term of payment
U.S. Dollar 600 million	U.S. Dollar 552 million (Approximately equivalent to Baht 17,846 million)	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 2018, the Company and certain subsidiaries had debentures as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Charoen Pokphand Foods Public Company Limited (the “Company”)				
Debentures #1/2011	7,000	10,000	7,000	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
Debentures #2/2013	8,000	8,000	8,000	8,000
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
Debentures #1/2018	12,000	-	12,000	-
Debentures #2/2018	25,000	-	25,000	-
Total	101,000	73,000	101,000	73,000
CPF (Thailand) Public Company Limited (“CPFTH”)				
Debentures #1/2016	16,000	16,000	-	-
Debentures #2/2016	13,000	13,000	-	-
Debentures #1/2018	15,000	-	-	-
Total	44,000	29,000	-	-
C.P. Foods Holdings Limited (“CPFH”)				
Exchangeable Bonds	3,042	9,895	-	-
Total	3,042	9,895	-	-
Chia Tai (China) Investment Co., Ltd. (“CTI”)				
Debenture	4,691	4,976	-	-
Total	4,691	4,976	-	-
Grand Total	152,733	116,871	101,000	73,000
<i>Less current portion</i>	<i>(13,190)</i>	<i>(9,000)</i>	<i>(8,500)</i>	<i>(9,000)</i>
Net	139,543	107,871	92,500	64,000

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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, was matured on 19 August 2018.
- 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 8 November 2018 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 8 November 2018 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 8 November 2018 and were registered with the Thai Bond Market Association on 3 August 2012.

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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, was matured on 2 August 2017.
- 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 8 November 2018 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 8 November 2018 and were registered with the Thai Bond Market Association on 13 May 2015.

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 8 November 2018 and were registered with the Thai Bond Market Association on 29 July 2015.

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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 8 November 2018 and were registered with the Thai Bond Market Association on 12 April 2016.

Debenture # 1/2018

On 24 January 2018, 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 5.46 billion with a term of 7 years, bearing interest at the fixed rate of 3.05% per annum.
- The second series of Baht 6.54 billion with a term of 10 years, bearing interest at the fixed rate of 3.60% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 November 2018 and were registered with the Thai Bond Market Association on 24 January 2018.

Debenture # 2/2018

On 15 November 2018, the Company issued Baht 25 billion unsubordinated and unsecured debentures in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 6.7 billion with the term of 2 years, bearing interest at the fixed rate of 2.74% per annum.
- The second series of Baht 7.6 billion with the term of 3 years and 6 months, bearing interest at the fixed rate of 3.20% per annum.
- The third series of Baht 2.2 billion with the term of 6 years, bearing interest at the fixed rate of 3.79% per annum.
- The fourth series of Baht 3.2 billion with the term of 10 years, bearing interest at the fixed rate of 4.41% per annum.
- The fifth series of Baht 5.3 billion with the term of 12 years, bearing interest at the fixed rate of 4.66% per annum.

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 November 2018 and were registered with the Thai Bond Market Association on 15 November 2018.

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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.

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 11 May 2018 and were registered with the Thai Bond Market Association on 20 January 2016.

Debenture # 2/2016

On 15 July 2016, CPFTH 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 latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 11 May 2018 and were registered with the Thai Bond Market Association on 15 July 2016.

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Debenture # 1/2018

On 24 May 2018, CPFTH issued Baht 15 billion unsubordinated and unsecured debentures without debenture holder representative. The debentures are divided into:

- The first series of Baht 4.5 billion with the term of 3 years, bearing interest at the fixed rate of 2.43% per annum.
- The second series of Baht 4 billion with the term of 6 years, bearing interest at the fixed rate of 3.24% per annum.
- The third series of Baht 3.5 billion with the term of 12 years, bearing interest at the fixed rate of 4.16% per annum.
- The fourth series of Baht 3 billion with the term of 15 years, bearing interest at the fixed rate of 4.43% per annum.

The debentures had a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 11 May 2018 and were registered with the Thai Bond Market Association on 24 May 2018.

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.

Details of Exchangeable Bonds of C.P. Foods Holdings Limited (“CPFH”) are as follows:

Exchangeable Bonds

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 a financial institution 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.

During the year 2018, CPFH derecognised the EBs with an aggregate principal amount of U.S. Dollar 144 million or equivalent to Baht 4,580 million on the Exchange Date and recognised the related transactions as a result of the exercise of exchange rights by the holders of the EBs into ordinary shares of CPALL as an exchange property, pursuant to the terms and conditions of the EBs. In this regard, CPFH delivered CPALL shares to the EBs holders in relation to the aggregate principal amount of the EBs for a pro rata share which the holders of the EBs exercised their exchange rights within the specified period.

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On 24 September 2018, CPFH redeemed and derecognised the EBs with an aggregate principal amount of U.S. Dollar 66 million or approximately Baht 2,121 million as the EB holders exercised their redemption rights pursuant to the terms and conditions of the EBs.

As at 31 December 2018 the carrying amount of the EBs were U.S. Dollar 94 million or equivalent to Baht 3,042 million (2017: U.S. Dollar 304 million or equivalent to Baht 9,895 million).

Details of debenture of Chia Tai (China) Investment Company Limited (“CTI”) are as follows:

The First Tranche of Domestic Bonds (“Debenture”)

On 14 November 2016 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 21 June 2018.

As at 31 December 2018 the carrying amount of the debenture was Renminbi 998 million or equivalent to Baht 4,691 million (2017: 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	
		2018	2017	2018	2017
Related parties	5	4,905	3,841	234	230
Other parties		30,554	30,996	1,012	1,154
Total		35,459	34,837	1,246	1,384

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	
	2018	2017	2018	2017
Functional currencies of each company in the Group	30,302	29,314	1,243	1,384
Foreign currencies				
- United States Dollar	3,786	4,769	3	-
- Euro	1,195	634	-	-
- Zloty	51	-	-	-
- Yen	47	31	-	-
- Other	78	89	-	-
Total	35,459	34,837	1,246	1,384

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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>	
	financial statements		Separate	financial statements
	2018	2017	2018	2017
Present value of funded - defined benefit obligations	536	721	-	-
Fair value of plan assets	(324)	(337)	-	-
	212	384	-	-
Present value of unfunded - defined benefit obligations	5,754	5,382	1,689	1,620
Total	5,966	5,766	1,689	1,620

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>	
	financial statements		Separate	financial statements
	2018	2017	2018	2017
Defined benefit obligations at 1 January	6,106	5,830	1,620	1,531
Benefits paid by the plans	(427)	(288)	(88)	(53)
Current service costs and interest	648	556	157	142
Defined benefit plan actuarial losses	52	42	-	-
Acquired through business acquisitions	-	5	-	-
Others	(89)	(39)	-	-
Defined benefit obligations at 31 December	6,290	6,106	1,689	1,620
Fair value of plan assets at 1 January	337	346	-	-
Expected return on plan assets	3	4	-	-
Defined benefit plan actuarial gain (loss)	10	(1)	-	-
Contributions paid	25	25	-	-
Benefits paid by the plans	(39)	(35)	-	-
Currency translation differences	(12)	(2)	-	-
Fair value of plan assets at 31 December	324	337	-	-

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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>	
	financial statements		Separate	
	2018	2017	2018	2017
Current service costs	450	376	100	96
Interest costs	198	180	57	46
Expected return on plan assets	(3)	(4)	-	-
Total	645	552	157	142

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>	
	financial statements		Separate	
	2018	2017	2018	2017
Cost of sales of goods	306	257	81	72
Distribution costs	92	74	15	13
Administrative expenses	247	221	61	57
Total	645	552	157	142
Actual return on plan assets	3	4	-	-

Actuarial gains (losses) recognised in other comprehensive income for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2018	2017	2018	2017
Included in retained earnings:				
At 1 January	299	328	228	228
Recognised during the year	(52)	(29)	-	-
At 31 December	247	299	228	228

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Principal actuarial assumptions at 31 December were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	0.75 - 13.50	1.00 - 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

(Unit: %)

Assumptions regarding future mortality are based on mortality tables of each country.

As at 31 December 2018, the weighted-average duration of the defined benefit obligation was 10 years (2017: 9 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		Separate	
	financial statements		financial statements	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Defined benefit obligation as at 31 December 2018				
Discount rate (1% movement)	(648)	755	(180)	211
Future salary change (1% movement)	723	(634)	201	(176)
Defined benefit obligation as at 31 December 2017				
Discount rate (1% movement)	(615)	716	(169)	198
Future salary change (1% movement)	687	(604)	189	(166)

(Unit: Million Baht)

On 13 December 2018, the National Legislative Assembly approved a draft of Labor Protection Act whose impact of Section 15 of the aforesaid draft includes a requirement for the employer to make severance payment of not less than 400 days of wages at the most recent rate for an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more. In this regard, the Group will recognise the increase of provision for retirement benefits and past service cost when this Act have become effective of Baht 1,812 million and Baht 560 million in the consolidated financial statements and separate financial statements, respectively.

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26 Share capital

		(Unit: Million Shares/Million Baht)			
		Consolidated financial statements/		Separate financial statements	
		2018		2017	
	<i>Par value per share (in Baht)</i>	Number of shares	Baht	Number of shares	Baht
Authorised					
At 1 January					
- ordinary shares	1	9,292	9,292	7,743	7,743
Issue of new shares					
- ordinary shares	1	-	-	1,549	1,549
At 31 December					
- ordinary shares	1	9,292	9,292	9,292	9,292
Issued and paid-up					
At 1 January					
- ordinary shares	1	8,611	8,611	7,743	7,743
Issue of new shares					
- ordinary shares	1	-	-	868	868
At 31 December					
- ordinary shares	1	8,611	8,611	8,611	8,611

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.

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 had proceeded with the decrease of registered capital by cancelling such remaining shares according to Section 140 of the Public Limited Companies Act B.E. 2535 and these newly issued shares of the Company were traded in the Stock Exchange of Thailand on 9 August 2017.

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27 Treasury shares

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Ordinary shares of the Company held by subsidiaries				
At 1 January	2,909	1,135	-	-
Increase	-	1,774	-	-
Total	<u>2,909</u>	<u>2,909</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:

- (a) The changes in a parent's ownership interest in subsidiaries that do not result in a loss of control.
- (b) The changes in interest in equity of associates.

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.

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3) *Fair value changes on investments held as available-for-sale investments*

The fair value changes account within equity comprises the cumulative net change in the fair value of investments held as available for sale 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 2018, the Company has the legal reserve totalling Baht 929 million (2017: Baht 929 million).

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.

During the year 2018, the Company paid interest expense to the Debentures holders amount of Baht 750 million (2017: Baht 378 million). The interest expense net of income tax of Baht 605 million (2017: Baht 310 million) was deducted from unappropriated retained earnings in the statements of financial position as at 31 December 2018.

As at 31 December 2018, the accumulated accrued interest expenses subsequent to the latest interest payment date was Baht 249 million (2017: Baht 249 million).

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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

Detail of the reportable segments financial information of the Group as at 31 December and for the years then ended were as follows:

	<i>(Unit: Million Baht)</i>					
	Consolidated financial statements					
	Livestock business		Aquaculture business		Total	
	2018	2017	2018	2017	2018	2017
<i>Statements of income</i>						
Revenue from sale of goods	467,425	428,030	74,512	73,477	541,937	501,507
Operating profit	18,469	6,757	5,567	6,768	24,036	13,525
Central income, net					7,164	8,405
Finance costs					(11,703)	(11,743)
Net foreign exchange losses					(203)	(21)
Share of profit of investments in associates and joint ventures					8,343	7,983
Income tax expense					(6,212)	(251)
Profit for the year					21,425	17,898
<i>Assets</i>						
Property, plant and equipment and intangible assets (excluded goodwill), net	177,841	171,786	32,030	32,514	209,871	204,300
Central assets, net					1,542	1,245
Other assets					416,678	387,952
Total					628,091	593,497

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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

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:

		<i>(Unit: Million Baht)</i>			
		Consolidated financial statements			
		Revenue from external customers		Property, plant and equipment and intangible assets (excluded goodwill) and central assets	
		2018	2017	2018	2017
Thailand		149,178	147,894	82,362	75,906
Asia		313,241	274,393	93,690	94,927
Europe		54,413	51,186	16,795	18,739
America		23,789	26,063	18,566	15,973
Others		1,316	1,971	-	-
Total		541,937	501,507	211,413	205,545

Information about major customer

In 2018 and 2017, there were no single external customer that contributed 10% or more of the Group's total revenue.

31 Distribution costs

		<i>(Unit: Million Baht)</i>			
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Employee benefit expenses		8,546	8,369	583	566
Transportation expenses		3,418	3,187	1	4
Advertising and sale promotion expenses		2,756	3,012	90	113
Vehicle and traveling expenses		2,004	1,992	62	69
Office expenses		1,528	1,457	52	57
Building and equipment rental fees		876	872	76	79
Depreciation and amortisation		698	525	3	4
Others		999	1,183	12	16
Total		20,825	20,597	879	908

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32 Administrative expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Employee benefit expenses	16,741	16,716	2,178	2,266
Office expenses	4,282	3,888	289	325
Depreciation and amortisation	2,375	2,508	68	110
Taxes, government and bank fees and others	1,213	967	33	37
Professional fees	1,057	1,665	119	41
Vehicle and traveling expenses	1,000	1,045	76	80
Building and equipment rental fees	810	739	87	85
Public relationship expenses	507	608	40	34
Donation	376	443	8	9
Insurance premium	308	308	7	10
Others	2,554	2,304	26	85
Total	31,223	31,191	2,931	3,082

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 1,506 million and Baht 232 million in the consolidated and separate statements of income for the year ended 31 December 2018 respectively (2017: Baht 1,367 million and Baht 251 million respectively).
- Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totalling Baht 54,616 million and Baht 6,331 million in the consolidated and separate statements of income for the year ended 31 December 2018 respectively (2017: Baht 52,904 million and Baht 6,338 million respectively).

34 Expenses by nature

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Changes in finished goods, work in progress and biological assets	(4,722)	(3,415)	154	(111)
Raw materials and consumables used	376,024	346,429	13,995	14,973
Employee benefit expenses	56,122	54,271	6,563	6,589
Factory and office expenses	41,122	38,664	4,187	4,807
Depreciation and amortisation	16,673	15,882	1,729	1,812
Transportation expenses	11,635	10,240	502	508
Building and equipment rental fees	6,379	5,999	399	430
Vehicle and traveling expenses	3,920	4,087	230	258
Advertising, public relationship and sale promotion expenses	3,391	3,755	142	160
Taxes, government and bank fees	2,135	2,020	54	56
Professional fees	1,212	1,816	120	42
Others	14,386	13,462	151	222
Total cost of sales of goods, distribution costs and administrative expenses	528,277	493,210	28,226	29,746

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35 Finance costs

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2018	2017	2018	2017
Finance cost paid to:				
Joint ventures	11	9	-	-
Other parties	11,692	11,734	3,765	3,728
Total	11,703	11,743	3,765	3,728

36 Income tax expense (income)

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	2018	2017	2018	2017
<i>Current tax</i>				
Current year	5,588	4,539	-	22
Under (over) provided in prior years	(292)	13	-	86
	5,296	4,552	-	108
<i>Deferred tax</i>				
Movements in temporary differences	(716)	(763)	(21)	(1)
Benefit of tax losses recognised	1,642	(1,544)	1,584	(576)
Effect from change in tax rate	(10)	(1,994)	-	-
	916	(4,301)	1,563	(577)
Income tax expense (income)	6,212	251	1,563	(469)

Income tax recognised in other comprehensive income

	<i>(Unit: Million Baht)</i> Consolidated financial statements					
	2018			2017		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	-	(16)	(16)	110	(8)	102
Fair value changes on investments	(1,537)	277	(1,260)	699	(223)	476
Currency translation differences	(13,449)	69	(13,380)	(10,946)	620	(10,326)
Defined benefit plan actuarial gains (losses)	(63)	7	(56)	(51)	6	(45)
Total	(15,049)	337	(14,712)	(10,188)	395	(9,793)

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Income tax recognised in equity

(Unit: Million Baht)

	Consolidated financial statements					
	2018			2017		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Interest and issuance cost of subordinated perpetual debentures	751	(146)	605	411	(82)	329
Surplus on common control transaction	307	9	316	-	-	-
Revaluation differences on assets transferred to retained earnings	(1)	-	(1)	-	-	-
Total	1,057	(137)	920	411	(82)	329

(Unit: Million Baht)

	Separate financial statements					
	2018			2017		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Interest and issuance cost of subordinated perpetual debentures	751	(146)	605	411	(82)	329
Revaluation differences on assets transferred to retained earnings	(1)	-	(1)	-	-	-
Total	750	(146)	604	411	(82)	329

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Reconciliation of effective tax rate

(Unit: Million Baht)

	Consolidated financial statements				
Applicable tax rates	0%	10%	20%	Others	Total
2018					
Accounting profit before income tax, net	3,730	1,545	12,456	9,906	27,637
Tax at the applicable tax rates	-	155	2,491	2,438	5,084
Tax effect of income and expenses that are not taxable income or taxable expenses, net	-	267	(347)	1,500	1,420
Under (over) provided in prior years	-	-	46	(338)	(292)
Net	-	422	2,190	3,600	6,212
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 taxable expenses, 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

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Reconciliation of effective tax rate

	(Unit: Million Baht)		
	Separate financial statements		
Applicable tax rates	0%	20%	Total
2018			
Accounting profit before income tax, net	331	15,129	15,460
Tax at the applicable tax rates	-	3,026	3,026
Tax effect of income and expenses that are not taxable income or taxable expenses, net	-	(1,463)	(1,463)
Net	-	1,563	1,563
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 taxable expenses, net	-	(2,770)	(2,770)
Under provided in prior years	-	86	86
Net	-	(469)	(469)

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.

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:

- (a) an exemption from payment of import duty and tax on machinery as approved by the Board of Investment;
- (b) 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
- (c) 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.

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As a promoted business, the Company and the subsidiaries must comply with certain conditions and restrictions provided for in the promotional certificates.

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	
	2018	2017	2018	2017	2018	2017
Local sales	5,892	3,869	16,324	20,292	22,216	24,161
Export sales	556	467	3,249	3,603	3,805	4,070
Total revenue from sale of goods	6,448	4,336	19,573	23,895	26,021	28,231

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	
	2018	2017	2018	2017
Profit for the year attributable to ordinary shareholders of the Company	15,531	15,259	13,897	11,615
<i>Less: cumulative interest expense for the period net of income tax on subordinated perpetual debentures</i>	<i>(600)</i>	<i>(513)</i>	<i>(600)</i>	<i>(513)</i>
Profit used in calculation of basic earnings per share	14,931	14,746	13,297	11,102
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at 1 January	8,611	7,743	8,611	7,743
Effect of shares issued	-	362	-	362
Treasury shares held by subsidiaries	(426)	(384)	-	-
Net	8,185	7,721	8,611	8,105
Basic earnings per share (in Baht)	1.82	1.91	1.54	1.37

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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
2018				
24 April 2018	0.25	8,611,242,385	2,153	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
10 August 2018	0.35	8,611,242,385	3,014	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			5,167	
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	

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 as at 31 December and the periods in which the loans mature were as follows:

		(Unit: Million Baht)			
		Consolidated financial statements			
	Average interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
2018					
Current					
Short-term loans to joint venture	4.85	17	-	-	17
Non-current					
Long-term loans to associate	4.95	-	6	-	6
Total		17	6	-	23
2017					
Current					
Short-term loans to joint venture	4.85	559	-	-	559
Non-current					
Long-term loans to associate	4.95	-	3	-	3
Total		559	3	-	562

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(Unit: Million Baht)

	Interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2018					
Current					
Short-term loans to subsidiaries	7.13	60,622	-	-	60,622
Non-current					
Long-term loans to subsidiaries	5.00 - 7.50	-	15,673	-	15,673
Total		60,622	15,673	-	76,295
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

The interest rates of interest-bearing liabilities as at 31 December and the periods in which those liabilities mature were as follows:

(Unit: Million Baht)

	Average interest rates (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2018					
Bank overdrafts	1.95 - 7.14	1,435	-	-	1,435
Short-term borrowings from financial institutions	1.11 - 8.75	59,877	-	-	59,877
Bills of exchange	1.75 - 1.87	32,244	-	-	32,244
Short-term borrowings from joint ventures	2.00	661	-	-	661
Long-term borrowings from financial institutions	1.32 - 15.00	13,778	64,029	3,696	81,503
Debentures	2.84 - 4.87	13,190	69,243	70,300	152,733
Finance lease liabilities	1.20 - 21.70	160	25	1,655	1,840
Total		121,345	133,297	75,651	330,293
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

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(Unit: Million Baht)

	Interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2018					
Bank overdrafts	MOR	3	-	-	3
Bills of exchange	1.71 - 2.17	17,204	-	-	17,204
Debentures	2.28 - 5.42	8,500	43,800	48,700	101,000
Long-term borrowing from financial institution	3.94 - 4.21	-	-	2,879	2,879
Total		25,707	43,800	51,579	121,086
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

As at 31 December 2018, 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) The Company has entered into cross currency and interest rate swap agreements with certain financial institutions for long-term borrowing amounting to U.S. Dollar 92 million for Baht 2,907 million. The Company has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 2,907 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rates refer to LIBOR plus specified rate for the principal amount of U.S. Dollar 92 million.
- 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 100 million for Baht 3,149 million. The subsidiary has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 3,149 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR plus specified rate for the principal amount of U.S. Dollar 100 million.
- 3) A subsidiary has entered into several cross currency swap agreements with a financial institution for long-term borrowings totalling Euro 10 million for Indian Rupee 764 million. The subsidiary has commitments to make payments for the fixed interest rate in Indian Rupee for the principal amount of Indian Rupee 764 million and the counterparty has commitments to make payments in Euro for the fixed interest rate for the principal amount of Euro 10 million.
- 4) 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 35 million for Indian Rupee 2,241 million. The subsidiary has commitments to make payments for the fixed interest rate in Indian Rupee for the principal amount of Indian Rupee 2,241 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR plus specified rate for the principal amount of Indian Rupee 35 million.
- 5) A subsidiary has entered into interest rate swap agreements with certain financial institutions for long-term borrowings totalling U.S. Dollar 6 million (equivalent approximately to Baht 197 million). The subsidiary has commitments to make payments for the fixed interest rates under the terms and conditions of the agreements and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR and LIBOR plus specified rate.

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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:

		(Unit: Million)			
		Consolidated		Separate	
		financial statements		financial statements	
	Foreign currency	2018	2017	2018	2017
Accounts receivable - trade and others					
Foreign currencies	Won	13,656	13,520	-	-
	Yen	181	150	48	45
	United States Dollar	65	40	18	14
	Swedish Krona	19	17	-	-
	Singapore Dollar	12	12	-	-
	Renminbi	7	-	83	81
	Rand	4	4	2	2
	Euro	4	4	1	2
	Australian Dollar	2	3	8	14
	Pound Sterling	2	-	1	1
Currency forwards	Won	13,656	13,520	-	-
	Yen	181	150	48	45
	United States Dollar	53	34	18	17
	Singapore Dollar	12	12	-	-
	Renminbi	7	-	83	81
	Rand	4	4	2	2
	Australian Dollar	1	3	8	14
	Euro	-	-	1	2
	Pound Sterling	-	-	1	1
Long-term loans to subsidiaries					
Foreign currencies	United States Dollar	-	-	478	536
Currency forwards	United States Dollar	-	-	-	200
Interest-bearing liabilities					
Foreign currencies	United States Dollar	486	392	92	-
	Euro	9	35	-	-
	Zloty	-	1	-	-
Currency forwards	United States Dollar	386	172	92	-

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		(Unit: Million)			
		Consolidated financial statements		Separate financial statements	
	Foreign currency	2018	2017	2018	2017
Accounts payable - trade and others					
Foreign currencies	Yen	158	104	-	-
	United States Dollar	117	146	-	-
	Euro	33	17	-	-
	Zloty	6	-	-	-
	Renminbi	3	-	-	-
	Swedish Krona	1	-	-	-
Currency forwards	Yen	156	104	-	-
	United States Dollar	48	220	-	-
	Euro	21	2	-	-
Forecast sales					
Currency forwards	Yen	2,015	897	153	136
	Won	323	1,066	-	-
	United States Dollar	104	103	12	15
	Pound Sterling	53	39	-	1
	Hong Kong Dollar	42	12	-	-
	Euro	9	14	-	-
	Singapore Dollar	9	9	-	-
	Australian Dollar	9	6	8	4
	Rand	3	2	-	-
	Canada Dollar	1	2	-	-
	Danish Krone	-	8	-	-
	Renminbi	-	3	-	1
Forecast purchases					
Currency forwards	Zloty	70	26	-	-
	United States Dollar	47	84	-	-
	Yen	44	785	-	7
	Euro	4	26	-	-
	Renminbi	3	22	-	-
	Danish Krone	1	-	-	-
	Ringgit	1	-	-	-

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.

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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).

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:

<i>(Unit: Million Baht)</i>					
	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2018					
Financial assets					
Forward contracts	920	-	840	-	840
Cross currency and interest rate swaps	243	-	217	-	217
Financial liabilities					
Forward contracts	8	-	12	-	12
Debentures	149,691	-	153,916	-	153,916
Exchangeable Bonds	3,042	-	3,074	-	3,074
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

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(Unit: Million Baht)

	Carrying amount	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2018					
Financial assets					
Forward contracts	59	-	30	-	30
Financial liabilities					
Cross currency and interest rate swaps	96	-	73	-	73
Debentures	101,000	-	104,633	-	104,633
31 December 2017					
Financial assets					
Forward contracts	40	-	16	-	16
Financial liabilities					
Forward contracts	439	-	424	-	424
Debentures	73,000	-	78,364	-	78,364

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, cross currency swaps 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 financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	2,407	3,514	2	3
Machinery, equipment and others	2,083	2,834	29	30
Total	4,490	6,348	31	33

41.2 Commitments under operating lease agreements

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	4,331	4,020	119	160
Over one year but within five years	12,136	11,253	88	74
Over five years	13,984	15,644	2	5
Total	30,451	30,917	209	239

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 2019 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 2018 totalled Baht 22 million (2017: Baht 34 million).

41.4 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totalling Baht 3 million and Baht 1,559 million, respectively (2017: Baht 2 million and Baht 2,352 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 17 million and Baht 9,350 million, respectively (*2017: Baht 1,165 million and Baht 5,448 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 482 million (*2017: Baht 766 million*).

42 Guarantees

As at 31 December 2018, 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 1,234 million shares with fair value of Baht 3,415 million (*2017: 5,984 million ordinary shares with fair value of Baht 15,462 million*).
- (b) Pravdinsk Pig Production-2 Limited Liability Company with an issued and paid-up capital of Baht 469 million (*2017: Baht 570 million*).
- (c) NNPP Limited Liability Company with an issued and paid-up capital of Baht 224 million (*2017: Baht 273 million*).
- (d) NNPP-2 Limited Liability Company with an issued and paid-up capital of Baht 417 million (*2017: Baht 508 million*).
- (e) Charoen Pokphand Foods (Overseas) LLC. with an issued and paid-up capital of Baht 101 million (*2017: Baht 123 million*).

42.2 Property, plant and equipment with net book value of Baht 13,021 million (*2017: Baht 9,607 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 4,434 million (*2017: Baht 3,482 million*).

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43 Thai Financial Reporting Standards not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Before TFRS15 becomes effective, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Under TFRS 15, revenue will be recognised when a customer obtains control of the goods. Transfer of significant risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

From the initial applying TFRS 15 on 1 January 2019, it would result in a decrease in total assets, total equity, and retain earnings of Baht 29 million, Baht 288 million, and Baht 282 million, respectively of the Group and Baht 70 million, Baht 39 million, and Baht 39 million, respectively of the Company.

Transition

The Group plans to adopt TFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (1 January 2019). As a result, the Group will not apply the requirements of TFRS 15 to the comparative period presented.

The actual impacts upon the initial adoption of TFRS 15 may differ as the assessment completed to date is based on the information available to the Group up to the reporting date of these financial statements. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in these financial statements.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS Financial instruments standards on the consolidated and separate financial statements.



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