



PART 1 BUSINESS OPERATIONS

1. Business Policy and Business Operation

GFPT Public Company Limited (“GFPT” or “the Company”) was incorporated as a juristic person under the Civil and Commercial Code on 25 November 1981. The Company initially set up to operate chicken processing for export. The major shareholders are Sirimongkolkasem family. The Company has continuously expanded its operations; until now, the Company and its subsidiaries’ core businesses cover agriculture, livestock, and food processing. Its fully vertical integrated chicken production consists of feed production, integrated farm operations, chicken evisceration and processing, and further processing.

Business Policy

The Company sets business policy to be the leader of the integrated further production of livestock and agriculture. The Company undertakes to provide food safety products and traceability. The Company is committed to operating the business with environmental friendliness and contributing to society.



1.1 Vision, Mission, and Strategy

Vision

GFPT strives to be a leading chicken meat exporter with its fully vertical integrated chicken production

Missions and Strategies

GFPT outlined its 7 mission statements to achieve the best practice in food production. The Company's strategies are crafted to serve its missions as follows:

1. **Quality:** Enhance product quality to international standards

Strategy: Selecting the finest raw materials in our food processing factory and placing strictly control in all production processes to ensure that our chicken products meet international standards and are valued by both domestic and international customers.

2. **Food Safety:** Achieve confidence through the traceability system

Strategy: With our traceability system in place, we can be fully confident to ensure that our products are safe before being delivered to the consumers.

3. **Innovation:** New product development using modern technology

Strategy: Continuously conducting research and development for new products in addition to adopting advanced technologies to constantly expand its business.

4. **Satisfaction:** Be attentive to the customers' needs to ensure their highest satisfaction

Strategy: Be attentive to the customers' needs as well as offering products which meets international standards at a fair pricing policy.

5. **Responsibility:** Build awareness and be responsible towards the society and environment

Strategy: Establish good principle of morality and an awareness of a responsibility towards the society and environment; maintain a balance between the impact on the environment, society, and economic profits to achieve a sustainable growth of our business.

6. **Expertise:** Encourage personnel's capabilities to become experts

Strategy: Encourage the development of each personnel's capabilities in all divisions to become experts in their field of operation and to establish long term stability by creating confidence in a better quality of life with the Company which shall in turn lead the Company to the international level.

7. **Alliance:** Build long term relationship with business partners

Strategy: Establish good relationship on the foundation of trust and fairness to maintain long term business cooperation.



1.2 Significant Change and Development of the Company

GFPT Public Company Limited (the "Company") was incorporated as a juristic person under the Civil and Commercial Code on 25 November 1981. The Company's major businesses are to manufacture and sell fresh frozen chicken meat and further processing chicken products to both domestic and international markets.

1981 : Registered in the name of General Foods Poultry (Thai) Company Limited, consisted of 3 parties of shareholders

- | | |
|--|----------------|
| 1. P. Charoen Phan Feedmill Company Limited (Thailand) | holding 51.00% |
| 2. General Foods Poultry Company Limited (New Zealand) | holding 34.00% |
| 3. United Trading Corporation (Luxemburg) | holding 15.00% |

1985 : 2 parties of shareholders; General Foods Poultry Company Limited (New Zealand) and United Trading Corporation (Luxemburg) withdrawn their shares, so, P. Charoen Phan Group purchased all the shares.

1987 : The Company increased its registered share capital from THB 77.70 million to THB 100 million in order to expand the production capacity to eviscerate chicken at the rate of 6,000 birds/hour

1989 : The Company increased its registered share capital from THB 100 million to THB 150 million in order to expand the production capacity to eviscerate chicken at the rate of 7,200 birds/hour.

: In October, the Company's name changed to "P. Charoen Phan Poultry Company Limited".

: In December, the Company's name changed to "GFPT Company Limited".

1990 : The Company increased its registered share capital from THB 150 million to THB 420 million to expand the business as an integrated chicken farm and acquired 99.99% shares of 2 subsidiary companies:

1. Krunghthai Farm Company Limited operates parent chicken farm.
2. M.K.S. Farm Company Limited operates broiler farm.

1991 : The Company invested 99.99% shares in a subsidiary company, GF Foods Company Limited, operates the production and distribution of processed chicken food.

: The Company increased its registered share capital from THB 420 million to THB 1,000 million.

: The Company acquired 65.00% shares in a subsidiary company, Krunghthai Feedmill Company Limited, listed in the Stock Exchange of Thailand since 1988, which operates feed mill business.

1992 : The Company was listed in the Stock Exchange of Thailand with the registered share capital of THB 1,000 million and paid-up capital of THB 570 million.

1993 : The Company invested 49.00% shares in McKey Food Services (Thailand) Limited, which manufactures and sells frozen processed food. McKey Food Services (Thailand) Limited has a registered and paid-up capital of THB 100 million and is a joint-venture company between the Company and Keystone Foods Corporation (USA) that holds the remaining 51.00% shares.

1994 : GFPT Company Limited changed from being a "Company Limited" to "Public Company Limited".



- : Krungthai Feedmill Company Limited changed from being a "Company Limited" to "Public Company Limited".
- 1998 : Krungthai Feedmill Public Company Limited delisted from the Stock Exchange of Thailand.
- 2000 : The Company increased its paid-up capital from THB 570 million to THB 626.91 million.
- 2002 : The Company invested additional shares of Krungthai Feedmill Public Company Limited, consequently, the Company's share ownership increased from 65.00% to 96.50%.
- 2003 : The Company increased its share registered share capital from THB 1,000 million to THB 1,400 million and paid-up capital from THB 626.91 million to THB 1,253.82 million.
- : The Company invested 99.99% shares in a subsidiary company, GP Breeding Company Limited, operates rearing grandparent chicken.
- 2008 : The Company invested 49.00% shares in GFPT Nichirei (Thailand) Company Limited, operates fully cooked chicken products and chicken meat for domestic and international sales. GFPT Nichirei (Thailand) Company Limited has a registered and paid-up capital of THB 1,170 million and is a joint-venture company between the Company and Nichirei Foods Inc. (Japan) that holds the remaining 51.00% shares.
- 2010 : The Company performed stock split from THB 10 per share to THB 1 per share. Therefore, the registered share capital of GFPT Public Company Limited was unchanged at THB 1,400 million but the number of shares outstanding increased from 140 million shares to 1,400 million shares.
- 2011 : The Company invested additional shares of Krungthai Feedmill Public Company Limited, consequently, the Company's share ownership increased from 96.50% to 97.85%.
- 2012 : GFPT Nichirei (Thailand) Company Limited, a joint-venture company, increased its registered share capital. Therefore, the Company bought additional shares being offered amounted THB 903.56 million to maintain its 49.00% share ownership. The details of GFPT Nichirei (Thailand) Company Limited registered capital are as follows:
1. In May, GFPT Nichirei (Thailand) Company Limited increased registered capital from THB 1,170 million to THB 1,514 million. (GFPT THB 168.56 million)
 2. In December, GFPT Nichirei (Thailand) Company Limited increased registered capital from THB 1,514 million to THB 3,014 million. (GFPT THB 735.00 million)
- : The Company invested additional shares of Krungthai Feedmill Public Company Limited, consequently, the Company's share ownership increased from 97.85% to 97.86%.
- 2013 : The Company invested additional shares of Krungthai Feedmill Public Company Limited, consequently, the Company's share ownership increased from 97.86% to 97.87%.
- 2014 : "Krungthai Feedmill Public Company Limited" changed to "Krungthai Food Public Company Limited"
- : FKT expanded parent chicken farm, capacity increased by 15 million chicks per year.



- : The Company invested additional shares of Krungthai Food Public Company Limited, consequently, the Company's share ownership increased from 97.87% to 98.03%.
- 2015 : The Company invested additional shares of Krungthai Food Public Company Limited, consequently, the Company's share ownership increased from 98.03% to 98.06%.
- 2016 : GP expanded grandparent chicken farm, capacity increased by 800,000 chicks per year.
 - : The Company invested additional shares of Krungthai Food Public Company Limited, consequently, the Company's share ownership increased from 98.06% to 98.10%.
- 2017 : GFF increased its registered share capital from THB 40 million to THB 160 million.
 - : GFF expanded its sausage production and processed food capacity to 37,800 tons per year.
 - : McKey finished its greenfield expansion of a new further processing plant with capacity of 30,000 tons per year.
- 2018 : M.K.S. expanded broiler farm, capacity increased by 11 million broilers per year.
 - : Started construction of its new chicken processing plant and further processing factory.
 - : Invested additional shares of Krungthai Food Public Company Limited, consequently, the Company's share ownership increased from 98.10% to 98.26%.
- 2019 : Invested additional shares of Krungthai Food Public Company Limited, consequently, the Company's share ownership increased from 98.26% to 98.28%.

Future Project

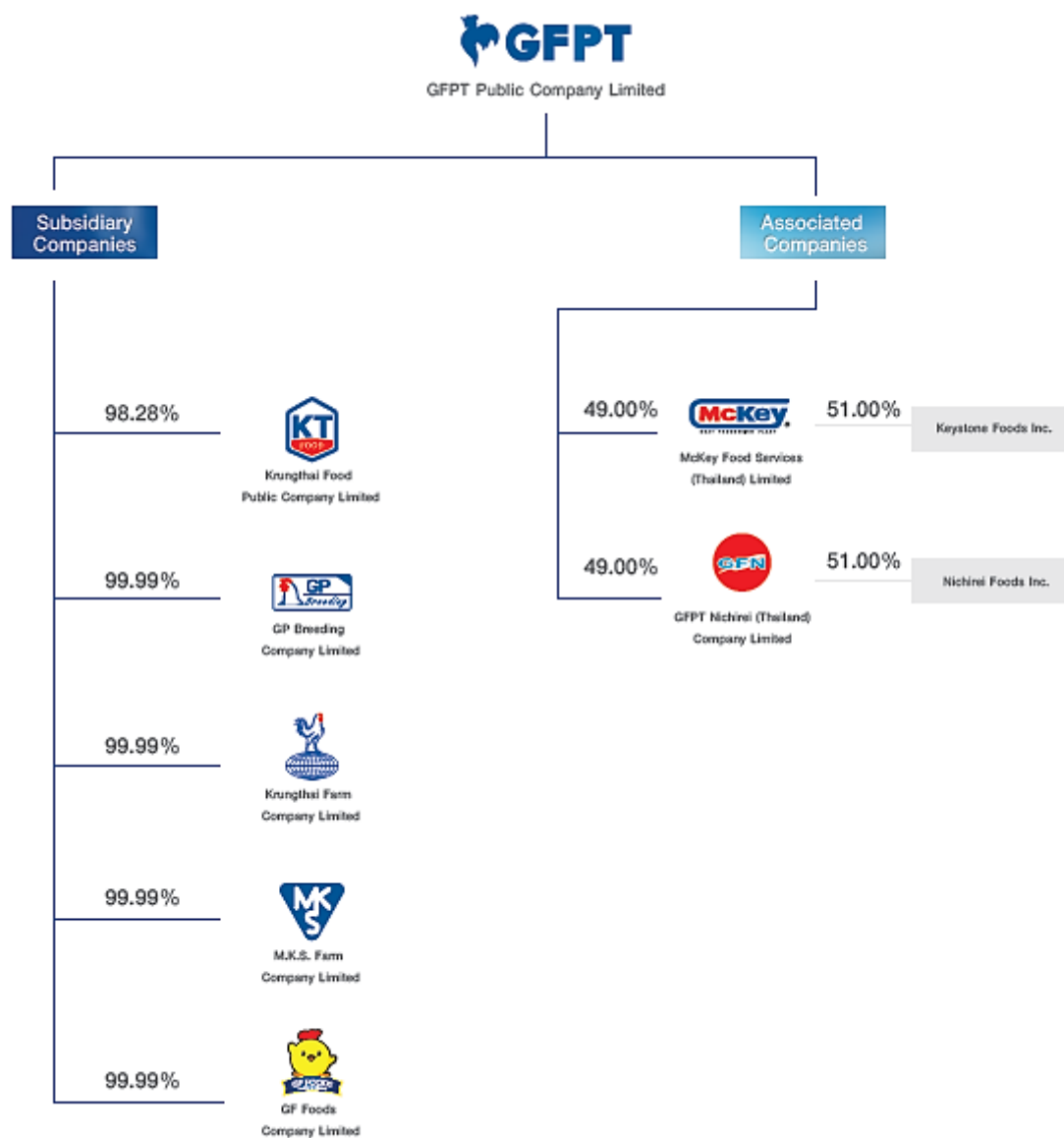
GFPT Group focuses on organic growth through expanding capacity of processed chicken along with our vertical integrated chicken production. Backward integration starts from expansion of grandparent chicken farm, parent chicken farm, and broiler farm for our future business expansion.

In next 3-5 years, GFPT plans to construct new chicken processing plant on area of over 700 rai at Thung Khwang Sub-district, Chonburi province. There are new slaughterhouse with capacity at 150,000 birds per day and further processing factory with capacity at 24,000 tons per year to facilitate increasing of consumer demand and export markets.

To comply with sustainable business policy, the Company focuses on production process to be efficient for good quality production and food safety products in accordance with international standards and environmental friendliness. The Company uses new technology for our production process as well as traceability system. Chickens are raised by animal welfare principle. We are also responsible for environment by using resource efficiently and maximizing benefit.



1.3 Company Group Structure





GFPT Public Company Limited (“GFPT”) founded in 1981 and became a public company in 1994. Nowadays, GFPT has registered capital of 1,400,000,000 Baht and paid-up capital of 1,253,821,000 Baht. GFPT is the parent company of the group who operates chicken production and distribution of frozen chicken meat, processed chicken, and its by-products under the customers’ and company brand names for both domestic and overseas markets. In 2019, GFPT has chicken processing capacity of 122,000 tons per year and cooked chicken products capacity of 24,000 tons per year from the plant located at Samutprakarn.

GFPT Public Company Limited and its subsidiary companies (The GFPT Group) operate integrated poultry business that are chicken evisceration and processed food, hatchery farm, selling day-old-chicks, grandparent chicken farm, parent chicken farm, broiler farm, feed mill, and processed food production.

The GFPT group operates integrated poultry business. Beginning with the investment of 98.28% in Krungthai Food Public Company Limited (“KT”), with paid-up capital of 400 million Baht, KT engages in feed mill business under the Company’s brand. KT’s main products are animal feed and aquatic feed. KT distributes animal feed especially chicken feed to the Company’s subsidiaries namely MKS, FKT, GP, and domestic animal raisers. For the aquatic feed, KT distributes to domestic aquatic raisers. In 2019, KT has total capacity of 1 million tons per year. The first feed mill, located at Samutprakarn province, consists of 1 animal feed line and 2 aquatic feed lines, with the total capacity of 599,000 tons. The second feed mill, at Banbueng, Chonburi province, has 1 broiler feed line with the total capacity of 512,000 tons per year. There is no conflict of interest between the rest of shareholders and The Company.

The Company invested 99.99% in GP Breeding Company Limited (“GP”), with registered capital 200 million Baht, GP engages in grandparent chicken farming to produce parent day-old-chicks for FKT and customers. In 2019, GP has total capacity of 2.60 million of parent stocks from its 1 farm in Chonburi province.

The Company invested 99.99% in Krungthai Farm Company Limited (“FKT”), with registered capital of 350 million Baht, FKT engages in parent breeder farming and hatchery business. For the commercial day-old-chicks, FKT purchases parent breeders from GP to produce commercial day-old-chicks and sells to MKS. In addition, FKT also imports the layer breeders to produce layer day-old-chicks and sells to KT and domestic layer farmers. In 2019, FKT produces 124 million commercial day-old-chicks from its 7 farms and 3 million layer day-old chicks from its 1 layer farm in Chonburi province.

The Company invested 99.99% in M.K.S. Farm Company Limited (“MKS”), with registered capital of 550 million Baht. MKS engages in broiler farm business by purchasing commercial day-old-chicks from FKT and raising them for 41-43 days. MKS sells broilers to GFPT and GFN (joint venture company). In 2019, MKS has total capacity of 103 million broilers from its 13 farms in Chonburi province.

The Company invested 99.99% in GF Foods Company Limited (“GFF”), with paid-up capital of 160 million Baht. GFF engages in production and distribution of processed foods business. Its main products are sausages, meat balls, chicken rolls, and other processed products which are distributed under “GF Foods”



brand through fresh markets and wholesalers. In 2019, GFF has total capacity of 37,800 tons per year from 1 factory in Samutprakarn province.

The Company invested 49.00% in McKey Food Services (Thailand) Limited (“McKey”), with registered capital of 100 million Baht. McKey engages in production and distribution of semi-finished frozen foods for export market. McKey’s products are distributed to McDonalds’ restaurants both in Thailand and overseas. In 2019, McKey has a total production of 73,000 tons from 3 factories in Samutprakarn and Chonburi province. There is no conflict of interest between the rest of shareholders and The Company.

The Company invested 49.00% in GFPT Nichirei (Thailand) Company Limited (“GFN”), with registered capital of 3,014 million Baht. GFN engages in chicken evisceration, processing and distribution for domestic and export markets. In 2019, the capacity of chicken processing is 67,000 tons per year and the capacity of cooked chicken products is 52,000 tons per year from 1 factory in Chonburi province. There is no conflict of interest between the rest of shareholders and The Company.

1.4 Relationship with business of major shareholders.

- None -



2. Business Characteristics

Income Structure according to consolidated financial statements

Revenue Breakdown of GFPT and its subsidiaries	Operated by	% of Share holding	2017 Income (MB)	%	2018 Income (MB)	%	2019 Income (MB)	%
Chicken Evisceration/ Processed Chicken	GFPT		7,554.13	44.62	7,545.44	45.33	7,872.79	46.69
Feed Mill	KT	98.28	3,379.98	19.97	3,129.01	18.80	3,171.95	18.81
Chicken Farms / Day-Old-Chicks	FKT, GP, MKS	99.99	5,167.70	30.53	5,264.13	31.62	5,088.53	30.17
	KT	98.28						
Processed Foods	GFF	99.99	826.66	4.88	708.44	4.25	730.47	4.33
Total			16,928.47	100.00	16,647.02	100.00	16,863.74	100.00

2.1 Product Characteristics

Chicken Evisceration and Processed Chicken

The business line of chicken evisceration and processed chicken operated by GFPT Public Company Limited (“the Company”), a parent company of the group. The products of the Company are fresh frozen chicken parts, cooked chicken products and by product from chicken evisceration. The distribution channel is through both domestic sales and export sales at the proportion of 52.51% and 47.49%, respectively.

The competition in this market can be considered into 2 parts as follows:

1) Domestic market

Competitor of the Company is the operator of evisceration business in Thailand. The Company has advantage over its vertical integrated poultry business that covers feed mill, chicken farm, chicken evisceration and processed food production, therefore, able to control the quality of products and cost of production.

2) Export market

Competitors of the Company are the large broiler producer including the United States of America, China Brazil and the European Union. Thailand is also considered to be one of the large broiler producers and has potential to compete with other countries. Most of the export volume came from processed cooked chicken while the export volume fresh frozen chicken keep increasing because Japan has allowed importing fresh frozen chicken from Thailand after Thailand controlled the outbreak of bird flu.

Dependent on large or few distributors

The raw material is chicken meat; the Company needs to depend on 1 distributor, which is M.K.S. Farm Company Limited, a broiler farm. In 2019, the purchase order amounted THB 4,016 million. The Company expects that depending on 1 distributor will not affect the operation because M.K.S. Farm Company Limited is a subsidiary company with the same group of management.

Promotional Privileges

GFPT Public Company Limited was granted 2 investment promotional certificates from the Board of Investment, which include the benefits and privileges under sections 25, 26, 28, 31 paragraph 1, 31 paragraph 2, 31 paragraph 3, 31 paragraph 4, 34, 36(1), 36(2) and 37 of the Investment Promotion Act B.E. 2520. The privileges granted the exemption of import tariff of machinery. It also granted the exemption of corporate income tax on net profits from investment of promotional activities not exceed 100 percent of total investment of the project excluded the value of land and working capital for eight years commencing from the first day when the Company starts to earn income from the operation of promotional operation as follows:

Certificate No.	Date	Type of Promotional Activities	The First Date	The Expiry Date
1329(2)/2552	April 24, 2009	Evisceration Chicken	July 1, 2011	June 30, 2019
1051(3)/2553	January 18, 2010	Finished Chicken Products	January 15, 2011	January 14, 2019

Feed mill

The business line of feed mill operates by Krungthai Food Public Company Limited ("KT"). The products of KT are animal feed for both land and aquatic animal. KT distributes land animal feed, especially chicken feed, to M.K.S. Farm Company Limited, Krungthai Farm Company Limited, GP Breeding Company Limited and P. Charoenphan Feedmill Company Limited as a related company and also other animal raisers in general. For the aquatic animal feed, KT distributes to aquatic animal raisers in general.

The competition in feed mill business is not that intense because 70% of sales revenue came from related companies and the remaining 30% of sales revenue came from other companies. KT's core strength is its long-established operation, KT operates feed mill business for more than 36 years, and thus, the customers are confident of the Company's products.

Dependent on large or few customers

In the feed mill business, KT depends on large customers i.e. M.K.S. Farm Company Limited, Krungthai Farm Company Limited, GP Breeding Company Limited and P. Charoenphan Feedmill Company Limited. In 2019, KT's sales revenue for chicken feed amounted THB 5,862 million. KT does not expect that large or few customers will have any impact on the business because the customers are subsidiary companies which the Company holds 99.99% with the same group of management.

**Farm Segment and Day-Old-Chicks Distribution**

Farm business segment can be divided into 3 sub-categories as follows:

1. Grandparent Chicken Farm

The business line of grandparent chicken farm operated by GP Breeding Company Limited (“GP”) starting from purchasing grandparent chicks from abroad and raise them in an evaporative cooling system, a closed system with automatic food and water feeding, to produce and sell parent chicks to Krungthai Farm Company Limited and other animal raisers both domestic and foreign market.

Market condition of this business is relatively low competition because there are few operators in the country and GP is a subsidiary of GFPT that operates integrated poultry business, GP then does not compete with other companies in the industry.

Dependent on large or few customers

GP depends on 1 large customer i.e. Krungthai Farm Company Limited. The sales volume of parent stock in 2019 amounted THB 121 million. GP do not expect that large or few customers will have any impact on the business because the customers are related companies with the same group of management.

Promotional Privileges

GP Breeding Company Limited, a subsidiary company, was granted 2 investment promotional certificate to produce parent chicken type 1.5 animal breeding business from the Board of Investment, which include the benefits and privileges under sections 25, 26, 28, 31 paragraph 1, 31 paragraph 3, 31 paragraph 4, and 34 of the Investment Promotion Act B.E. 2520. The privileges granted the exemption of import tariff of machinery. It also granted the exemption of corporate income tax on net profits from investment of promotional activities not exceed 100 percent of total investment of the project excluded the value of land and working capital for eight years commencing from the first day when GP starts to earn income from the operation of promotional operation as follows:

<u>Certificate No.</u>	<u>Date</u>	<u>Type of Promotional Activities</u>	<u>The First Date</u>	<u>The Expiry Date</u>
1233(2)/2557	February 25, 2014	Primary Breeder Farm and Hatchery	December 1, 2014	November 30, 2022
61-0732-1-00-1-0	June 22, 2018	Parent chicks and DOC	No Income Yet	-

2. Parent Chicken Farm

The business line of parent chicken farm operates by Krungthai Farm Company Limited (“FKT”) starting from purchasing broiler parent chicks from GP Breeding Company Limited and import egg laying parent chicks from abroad and raise them in an evaporative cooling system, a closed system with automatic food and water feeding, to raise and produce both broiler and egg laying chicks. FKT sells all broiler chicks to M.K.S.



Farm Company Limited and P.Charoenphan Feedmill Co., Ltd., egg laying chicks to Krungthai Food Public Company Limited and other general animal raisers that operates egg laying chicken farm.

The parent chicken farming business is very competitive but since FKT is a subsidiary of GFPT that operates integrated poultry business, FKT then does not compete with other companies in the industry.

Dependent on large or few customers

FKT depends on 3 large customers i.e. M.K.S. Farm Company Limited, Krungthai Food Public Company Limited and P.Charoenphan Feedmill Co., Ltd. The sales volume of broiler and egg laying parent chicks in 2019 amounted THB 1,378 million. FKT does not expect that large or few customers will have any impact on the business because the customers are subsidiary companies with the same group of management.

Promotional Privileges

Krungthai Farm Company Limited, a subsidiary company, was granted 3 investment promotional certificates to produce parent chicken type 1.5 animal breeding business from the Board of Investment, which include the benefits and privileges under sections 25, 26, 28, 31 paragraph 1, 31 paragraph 3, 31 paragraph 4, and 34 of the Investment Promotion Act B.E. 2520. The privileges granted the exemption of import tariff of machinery. It granted the exemption of corporate income tax on net profits from investment of promotional activities not exceed 100 percent of total investment of the project excluded the value of land and working capital for eight years commencing from the first day when FKT starts to earn income from the operation of promotional operation as follows:

<u>Certificate No.</u>	<u>Date</u>	<u>Type of Promotional Activities</u>	<u>The First Date</u>	<u>The Expiry Date</u>
1591(2)/2553	June 8, 2010	Chicken Farm	August 22, 2013	August 21, 2021
1187(2)/2553	February 24, 2010	Chicken Farm	August 20, 2019	August 19, 2027
62-0375-1-00-1-0	April 17, 2019	Chicken Farm	None Income Yet	-

3. Broiler farm

The business line of broiler farm operates by M.K.S. Farm Company Limited ("MKS"). The product is broiler, the raw material is the broiler chicks purchase from Krungthai Farm Company Limited, feed mix purchase from Krungthai Food Public Company Limited and other raw materials such as vaccine are purchase domestically. The broiler chicks are raised in an evaporative cooling system, a closed system with automatic food and water feeding, until reaches 41 to 43 days then sells to GFPT Public Company Limited and GFPT Nichirei (Thailand) Company Limited (an associated company of GFPT).

The broiler business is not competitive because major customers are GPFT (the parent company) and associated company of GFPT.

Dependent on large or few customers

MKS depends on 2 large customers i.e. GPFT and GFPT Nichirei (Thailand) Company Limited. The sales of broiler in 2019 amounted THB 4,016 million and THB 4,620 million, respectively. MKS does not



expect that large or few customers will have any impact on the business because GFPT is a parent company with the same group of management and GFPT Nichirei (Thailand) Company Limited is an associated company.

Promotional Privileges

M.K.S. Farm Company Limited, a subsidiary company, was granted 16 investment promotional certificates to produce parent chicken type 1.5 animal breeding business from the Board of Investment, which include the benefits and privileges under sections 25, 26, 28, 31 paragraph 1, 31 paragraph 3, 31 paragraph 4, and 34 of the Investment Promotion Act B.E. 2520. The privileges so granted the exemption of import tariff of machinery and include exemption of corporate income tax on net profits for eight years and it also granted included exemption of corporate income tax on net profits from investment of promotional activities not exceed 100 percent of total investment of the project excluded the value of land and working capital for eight years commencing from the first day when MKS starts to earn income from the operation of promotional operation as follows:

<u>Certificate No.</u>	<u>Date</u>	<u>Type of Promotional Activities</u>	<u>The First Date</u>	<u>The Expiry Date</u>
1341(2)/2552	April 28, 2009	Broiler Farm	June 9, 2011	June 8, 2019
1470(2)/2552	June 5, 2009	Broiler Farm	June 5, 2011	June 4, 2019
1897(2)/2553	August 24, 2010	Broiler Farm	October 25, 2011	October 24, 2019
1898(2)/2553	August 24, 2010	Broiler Farm	August 30, 2014	August 29, 2022
2108(2)/2553	October 19, 2010	Broiler Farm	August 28, 2014	August 27, 2022
1674(2)/2554	June 9, 2011	Broiler Farm	December 23, 2014	December 22, 2022
2084(2)/2557	September 3, 2014	Broiler Farm	July 25, 2015	July 24, 2023
2106(2)/2553	October 19, 2010	Broiler Farm	February 23, 2016	February 22, 2024
1022(2)/2555	January 12, 2012	Broiler Farm	February 21, 2016	February 20, 2024
2107(2)/2553	October 19, 2010	Broiler Farm	April 7, 2017	April 6, 2025
2085(2)/2557	September 3, 2014	Broiler Farm	April 10, 2017	April 9, 2025
2083(2)/2557	September 3, 2014	Broiler Farm	July 30, 2018	July 29, 2026
2086(2)/2557	September 3, 2014	Broiler Farm	None Income Yet	-
2576(2)/2557	December 26, 2014	Broiler Farm	None Income Yet	-
2577(2)/2557	December 26, 2014	Broiler Farm	None Income Yet	-
2578(2)/2557	December 26, 2014	Broiler Farm	None Income Yet	-

Processed foods

The business line of processed food operates by GF Foods Company Limited ("GFF"). The products are sausages, chicken nuggets and other processed food under brand "GF Foods". The main market for this business is the distribution channel, fresh market and wholesalers/retailers.



GFF faces intense competition because there are many manufacturers in the same industry in which GFF has key competitors which are manufacturers and distributors of processed food.

Dependent on large or few distributors

GFF depends on 1 distributor which is GPFT Public Company Limited, a parent company, to purchase raw materials i.e. chicken debris to manufacture and distribute. The sales in 2019 amounted THB 346 million. GFF does not expect that large or few distributors will have any impact on the business because GFPT is a parent company with the same group of management.

Promotional Privileges

GF Foods Company Limited was granted 1 investment promotional certificates from the Board of Investment, which include the benefits and privileges under sections 25, 26, 28, 31 paragraph 1, paragraph 3, paragraph 4, 34 and 37 of the Investment Promotion Act B.E. 2520. The privileges granted the exemption of import tariff of machinery. It also granted the exemption of corporate income tax on net profits from investment of promotional activities not exceed 100 percent of total investment of the project excluded the value of land and working capital for eight years commencing from the first day when the Company starts to earn income from the operation of promotional operation as follows:

<u>Certificate No.</u>	<u>Date</u>	<u>Type of Promotional Activities</u>	<u>The First Date</u>	<u>The Expiry Date</u>
60-1254-0-00-1-2	November 9, 2017	Producing or Preserving Food or Flavoring Food by Using Modern Technology	January 3, 2018	January 2, 2026

2.2 Marketing and competition

Chicken Evisceration and Processed Chicken

(a) Marketing characteristic of the product

Significant competitive strategy

In marketing its products, the Company realized the importance of the quality. The Company had advantage over its competitors because of its 10 years extensive experience on the livestock sector. As a result, the quality of products is accepted by the customers. In addition, the Company has developed various products in accordance to the need of customers.

The Company's main policy is to manufacture value added products due to the higher cost of manufacturing in Thailand as compared to other competitors; therefore, if the products are common products, it will not be able to compete with other countries. The Company focuses on manufacturing processed food that requires skilled labor, which the competitors in other countries still behind on skilled labor or some countries



have high cost of labor. The Company also emphasizes on having production process to meet international standards and able to effectively trace the system back for error detection. Therefore, the Company has quality assurance in every production process to ensure product safety. A division has been set up to coordinate and monitor the shipping and storage to meet standard so that consumers and customers are confident of the quality of our products, hence, increases the Company's competitive advantage in the export market.

Nature of customers

- Customers in the domestic market can be categorized into 3 groups as follow:

Group 1 . Customers that are subsidiaries or associated companies such as GF Foods Company Limited (a subsidiary of GFPT) that purchases chicken parts that came from products trimming to manufacture sausages and other processed products accounted for 7.81% and associated companies that purchase chicken parts to manufacture and sell to both domestic and export market such as McKey Food Services (Thailand) Company Limited with a proportion of purchase of 47.51% and GFPT Nichirei (Thailand) Company Limited with a proportion of purchase of 1.02% and other related companies with a proportion of purchase of 0.88% of domestic sales, respectively.

Group 2 Customers that are manufacturer of processed food. This group of customers will purchase chicken parts and manufacture processed or semi-processed food for export to foreign countries, accounted for 0.02% of domestic sales

Group 3 Customers that are wholesalers/ retailers, who purchase products from the Company on a daily basis to sell to consumers, accounted for 42.76% of domestic sales.

- As for customers in the foreign market, the Company export chicken meat to foreign countries including Japan, the European Union, Singapore, Malaysia, China, Kuwait and the Republic of Korea.

Target customers

The Company's target customers are consumers of meat in both domestic and foreign market.

Distribution and distribution channel

Products of GFPT distribute in both domestic and foreign market under the brand of "GFPT" and customers own trademark, accounted for 52.51% share of the domestic market and 47.49% share of the foreign markets.

For domestic market, most products are by-products of chicken evisceration such as carcass, chicken feather, head, bones, meat and leather scraps. The customers are wholesalers/retailers that purchases products on a daily basis and sell it to the customers. Another part is selling export quality products to processed food manufacturers for exports. A subsidiary company, GF Foods Company Limited, buys chicken



meat to manufacture sausages and an associated company, McKey Food Services (Thailand) Company Limited buy chicken meat to manufacture fried chicken, chicken burger or nuggets.

For export market, GFPT sells products directly to customers. The main importers of our products are Japan and the European Union countries.

(b) Competitive conditions within the industry

For the competition in the domestic market, most operators that own slaughterhouses have fully integrated business, which include feed mill, breeder farm and chicken farm.

GFPT is considered to be one of the top operators in Thailand as compare to other companies. GFPT operates fully integrated poultry business that covers feed mill, chicken farm and slaughterhouse. GFPT has advantages from being fully integrated business; includes the ability to control quality, ability to process chicken evisceration by owning chicken farm as well as develop new techniques and effectively control production volume to be consistent with the market demand.

For the competition in the export market, the major competitors in the processed food business are Brazil, China and the United States of America. At present, the export market depends on the competitive advantage of each country such as cost of manufacturing, freight, and quality of products. Thailand is considered to have advantage over cost of manufacturing, quality and the effective product modification to match the customers' demand; consequently, Thailand export market grew every year.

(c) The Overview of Broiler Business in 2019 and Prospect for 2020

Situation in 2019

Production

In 2019, most top broiler producing countries managed to increase their productions as a result of the rising demand for chicken meat. One of the reasons for this demand growth is that the chicken meat is a relatively cheap low cholesterol protein food so that it is a good substitute for other expensive types of meat product. Demand for chicken meat also increased in China to replace pork that supply was substantially decline due to the outbreak in that country. Furthermore, the growing demand for chicken meat in India and the European Union also help raised both the broiler production and chicken meat import in those countries.

In 2019, total world broiler production was approximately 99.57¹ million tons, an increase of 4.19% from 2018. The United States was still the world's largest broiler raiser follow by China, Brazil, and the European Union respectively.

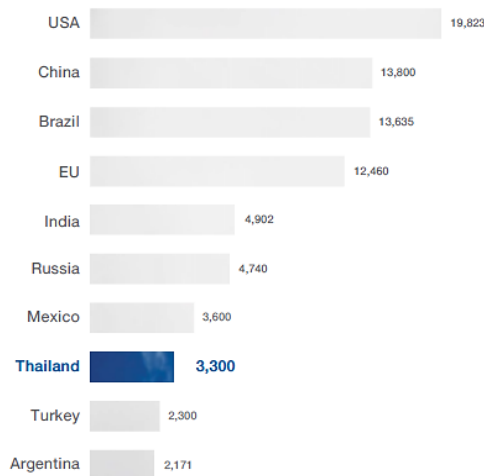
The United States produced approximately 19.82¹ million tons of chicken meat in 2019, an increase of 2.39% from 2018. China, the next major producer, produced 13.80¹ million tons of chicken meat which increased 17.95% from the previous year. Brazil, the world's third largest producer, produced 13.64¹

¹ USDA Publications ; Livestock and Poultry: World Markets and Trade October 10, 2019



million tons of chicken meat that increased from 2018 by 2.10 %. Lastly, the EU which was the world fourth largest producer increased its production by approximately 1.63% to reach 12.46¹ million tons in 2019.

Globe Chickens Production in 2019



As for Thailand, approximately 1,684.26² million broilers were raised in 2019 which accounted for about 2.49² million tons of chicken meat. The production was higher than that of 2018 by 5.63%. The increase was caused by the rising of both domestic and export demand especially demand from China as a result of the shortage of pork following the outbreak in that country. Moreover, since Thailand is Avian Flu-free zone, the export of chicken meat products increased favorably and hence the broiler production.

Market Situation

Export market

Volume of chicken meat export in 2019 was about 954,010³ tons, a slightly increase of 6.93% from the previous year and worth 111,540³ million Baht. The growth was minimal when compared with the 11.33% increased in 2018 due to the declining chicken meat export to the EU as well as slightly dropped of export to Japan. Another reason is the appreciation of Baht that make Thai products less competitive when compare with its competitors such as Brazil. The export outlook in the EU market was also vulnerable from the coming impact of BREXIT on the EU chicken meat for exporting countries, including Thailand.

As for the export market, Japan was the most important destination of Thai chicken meat products. In 2019, export of chicken meat products to Japan was approximately 437,819³ tons, slightly decreased by 0.58% from previous year. As for the EU which was the second largest market of Thai chicken meat products, the export declined 2.26% from the previous year to 320,466³ tons in 2019. The export decrease was due to the inability to reach the agreement with the EU concerning the quota of cooked chicken meat export as well as the growing competition from the Eastern European countries.

Besides these two major markets, export of Thai chicken meat products to other countries such as China, South Korea, Hong Kong, Malaysia, and Canada was approximately 195,725³ tons in 2019, an

² Commodity price prospect 2019 report, Office of Agricultural Economics ; <http://www.oae.go.th/assets/portals/1/files/trend2563-Final-Download.pdf>

³ Thai Broiler Processing Exporters Association ; <http://www.thaipoultry.org/welcome.php?p=exportStatic>



increase of 57.94% from the previous year. The increase was due to the confidence of these nations in hygienic standard and Avian Flu-free products of Thailand. Moreover, the increase of chicken meat export to China as a result of the shortage of pork caused by the outbreak in that country also helped boost the export to countries other than Japan and the EU.

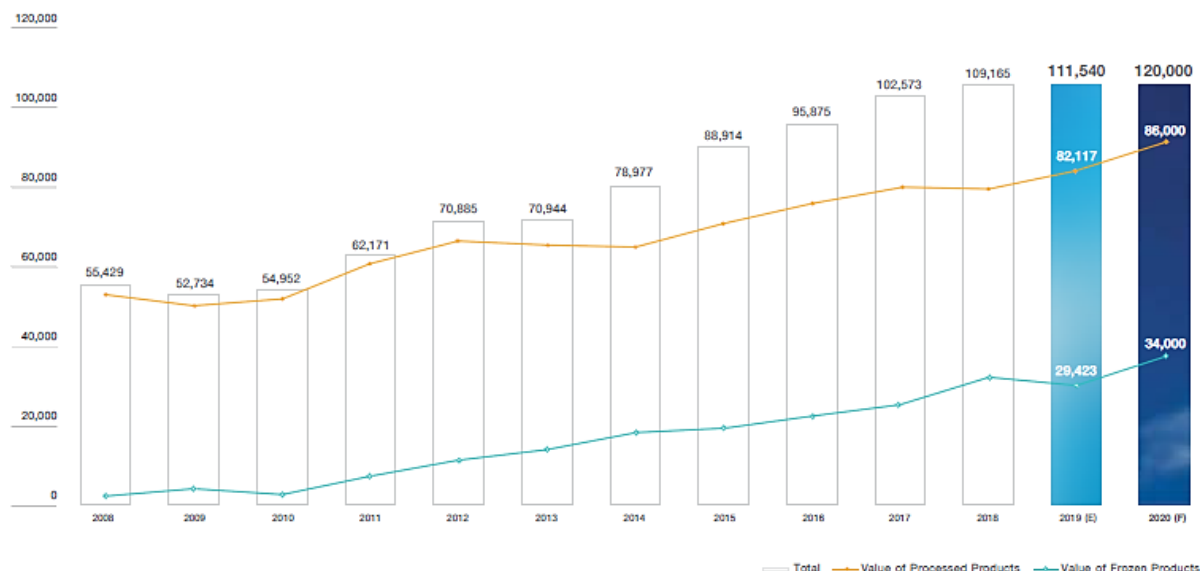
Domestic Market

Thai economy in 2019 grew minimally as a result of decreasing prices of agricultural products which were sources of income for most of Thai population. Despite the negative factors, domestic consumption of chicken meat product in 2019 was approximately 1.59² million tons which increased by 4.75% from the previous year.

The consistent rising of domestic demand of chicken meat was partly the result of the relatively low price of chicken meat compared with other types of meat products especially pork. The growing concern on health among Thai consumers also induced them to substitute beef and pork with chicken meat which contain lower fat and lower cholesterol. Furthermore, competition in the growing fast food business was also help raising domestic demand because chicken meat was widely used as part of raw materials in various chained fast food outlets. Lastly, the growing number of international tourists also helped boost demand for chicken meat products in the country.

The Value of Exports Comparison (2008 – 2020F)

Value : Million Baht



Source: Thai Broiler Processing Exporters Association.

Remark: 2019 Estimated

2020 Forecast



Prospects for 2020

Production

The broiler production in Thailand is likely to expand continually in 2020. The estimated production is 1,801.80² million broilers or 2.70² million tons of chicken meat, an increase of approximately 6.98% over the year 2019. The cause of this increase in production is the expected brighter domestic and world economic situation that should help boost domestic consumption and export. Furthermore, the competitiveness and export potentiality of Thai products also help enhance export. However, there are many obstacles and risks that may adversely affect the production and push it lower than expectation. Such obstacles include more intense competition and trade barriers in the international market. Other risks are the vulnerable of Thai economy and the appreciation of Baht that will make Thai products less competitive.

Market Situation

The slightly higher economic growth expected in 2020 will sufficiently support the rise of domestic demand for chicken meat because it is usually a better choice for consumer who wants food with rich nutrient content at reasonable price. Furthermore, growth of international tourist due to the continually promotion will also help stimulate demand for various types of processed chicken meat products. It is expected that demand for chicken meat will increase 8.34% from the previous year to reach approximately 1.70² million tons in 2020.

As for the export market of Thai chicken meat in 2020, there is a chance that market will continually grow. It is expected that export volume will increase by 2.72% from 954,010³ tons in 2019 to approximately 980,000³ tons in 2020. Main supporting factor for the growth of chicken meat export is the stability of world economy. Moreover, the confidences of the importers and consumers in foreign markets on hygienic standard of Thai products also help make frozen chicken meat from Thailand highly acceptable.

Although the export of Thai chicken meat products is forecasted to increase in 2020, the real growth of export market depends on various positive and negative factors as follows:

Positive Factors

- The restrained growth of broiler raising in China has led to more import of Thai chicken meat products to that country in 2019. The situation will not only brighten up export opportunity of Thai chicken meat but also lessens the export competition from China.
- The exiting of England from the EU (Brexit) may lead to the quota-free export of Thai chicken meat products to that country. Besides, more Thai chicken meat should be able to export to the EU under the current quota.
- The clear and consistent government policy on import of animal feed raw materials help Thai producers, especially the integrated conglomerate companies, efficiently forecast and control their production cost plan.
- The efficacy of both the government and Thai private sectors to deal with the Avian Flu outbreak as well as the high standard of Thai production system and the ability of Thai exporter to develop



processed chicken meat products to meet consumer demand are well recognized in the principal and high purchasing power markets such as Japan and the EU. Furthermore, the high standard also raises competitive potential of Thai chicken meat products in many other countries.

Negative Factors

- The continued appreciation of Baht in 2020 at higher rate than the currencies of major competitors in chicken meat export as well as the raising of minimum wage across the board will relatively reduce the competitiveness of Thai products.
- Brexit may pose a negative effect on the growth of the European economy which is the major market of Thai chicken meat products. Furthermore, the inability to reach the agreement with the EU concerning the quota of cooked chicken meat export may cause a serious limitation to the export of Thai chicken meat products.
- Competitions from the countries with highly competitive potentials especially Brazil, Vietnam, and Poland could be the important barriers for the expanding of Thai chicken meat export.
- Although the Avian Flu outbreak has been efficiently brought under control in Thailand, the occasionally reoccurring of the outbreaks in other countries pose a serious threat to Thai chicken meat export. Therefore, it is the risk that both government and its business counterpart have to strictly monitor.
- Global warming may lead to severe draught in many parts of the world especially the countries in which animal feed raw materials are largely produced. Lower production of animal feed raw materials will cause their prices to rise so that cost of animal feed as well as cost of broiler raising will inevitably increase.

Export of Thai Chicken Meat Products to Important Markets (2018 – 2020)

Market	2018		2019 (E)		2020 (F)	
	Volume (ton)	Proportion (%)	Volume (ton)	Proportion (%)	Volume (ton)	Proportion (%)
Japan	440,366	49.36	437,819	45.89	440,000	44.90
EU	327,868	36.75	320,466	33.59	324,000	33.06
Others	123,920	13.89	195,725	20.52	216,000	22.04
Total	892,154	100.00	954,010	100.00	980,000	100.00

Source: Thai Broiler Processing Exporters Association.

Note: 2019 Estimated

2020 Forecasted



Volume and Value of Thai Chicken Meat Export

Unit in Volume: tons and Unit in Value: million Baht

Year	Frozen		Processed Product		Total	
	Volume	Value	Volume	Value	Volume	Value
2004	26,137	1,725	191,739	22,408	217,876	24,133
2005	96	6	265,023	30,478	265,119	30,484
2006	2,662	97	294,295	35,742	296,957	35,839
2007	11,052	522	322,471	36,791	333,523	37,313
2008	14,367	862	387,127	54,567	401,494	55,429
2009	18,260	1,242	378,809	51,492	397,069	52,734
2010	17,054	1,147	418,005	53,805	435,059	54,952
2011	27,258	1,881	435,267	60,290	462,525	62,171
2012	89,411	6,491	462,951	64,394	552,362	70,885
2013	89,092	7,776	436,590	63,168	525,682	70,944
2014	154,759	15,653	424,707	63,324	579,466	78,977
2015	215,045	19,655	466,028	69,259	681,073	88,914
2016	240,123	21,341	502,846	74,534	742,969	95,875
2017	252,666	24,084	548,705	78,489	801,371	102,573
2018	325,312	30,768	566,842	78,397	892,154	109,165
2019 (E)	353,328	29,423	600,682	82,117	954,010	111,540
2020 (F)	360,000	34,000	620,000	86,000	980,000	120,000

Source: Thai broiler processing exporters association and forecasting.

Remark: 2019 (E) Estimated

2020 (F) Forecasted

Domestic Production and Consumption

Year	Production (million birds)	Production (metric tons)	Change (%)	Consumption (metric tons)	Change (%)
2015	1,361.91	1,884,010	5.48	1,262,236	1.75
2016	1,460.67	1,990,162	5.63	1,300,053	3.00
2017	1,433.09	2,027,529	1.88	1,269,159	(2.38)
2018	1,594.47	2,356,121	16.21	1,516,693	19.50
2019 (E)	1,684.26	2,488,795	5.63	1,588,795	4.75
2020 (F)	1,801.80	2,696,468	8.34	1,696,468	6.78

Source: Commodity price prospect 2020 report, Office of Agricultural Economics;

Note: 2019 (E) Estimated

2020 (F) Forecasted



Feed mill

(a) Marketing characteristic of the product

Significant competitive strategy

In marketing its products, KT realized the importance of the quality. KT had advantage over its competitors because of its 36 years extensive experience on the livestock sector. As a result, the customers accepted the quality of products. In addition, KT has developed various products in accordance to the need of customers. KT also emphasizes on having production process to meet international standards and able to effectively trace the system back for error detection. Therefore, KT has quality assurance in every production process to ensure product safety. A division has been set up to coordinate and monitor the shipping and storage to meet standard so that consumers and customers are confident of the quality of our products. Moreover, the Group operates fully vertical integration of livestock starting from feed mill, grandparent chicken farm for parent day-old-chick production, parent chicken farm for broiler production, and slaughter and processing house which is the key strategy and support products' reliability.

Nature of customers

Customers can be categorized into 2 groups as follow:

Group 1 Customers that are affiliated companies such as M.K.S. Farm Company Limited, Krungthai Farm Company Limited, GP Breeding Company Limited and P. Charoenphan Feedmill Company Limited those buy only chicken feed.

Group 2 General customers who are animal raisers, both land and aquatic animals.

Target customers

KT's target customers who are affiliated companies that accounted for 70% and general animal raisers both domestic and export market that accounted for 30%.

Distribution and distribution channel

Feed mill distributes under KT's brand. The distribution channels include sells directly to related companies, animal raisers and sells to wholesalers/retailers for resale.

(b) Competitive conditions within the industry

There are more than 60 feed mill operators in Thailand, therefore, the market is highly competitive. However, Being an expert with long-term experience and widely accepted quality of products, KT has high potential in competition and is one of the leading company in feed industry. Moreover, 70% of sales revenue came from affiliated companies, the rivalry of KT is not intense.



(c) The overview of feed industry and future outlook

Situation in 2019

Overview

The continually growth of chicken meat export in 2019 while prices of the animal feeds were relatively stable helped raised demand for animal feeds and kept the animal feed business expand accordingly. However, there were some obstacles that may reduce the growth of animal feed industry which were the lower than expected economic growth that lead to the lower domestic purchasing power. In addition, the rather slow economic recovery in the major exporting countries such as the EU and Japan were altogether adversely affected the growth of Thai animal feed business.

Total demand for animal feed in Thailand was approximately 20,432,941⁴ tons in 2019, an increase of 2.55% from 2018. Demand for animal feed of broiler-raising business had the highest share of about 35.40% of total feed products. Next to the broiler-raising, swine and layer hen raising business demanded about 27.15% and 11.11% of total animal feed produced in 2019 respectively. Since demand for animal feed of these three businesses altogether shared more than 70% of the yearly total demand, their growth would be an important stimulus for the development of animal feed industry. On the other hand, if these livestock businesses encounter any critical problem, animal feed production would inevitably face serious difficulty.

About 7,234,013⁴ tons of animal feed were used for broiler raising in 2019, an increase of 10.68% from the previous year. Swine raising business used approximately 5,548,500⁴ tons of animal feed which increased by 1.96% from 2018 while layer hen raising which shared the third largest demand used about 2,270,594⁴ tons of animal feed, up 4.51% from the previous year.

Demand for main feed ingredients

The growth of animal feed business as a result of the expansion of livestock farming had caused demand for its raw materials to increase, especially demand for main ingredients of most animal feed products such as maize, soybean meal and fishmeal. Although these raw materials could be produced domestically, they had to be imported in large amount due to excessive demand. Moreover, productive potential of some raw material is insufficient especially soybean which is used to produce soybean meal. In addition, most fishmeal product uses local raw material that has protein content less than what should be appropriate for animal feed production. As a result, growth of domestic supplies are not sufficient to meet demand for animal feed raw materials and considerable amount of them have to be imported each year. However, the government policy that has been rarely changed and likely to relax the control on import of raw materials helps the animal feed producers plan their production and import correctly and lessen the adversely effects arose from the volatility of raw material prices.

⁴ Thai Feed Mill Association, <http://www.thaifeedmill.com/tabid/56/Default.aspx>



1. Maize

Animal feed business needed approximately 8,514,090.70⁴ tons of maize in 2019, an increase of 3.29% from 2018. This demand was higher than domestic supply so that at least 100,000 tons of maize had to be imported in 2019.

In order to protect maize farmers, the import of maize must be in accordance with the following criteria set by the government⁵.

- Import quota on maize from the WTO member countries is at 54,700 tons and the state-run Public Warehouse Organization was the sole authorized importer. In-quota import is subjected to 20% tariff. The non-quota import has to pay 73% tariff duty plus surcharge of 180 Baht per ton.

- Import from members of ASEAN Free Trade Area (AFTA) pay 0% tariff duty but time of import is limited to during February 1 to August 31 in each year.

- Import under the contract farming scheme with neighboring countries and under the Ayeyawady – ChaoPhraya - Mekhong Economic Cooperation Strategy (ACMECS) were subjected to 0% import tariff but time of import is limited to during February 1 to August 31 in each year.

- Import in accordance with the Thai-New Zealand Free Trade Agreement (TNZCEP) and Japan -Thailand Economic Partnership Agreement (JTEPA) is subjected to 0% import tariff. As for the JTEPA, however, the non-quota import has to pay 73% tariff duty.

- Import in accordance with the Thai-Australia Free Trade Agreement (TAFTA) within the quota of 10,830.23 tons was subjected to 1.33% import tariff. Only Public Warehouse Organization was the sole authorized importer. As for the out-of-quota import, time duration and amount was not limited but it will be subjected to 65.70% import tariff.

- Import in accordance with the Free Trade Agreement between ASEAN - Japan (AJCEP) is subjected to 0 % import tariff and has to pay 73% import tariff duty.

- Import in accordance with the Free Trade Agreement between ASEAN - Korea (AKFTA) is subjected to 0% import tariff but the non-quota import has to pay 73% tariff duty.

- Import in accordance with the Thai-Chile Free Trade Agreement (TCFTA) is subjected to 0% import tariff but the non-quota import has to pay 73% tariff duty.

- Import other than as stated above pay 2.75 Baht per kilogram of import tariff plus surcharge of 1,000 Baht per ton.

2. Soybean Meal

Animal feed business demanded approximately 4,893,086.80⁴ tons of soybean meal in 2019, an increase of 2.79% from the previous year. This amount was too high to be sufficiently supplied by domestic soybean meal which was a by-product of the soybean extracting industry. As a result, large amount

⁵ Manual of import of agricultural products in accordance with the international obligations 2018, Department for Foreign Trade, <http://www.dft.go.th/th-th/ShareDocument1/ArticleId/9361/9361>



of soybean meal had to be imported. The major sources of these imports were Brazil, Argentina, and the United States.

In 2019, the government policy on import of soybean meal⁵ was as follow:

- Import from WTO member countries within the arranged quota is restricted to be made only by specified 11 associations and organizations such as Thai Broiler Processing Exporters Association, Animal Feed Producers Association of Thailand, etc. These associations are authorized to import soybean meal from WTO members under the minimum allowance condition with no limit on quantity and duration of import. These authorized importers pay only 2% tariff duty while others who import beyond quota limit or unauthorized importers had to pay high tariff duty of 119%. However, these authorized importers have to sign contract with the Ministry of Agricultural and Cooperative to buy from vegetable oil extracting industry all domestic soybean meal produced from Thai soybean at the guaranteed price.
- Import from members of ASEAN Free Trade Area (AFTA) pay tariff duty of 0% with no quota and time limit.
- Import in accordance with the Thai-Australia Free Trade Agreement (TAFTA) and the Thai-New Zealand Free Trade Agreement (TNZCEP) are subjected to 0% tariff duty.
- Import in accordance with Japan -Thailand Economic Partnership Agreement (JTEPA), the Free Trade Agreement between ASEAN – Korea (AKFTA), and the Thai-Chile Free Trade Agreement (TCFTA) are subjected to 0% tariff duty. The non-quota import, however, has to pay 119% tariff duty.
- Import from countries other than those specified above was not subjected to quota and time limit but the tariff rate was high at 6% plus the surcharge of 2,519 Baht per ton.

3. Fish Meal

In 2019, animal feed industry had to use approximately 788,838.30⁴ tons of fish meal as its raw material, an increase of 1.45% from the previous year. Because of the insufficient local supply, it is necessary that fish meal had to be imported. Import of fishmeal with protein content less than 60% had to get import permission from the government. Quantity and duration of import of fishmeal with protein content more than 60% was not restricted but import tariff was set in accordance with importing sources as follow:

- Import from members of ASEAN Free Trade Area (AFTA) and import in accordance with the Thai-Australia Free Trade Agreement as well as import in accordance with the Thai-New Zealand Free Trade Agreement (TNZCEP) are subjected to 0% tariff duty.
- Import in accordance with the Free Trade Agreement between ASEAN-China and ASEAN-Australia-New Zealand are subjected to 0% tariff duty.
- In-quota import from Korea in accordance with ASEAN-Korea Free Trade Agreement (AKFTA) is subjected to 5% tariff duty.
- Import in accordance with the Japan-Thailand Economic Partnership Agreement (JTEPA) is subjected to 0% import tariff.



- Import in accordance with the Thai-Chile Free Trade Agreement (TCFTA) are subjected to 2.5% tariff duty.
- Import from sources other than specified above is subjected to 15% import tariff for the fishmeal with protein content more than 60%. Fishmeal with protein content less than 60% is subjected to 6% import tariff.

Trend for 2020

It is forecasted that more political stability in 2020 should moderately raise Thai economic growth and hence demand for food including livestock products. Since the export of livestock products is also forecasted to grow continually, the growth of both domestic and export demand for livestock products would help raise the demand for animal feeds.

Total demand for animal feed in 2020 is approximately 20,340,022⁴ tons, a slightly decrease of 0.45% from 2019. This total demand may be classified in accordance with the main feed raw materials that there will be 793,531.90⁴ tons of demand for fishmeal, 4,881,524.20⁴ tons of demand for soybean meal, 8,517,295.40⁴ tons of demand for maize and 1,749,797.30⁴ tons of demand for broken-milled rice.

Broiler-raising business will demand highest share of animal feed produced in 2020. It is forecasted that this business will use about 7,306,353⁴ tons of animal feed or 35.92% of total feed demand. Next to the broiler-raising, demand for animal feed of swine and layer hen raising business will be approximately 5,300,100¹ tons and 2,270,615⁴ tons, which will respectively be 26.06% and 11.16% of the total animal feed produced in 2020.

At this forecasted demand level, feed raw materials especially maize, soybean meal, and fish meal may have to be imported at amount not less than in 2019. It is also expected that the measures imposed on the import of animal feed raw materials in 2020 would not be different from those of the previous year.

In conclusion, the expansion and growth potential of Thai animal feed industry in 2020 will depend on factors that may cause positive effects as well as negative effects on the industry as follow

Positive factors

- The expected growth of Thai economy and the rising trend of both domestic and international demand for livestock products should stimulate demand for animal feed and hence the growth of animal feed industry. Furthermore, since the Avian Flu outbreak in Thailand has been efficiently brought under control, Thailand's chicken meat export outlook would be brightened especially in its major markets such as The European Union, Japan, China, and the ASEAN. As a result, animal feed industry will grow accordingly.
- The growth of electric vehicle industry in the recent years has reduced the demand for renewable energy such as gasohol and biodiesel. Therefore, prices of crops used to produce these sources of energy would not be driven up like in the past 7-8 years. Since most of these crops are also used as animal feed raw materials, cost of animal feed production should still be at reasonable level.



- Government policy concerning the import of animal feed raw materials that tends to provide more support on livestock raising business would also be helpful for animal feed industry.

Negative factors

- Global warming phenomenon may cause draught in many parts of the world especially in the countries that produce animal feed raw materials. Therefore, prices of these raw materials may rise and so the cost of producing animal feed.
- The appreciation of Baht may adversely affect the export of Thai chicken meat products and hence the animal feed industry.
- Although the import of main feed raw materials is more liberated, many import restriction measures imposed by the government still exist. These measures may raise the cost of animal feed production so high that the competitive potential of Thai livestock products would be worsen.
- Since the domestic purchasing power is rather low and economic growths of the principal markets of Thai export products including Japan and the EU are expected to be only minimal, demand for livestock products may not highly increase. As a result, growth of the livestock businesses as well as animal feed industry may be adversely affected.

Estimated Demand for Animal Feed (2018-2020)

Volume: ton

Animal Populations	2018		2019		2020*	
	Volume of feed	Share (%)	Volume of feed	Share (%)	Volume of feed	Share (%)
Broiler	6,535,797	32.80	7,234,013	35.40	7,306,353	35.92
Parent	939,456	4.72	907,200	4.44	916,272	4.50
Pullet layer	921,801	4.63	794,187	3.89	794,187	3.90
Layer	2,377,747	11.93	2,270,594	11.11	2,270,615	11.16
Parent layer	26,800	0.13	22,400	0.11	22,400	0.11
Pig	5,659,200	28.40	5,548,500	27.15	5,300,100	26.06
Parent pig	993,240	4.99	973,710	4.77	930,000	4.57
Duck	323,652	1.62	331,968	1.62	348,566	1.71
Parent duck	23,360	0.12	23,934	0.12	25,131	0.12
Layer duck	273,750	1.37	328,500	1.61	344,925	1.70
Cow	875,453	4.39	1,023,935	5.01	1,044,413	5.13
Shrimp	464,000	2.33	464,000	2.27	496,000	2.44
Fish	510,000	2.56	510,000	2.50	541,059	2.66
Total	19,924,256	100.00	20,432,941	100.00	20,340,022	100.00

Source: Thai Feed Mill Association Note: *Forecasted



Estimated Demand for Animal Feed Raw Materials (2018-2020)

Volume: ton

Raw Materials	2018	2019	2020*
Fish Meal	777,561.7	788,838.3	793,531.9
Soybean Meal	4,760,051.6	4,893,086.8	4,881,524.2
Maize	8,242,790.9	8,514,090.7	8,517,295.4
Broken-Milled Rice	1,812,088.2	1,806,228.8	1,749,797.3

Source: Thai Feed Mill Association

Note: *Forecasted

Grandparent Chicken Farm**(a) Marketing characteristic of the product**Significant competitive strategy

GP sells parent chicks to related companies i.e. Krungthai Farm Company Limited and general animal raisers that operate parent chicks farming both domestic and foreign market. GP emphasizes on quality of products to meet international standards and control of cost of production in order to gain competitive advantage.

Nature of customers

Customers of GP are related companies and general customers that have parent chicken farms both in the domestic and foreign market.

Target customers

Customers of GP are related companies and general customers both domestic and foreign market.

Distribution and distribution channel

GP distributes parent chicks to Krungthai Farm Company Limited and to general customers both in the domestic and foreign market directly without any distributors.

(b) Competitive conditions within the industry

This industry is highly competitive, the competitors are the same group that export chicken. However, GP has got strengths of being in the fully vertical integration of livestock group and about 48% of DOC sales is sold to related company, the rivalry among competitors is not intense.



Parent Chicken Farm

(a) Marketing characteristic of the product

Significant competitive strategy

FKT sells broiler chicks to related companies i. e. M. K. S. Farm Company Limited and P. Charoenphan Feedmill Co., Ltd., sells egg laying chicks to Krungthai Food Public Company Limited and to general animal raisers that operates egg laying chicken farm. FKT emphasizes on quality of products to meet international standards and control of cost of production in order to gain competitive advantage.

Nature of customers

Customers of FKT are related companies and general customers that operate egg laying chicken farm business.

Target customers

Customers of FKT are related companies and general customers that operate egg laying chicken farm business.

Distribution and distribution channel

FKT distributes to customer including M.K.S. Farm Company Limited and Krungthai Food Public Company Limited and to general customers that operate egg laying chicken farm business.

(b) Competitive conditions within the industry

This industry is highly competitive, the competitors are the same groups that export chicken. However, FKT has got strengths of being in the fully vertical integration of livestock group and 100% of DOC sales is sold to related company. As a result, there is no competition in this business segment.

Broiler Farm

(a) Marketing characteristic of the product

Significant competitive strategy

MKS sells all broilers to GFPT Public Company Limited (parent company) and GFPT Nichirei (Thailand) Company Limited (joint venture company of GFPT). MKS distributes boilers to only 2 companies, which both are related companies, consequently, there is no competition in this business. The main strategy is MKS's extensive experience in this business for many decades, therefore, gained customers' confident on the quality of products. Nonetheless, MKS emphasizes on quality of products to meet international standards and control of cost of production in order to gain competitive advantage.

Nature of customers

Customers of MKS are GFPT Public Company Limited, a parent company, and GFPT Nichirei (Thailand) Company Limited, a joint venture company with the parent company.

Target customers

Customers of MKS are the parent company and a joint venture company with the parent company. All broilers produced by MKS are purchased by both companies to eviscerate and process as processed food and sell it in both domestic and foreign markets.

Distribution and distribution channel

MKS distributes goods in the domestic market through GFPT Public Company Limited and GFPT Nichirei (Thailand) Company Limited.

(b) Competitive conditions within the industry

MKS does not face any competition in this industry because MKS sells all broilers to the parent company and a related company (joint venture company with the parent).

Processed Food**(a) Marketing characteristic of the product**Significant competitive strategy

The marketing strategy on determining the selling price depends on the commodity price of chicken in the domestic market. However, since the Company only buys chicken meat from the parent company, the Company is able to estimate cost and control quality of raw material. The Company also focuses on meeting the international standards to ensure quality and safety of the products. The Company emphasizes on responding to the customers need and develop new product to meet the behavioral changes of the consumers, as well as, expanding the distribution channel to reach even more to consumers. As a result, the Company gained competitive advantage over the competitors in the same industry.

Nature of customers

Customers can be categorized into 4 groups as follow:

Group 1 “fresh market customers”, they are middlemen who wholesale and retail chicken parts to general customers such as educational institutions, bakery shops, and vendor stall merchants in fresh market in Bangkok. Mostly, they have their own shops.

Group 2 “provincial customers”, they are middlemen and distributors who order a big lot of stock then distribute to other district or even nearby provinces. They may or may not have their own shops but their customers are the same as fresh market customers’.

Group 3 “QSRs and Food Services”, hotels and catering by focusing on buying products to cook and resell. Thus, there is an additional service in term of delivery by using motorcycle, starting at Wat Son shop which is the first branch.

Group 4 “Industrial business group” buying products in large quantity for processing and selling, focusing on standard quality.

Target customers

The 4 primary groups aim at all kinds of consumers e.g. students, housewives, employees, and etc.

Distribution and distribution channel

Besides those first and second groups of customers, the company also established its own distribution center, "GF Foods". There are 14 distribution centers categorized by region shown bellows:

Northern part: Lampang, Tak, Phitsanulok, and Nakhon Sawan

Southern part: Suratthani, Hat Yai, and Phuket

Northeastern part: Ubolratchathani, Udonthani, and Buriram

Central part: Nakhon Pathom, Phetchaburi

Bangkok: Rama 2 and Wat Son - Pracha Uthit

(b) Competitive conditions within the industry

Processed food made from chicken such as sausages are popular because of its high in protein, convenient and fast to consume. The general market is the domestic market. The demand of sausages consumption is in an upward trend due to the consumers' behavioral and life style changes. Therefore, operators in the processed food industry expand its manufacturing capacity to produce ready to eat food, consequently, higher competition within the industry.

2.3 Sourcing of productsChicken Evisceration and Processed Chicken

The Company buys raw material (chicken) only from M.K.S. Farm Company Limited, a subsidiary company. The Company has 1 slaughter house located in Samutprakarn with the production capacity of 146,000 tons in 2019.

Environmental impact

There is minimum environmental impact occurs from chicken evisceration, however, there will be remains left over from the production. The Company manages the chicken remains by having wastewater treatment to control the water quality before flow into the public water supply. The Company is aware and conscious of being a part of the society by having socially responsible activities with the locals, policies to manufacture environmentally friendly products and services, comply with environmental laws, promote activities that protect the environment and conserve energy, as well as, policies to promote the use of environmentally friendly products. In the past 3 years, the Company has never received a complaint or a lawsuit or a dispute about environmental issue.

Feed mill

KT buys raw material such as corn, soybean residue, protein from plants and other ingredients of animal feed from both inside Thailand and import from other countries depending on the domestic supply and



commodity price. KT faced shortage of raw materials used in the manufacture of animal feed due to insufficient supply of corn and soybean residue in the domestic market, thus, the Company will have to rely on import of raw materials from other countries. Furthermore, there is other limitation in raw material sourcing including import quota measures, price measures, and tax measures.

At present, KT has 4 factories that manufacture animal feed, which consisted of 1 factory producing land animal feed and 2 factories producing aquatic animal feed. All 3 factories are located in the same area in Samutprakarn province with total capacity in 2019 of 599,000 tons. The other factory producing land animal feed located in Ban Bueng, Chonburi has capacity of 512,000 tons.

Environmental impact

The manufacturing of animal feeds may cause dust and smell in the surrounding areas. KT is aware of this impact and implemented preventive measures, as a result, in the past years, KT has not faced any complaints from the surrounding areas. The water use to produce animal feeds. Also, there is wastewater treatment to control the quality of water and convert it to clean water before flowing into the public water supply. KT is aware and conscious of being a part of the society by having socially responsible activities with the locals, policies to manufacture environmentally friendly products and services, comply with environmental laws, promote activities that protect the environment and conserve energy, as well as, policies to promote the use of environmentally friendly products. In the past 3 years, KT has never received a complaint or a lawsuit or a dispute about environmental issue.

Grandparent chicken farm

GP imported grandparent chicken from abroad to produce parent broiler stock and sells it to Krungthai Farm Company Limited, which are related companies. In 2019, the Company's capacity to produce parent chicks is 2.60 million chicks by having 1 farms located in Chonburi province.

Environmental impact

Grandparent farming needs to be certified by the Department of Livestock Development, Ministry of Agriculture and Cooperatives in regards to the best practice of chicken farming and hatchery, this business does not have any environmental impact because of the implementation of an evaporative cooling system. Husks are used as foundation in the animal house, thus, great effect on the growth of animals and eliminate the smell. Trees are planted in some part of area to provide natural shade. Also, there is wastewater treatment to control the quality of water and convert it to clean water before flowing into the public water supply. GP is aware and conscious of being a part of the society by having socially responsible activities with the locals, policies to manufacture environmentally friendly products and services, comply with environmental laws, promote activities that protect the environment and conserve energy, as well as, policies to promote the use of environmentally friendly products. In the past 3 years, GP has never received a complaint or a lawsuit or a dispute about environmental issue.

**Parent chicken farm**

FKT buys broiler parent chicks from GP Breeding Company Limited, a related company, to produce broiler chicks. Egg laying parent chicks are imported from abroad to produce egg laying chicks. The Company has total 7 broiler farms and 1 egg laying farm, all farms are located in Chonburi province. In 2019, FKT has capacity to produce 124 million broiler chicks and 3 million egg laying chicks.

Environmental impact

The hatchery business has been certified by the Department of Livestock Development, Ministry of Agriculture and Cooperatives in regards to the best practice of chicken farming and hatchery, this business does not have any environmental impact because of the implementation of an evaporative cooling system. Husks are used as foundation in the animal house, thus, great effect on the growth of animals and eliminate the smell. Trees are planted in some part of area to provide natural shade. Also, there is wastewater treatment to control the quality of water and convert it to clean water before flowing into the public water supply. FKT is aware and conscious of being a part of the society by having socially responsible activities with the locals, policies to manufacture environmentally friendly products and services, comply with environmental laws, promote activities that protect the environment and conserve energy, as well as, policies to promote the use of environmentally friendly products. In the past 3 years, FKT has never received a complaint or a lawsuit or a dispute about environmental issue.

Broiler farm

MKS buys broiler chicks, a major raw material, from Krungthai Farm Company Limited, a related company. The chicken feed also buys from a related company - Krungthai Food Public Company Limited. At present, MKS has 13 farms located in Chonburi and total capacity of 103 million chicken in 2019.

Environmental impact

The broiler farm business has been certified by the Department of Livestock Development, Ministry of Agriculture and Cooperatives in regards to the best practice of chicken farming and hatchery, this business does not have any environmental impact because of the implementation of an evaporative cooling system. Husks are used as foundation in the animal house, thus, great effect on the growth of animals and eliminate the smell. Trees are planted in some part of area to provide natural shade. Also, there is wastewater treatment to control the quality of water and convert it to clean water before flowing into the public water supply. MKS is aware and conscious of being a part of the society by having socially responsible activities with the locals, policies to manufacture environmentally friendly products and services, comply with environmental laws, promote activities that protect the environment and conserve energy, as well as, policies to promote the use of environmentally friendly products. In the past 3 years, MKS has never received a complaint or a lawsuit or a dispute about environmental issue.

**Processed Food**

Chicken meats (raw material) are purchased only from GFPT Public Company Limited, a parent company. Therefore, there is no problem in sourcing raw material to feed the processed food business. The factory is located in Samutprakarn with total capacity of 37,800 tons in 2019.

Environmental impact

Process food business has no environmental impact, however, there will be remains left over from the production, therefore, GFF has wastewater treatment to control the water quality before flows into the public water supply. GFF is aware and conscious of being a part of the society by having socially responsible activities with the locals, policies to manufacture environmentally friendly products and services, comply with environmental laws, promote activities that protect the environment and conserve energy, as well as, policies to promote the use of environmentally friendly products. In the past 3 years, GFF has never received a complaint or a lawsuit or a dispute about environmental issue.

2.4 Undelivered Work

-None-



3. Risk Factors

GFPT recognizes importance of risk management that may affect the business for both internal and external factors which may be obstacles for operation and impact on organizational goals by supporting development and implementation of effective risk management system at all levels, so that all departments can operate successfully as planned.

Risk Management Structure

The Company's risk management framework is in accordance with The international standards of COSO ERM (The Committee of Sponsoring Organizations of the Treadway Commission) for all executives and employees. Risk management framework includes risk identifying, risk assessment, risk management, and risk monitoring. It is properly communicated to reduce negative possibility and impact. Additionally, risk monitoring is regularly implemented to ensure achievement of the Company's objective with acceptable level of risk.

The Company sets up a risk management structure consisted of 2 levels which are organizational level and department level. Organizational risk management was operated by the Risk Management Committee (RMC) which appointed by the Board of Directors. RMC is responsible for setting policy, operating framework, and providing opinions and suggestions regarding risk management. In addition, the risk management team, consists of executives and managers from various departments, closely monitors risk management operations on monthly basis in accordance with the policy and framework from RMC.

Risk Management Processes

The Company applies Risk and Control Self-Assessment (RCSA), Risk Map, Mitigation Plan, and identifies Key Risk Indicator (KRI) for significant risks. GFPT Group processes risk management with a two-way approach level 1 is risk assessment workshop is performed once a year by high-level executives to assess corporate risks or any significant change of business risk that are monitored and reported to executives, Risk Management Committee, and BOD on quarterly basis. Level 2 is risk assessment at functional level, where risk owner is responsible for identifying operational risks, specify risk management plan, and report risk status and risk mitigation plan to executives and Risk Management Committee. These implementations will promote risk management culture at all level in the organization.

In addition, the Company has followed up change of important external factors including emerging risk through the Early Warning System (EWS). Therefore, the Company can proactively prepare risk management measures before affecting the Company's business operations.

The Company has set risk appetite to acceptable level. Therefore, any risk with high to very high level has to be mitigated and managed to acceptable level. Every risk factor is measured by Key Risk Indicator (KRI) to identify degree and deviation of risk, which will also be closely monitored.



Risk Management Culture

The company has focused on promoting a risk management culture throughout our organization to bring about stable and sustainable growth in accordance with policy and guideline of organizational risk management. The Company realizes that effective risk management must be part of its business operations by promoting risk management culture at all levels; implementing risk management guideline for operations; and monitoring of progress continuously for both organizational level and department level. There is also communication and strengthen knowledge and understanding of risk management at all levels including the Executive Committee, the Risk Management Committee, risk management team at department level and staff level through various channels such as E-learning and training, etc.

In addition, in 2019, risk management department hired additional personnel with objective of promoting of communication and awareness about risk management for employees at all levels thoroughly which will lead to continuously practice until becoming our corporate risk culture.

As being of a leading food producer, relevant risks relating to operation and performance are classified into 7 dimensions as follows:

Significant risks and risk management strategies

1. Strategic Risk

1.1 Risk from competition in processed chicken meat industry

Since the Company is a chicken meat processor in which chicken meat has many substitute goods. Therefore, high competition in chicken meat production focuses on satisfying consumers in terms of taste, texture, food uniqueness and price. Nowadays, there is an intense competition in global chicken meat market, caused by many countries to increase chicken production and develop chicken meat products for export such as Brazil, USA, Netherlands. This factor may suppress profit margin of chicken industry. In order to gain higher market shares in the intense competitive situation, the Company has set up various strategies to increase sales and profit.

Risk Management

In 2019, overall of Thai chicken industry is decent from chicken export, especially the Chinese market. The shortage of pigs from the African Swine Fever (ASF) epidemic caused higher demand for chicken consumption as a substitute goods. The Company believes that China will be a high growth potential market of Thai chicken export in long term. GFPT's factory has certified in March, 2018. Currently, GFN's factory which the Company holds 49.00%, is also certified. According to intense competition in chicken meat processing industry, the Company has adjusted strategy to be flexible and accommodate with rapidly changing industry as follows;



1. Monitor and forecast prices on a weekly basis as well as analysis of market demand and supply for considering of method adjusting of selling products and minimize short term impact in case of selling price decline.

2. Monitoring situation of domestic and foreign market sales volume including current customer analysis in case of sales are not as planned to ensure that the Company can maintain main customers as well as using Customer Relationship Management (CRM) to maintain current customer satisfaction.

3. Expand market to diversify the risk. Expanding sales into potential market such as Middle East Countries and North America which may be developed into a main market in the future to replace markets in which company may soon our competitive edge.

These strategies will help in boosting the Company's profit and sales growth to achieve set target.

1.2 Marketing Risk

Maintaining revenue growth is important to the Company's performance especially in situation of market fluctuations from imbalances in demand and supply such as trade war and geopolitics, etc. The Company considers that marketing is key factor for running business successfully; therefore, the Company is committed to build a brand that is acceptable by consumers.

Risk Management

The Company values customers' satisfaction by focusing on marketing strategies; product differentiate and increase distribution channels for easy, quick, and convenient accessibility. In addition, the Company uses new distribution channels for market expansion such as E-Marketing, Social media, etc.

1.3 Changes in Consumers' Behavior Risk

The lifestyle of consumers is changing rapidly, so product development is important. We have to study and understand the consumers' behavior for both domestically and internationally in order to deliver the products that meet consumers' need and satisfaction.

Risk Management

The Company focuses on development of high value-added products and services, and product innovation to boost competitive advantage. The Company has a team to study the trend and change of its consumers' behavior both domestic and international markets by focusing on collecting consumer data in depth. The results of the study are used in product development and marketing planning in order to offer the suitable products to fit the need of the customers and also gain their satisfactions. Previously, the Company is able to achieve consumers' demand and satisfaction.

1.4 World Economy Fluctuation Risk

In 2019, Thai economy and world economy are obviously in a downtrend. The slow growth rate of economic from last year mainly came from fluctuation of global economy from trade war between the United States and China which reflected through significant declining number of Gross Domestic Product (GDP) of



many countries. Additionally, world economy has to face many uncertainties such as Brexit, which will cause economy of the Euro Zone and the United Kingdom to face volatility; Chinese economy may grow slowly; the Chinese's currency depreciation; and geopolitical conflicts in various countries, etc.

Risk Management

The Company set up a department to closely monitor and report current situation in strategic countries every quarter to executives and the Risk Management Committee to conduct risk management, scenario analysis, and sensitivity analysis to evaluate potential impact. The Company developed new products or high value-added products and services to respond to specific need. Additionally, the Company increased ASEAN countries and non-ASEAN countries exports to substitute exports in some countries and is also looking for new opportunities in other countries.

1.5 Water Shortage Risk

Water is a critical essence in human daily life and is one of economic drivers because it is used for agricultural and industrial sectors. Economy expansion, rise in population, and climate change have impact on water usage, water shortage, and water quality. Poor water management from all sectors could lead to water shortage and problems between communities, agricultural sector, and industrial sector. In consequence, feed production and chicken farming of the Company may be affected by poor water quality and shortage of water quantity that may later affect the Company's quality chicken and food products.

Risk Management

The Company has planned water usage plan appropriately in each production process. The water usage record system is implemented to analyze and control water management sustainably. The production process is also continuously developed along with research and development of methods, systems or production technology to reduce and utilize water usage. Previously, 6% of waste water was recycled daily. Moreover, the Company got a certificate from Bureau of Groundwater Control, Department of Groundwater Resources to use groundwater in production plant area.

2. Operational Risk

2.1 Human Resources Risk

Recruiting good and talented people is difficult but keeping good people is even more difficult. The Company highly focused on retaining talented employees because high-skilled competent personnel will drive the business to grow

Risk Management

High-skilled personnel are a critical key factor for business growth. The Company has provided both opportunities and channels for employees to express their competence including training programs internally and externally to broaden knowledge and abilities in various fields. Additionally, the Company supports and motivates existing competent employees to stay with the Company in long-term to be a key growth of the business.



2.2 The Confidence of Consumer in Food Safety Risk

The consumer behavior trend focuses more on fresh, clean, and safety of chicken meat products and cooked products. Therefore, the Company's operations may be affected if the consumers have lower confidence in food safety due to the risk of contaminated products or perishable products; which may occur during any production process and from other raw materials in the production, transportation and storage. Thus, the Company shall implement process that will ensure freshness, cleanliness, and safety of product for consumption.

Risk Management

The Company pays high attention to the food safety. In order to reduce the risk, the Company implemented new technology in the production process to meet international standards and be able to effectively trace the system back for error detection. Therefore, the Company has quality assurance in every production process. The quality control of raw material is done at all stages starting from the receiving of raw materials, packaging design, packing, transportation, storage, and handling to ensure that the standard is met. In addition, the Company set out procedure for product compliant and product recall to ensure the safety and confidence of consumers. Thus, it is evident that the Company has been awarded on the quality assessment of various products such as GMP, HACCP, ISO 9001:2000, etc. which is a verification for quality products.

2.3 Disease Outbreaks Risk

The disease outbreaks in animals would affect confidence of the consumer. Although, most animal disease may not be able to infect people directly, it may impact the Company's performance due to the declining in meat consumption. In particular, the avian influenza (AI) outbreak, though has no direct impact on the Company's operation, it significantly impacts the confidence of consumers to avoid consumption of chicken meat. If the outbreak magnifies, it will impact the export market that has trade limit, as a result, the Company cannot operate effectively.

Risk Management

The Company has been monitoring the disease outbreak in animals both domestic and other countries. The Company mitigates the risk of disease outbreak by improving its chicken farm management system and technologies including using the closed chicken houses with Evaporative Cooling System (EVAP) to prevent air that carried germs to the chicken houses. The Company has animal welfare policy and practice that comply with the international standard. There are many measures to prevent disease outbreaks in poultry farms of the Company. The Company has been certified by the Department of Livestock, Ministry of Agriculture and Cooperatives for the good agricultural practices for its integrated chicken farms including breeder farms, hatchery facilities, and broiler farms. In addition, the Company provides up-to-date knowledge about animal diseases to its employees. The Company assures that its employees understand the risk factors, able to assess risks associated with the disease outbreaks, and can perform early warning to prevent the spreading of disease.



The Company can prevent the risk of disease outbreak at its farm facilities; however, the disease outbreak still has indirect impact to the Thai chicken industry as a whole and also have impact on its ability to the generate revenue. For the previous bird flu outbreak, the Company cannot export fresh frozen chicken and processed chicken. But today the situation has returned to normal that the Company can export the frozen chicken. In addition, Japan allows import of poultry from Thailand for both fresh frozen chicken and processed chicken. However, disease outbreak is a factor that cannot be controlled.

2.4 Fluctuations in the Prices of Feed Materials Risk

The price volatility of feed commodities such as corn, soybean meal, and fish meal has an impact on the cost of feed. The commodity price changes according to the volume output in each period and crop season. In addition, the price is also determined by the demand and supply of the world markets as well as domestic market in Thailand. Not only animal feed production but also demand for renewable energy and speculation in commodity futures market also affect the demand of these commodities. These factors may affect the price volatility of raw material. As for the supply side, climate change and natural disaster may contribute in lower crop production. These factors are uncontrollable and unexpected. Therefore, the price volatility of these commodities is the risk that has impact on the Company's performance. If commodities prices increase higher than estimated, the production costs of feed and chicken meat will be higher. The Company is aware of risk management of raw materials, which is important part in production. Therefore, the Company has established management measures for raw materials risk.

Risk Management

The Company mitigated the risk of commodity price by assigning the specialized purchasing unit with high expertise and experience in procurement of these raw materials to follow up related news closely to look for alternative sources in term of quality and availability to meet the demand of production. In addition, the Company builds larger storage to store these raw materials and maintain higher stock level. The Company has the feed nutritionists to modify the feed formulation by using other equivalent feed materials and study the possibility of improving production process to support raw materials alternatives. The Company sometimes uses derivative financial instruments to manage its exposure from the price fluctuations of the imported feed materials. When the Company expects that the future commodity prices tend to increase, then, the Company can adjust the selling feed price to compensate with the increased cost of raw materials. However, the feed price increase must be approved by the Department of Internal Trade. Due to the fact that the government controls the feed price, the rise in feed price may not compensate the total increasing amount in commodity prices.

2.5 Price Volatility of Livestock and Meat Products Risk

The main products of the Company are chicken day-old-chicks and chicken meat products that generate income to the Company. The prices of these products were determined by the market's demand and supply in each period. The factors that affected the demand consist of purchasing power, confidence, and



seasonal demand. When the supply of these products exceeds the demand, the price of these products may be lower than expected and also impact on the revenue of the Company.

Risk Management

The Company mitigates the risk from the price volatility of the day-old-chicks and chicken meat products by launching new products and adding value in the products to fit the demand of consumers. Nonetheless, the price volatility of day-old-chicks, chicken meat, and chicken parts, may be beyond the expectation and the control of the Company.

2.6 Price Volatility on Fuel Risk

During the past few years, the fuel price in the world market had fluctuated dramatically, which were difficult to avoid the effect from the fluctuation of fuel price. According to this fluctuation, it has direct and indirect impacts on the Company's performance including higher production cost and transportation cost.

Risk Management

The Company mitigates the risk from the volatility of fuel price by managing the logistic system. A subsidiary company has 1 feed mill plant at Banbueng, Chonburi Province which is close to its broiler farm facilities, located in Chonburi Province. Due to the shorter distance of the new feed mill, the transportation cost of the chicken feed to the broiler farms of the group was reduced. Previously, the Company could reduce the production cost and transportation cost accordingly.

2.7 Corruption Risk

Corruption is a serious problem in utilizing the Company's resources in order to improve the Company and the country. Corruption leads to damage property and benefits of the Company. Although the Company has strict measures and internal control, corruption can possibly occur anytime. Therefore, the Company realized the importance of the cultivation of corporate culture to promote honesty and fidelity of the people along with management approach with caution; the learning and understanding the root cause of corruption within the Company; in order to develop rigorous corruption prevention to prevent, monitor, and handle the corruption when it occurs. This approach will help to stop the loss of the Company's resources or the benefit leakage of the business transactions.

Risk Management

The Company operates business ethically and is responsible to all stakeholders. The Company has certified to be a member of Collective Action Coalition (CAC) since 2017. The Company will measure corruption risks within the organization including preparing for anti-corruption practice self-assessment. The Company believes that corruption can be controlled by having a good internal control system including setting segregate organizational structure with clear workflow; encouraging employee's moral and promoting personal development to upkeep business ethics and the Code of Conduct; creating inter-department network; providing a communication channel for corruption complain; setting procedure for complaint's protection and keeping confidential information; having transparent, reliable and fair investigation, monitoring, and control process; and



setting punishment method for committees, executives and employees who commit in corruption. The Company highly commits to the compliance with its anti-corruption policy continuously.

3. Financial Risk

3.1 Financial Liquidity Risk

Financial liquidity risk is a significant risk that can affect all businesses. If business encounters problems with insufficient funds for business needs or cost of financing are higher than normal situation. The Company's business requires high investment. If unexpected event occurs, it may cause liquidity problems which may result in lack of continuity in business operations. Therefore, managing financial liquidity risk with appropriate system is very important to the Company.

Risk Management

The Company has policy to continually maintain liquidity position by ensuring that the Company is solvent for operating activities under ordinary and extraordinary circumstances in which the Company must maintain high liquidity ratio. Furthermore, the Company regularly monitors its liquidity to stay in line with risk management.

3.2 The Volatility on Foreign Exchange Rate Risk

According to a volatile global economy in 2019, Thai Baht appreciated around 7-8% compared to USD due to uncontrollable external factors such as changing in direction of FED's monetary policy and trade war that has strong impact especially for investment. In addition, there are domestic factors: firstly, Thailand is relatively large current account surplus, resulting in Thai Baht appreciation; and secondly, there are more foreign currencies flow into Thailand. Risk from exchange rate tend to increase in the future because key factor that determines value of Thai Baht are mostly from international factors such as USA or Brexit in EU. The Company is aware of the foreign exchange risk and keep the policy of not speculating on exchange rate. The Company has foreign currencies transactions for both export and import. Therefore, the Company may be affected by the volatility of the foreign currencies exchange rates. In terms of exports, if Thai Baht appreciated, it would lower the revenue after converting to Thai Baht. For the import of raw materials that used to produce feed mill, if Thai Baht depreciated, it would increase the cost of raw materials as well. The Company also imports machinery, supply materials, and some equipment from overseas.

Risk Management

The Company and subsidiaries use financial instruments to mitigate the foreign currencies exchange risk by setting a policy to buy forward contracts with several financial institutions to manage the volatility of foreign currencies transactions. As a result, the Company is able to recognize accurate production cost and able to effectively set the selling price. Thus, the Company can ensure that the target profit can be reach as expected. Moreover, the Company has natural hedge from purchasing raw materials in the same currency as selling export products where extra amount will be hedged by buying forward contract to reduce foreign exchange risk. The Company also statistically sets the acceptable foreign exchange risk using Value at



Risk (VaR) method. The Company closely monitors and analyzes economy risk factors to manage risks properly under changing world.

3.3 Volatility on Interest Rates Risk

Interest rate risk is unavoidable because the Company needs funds from financial institutions for business expansion plan which could alter the Company's financial costs to help the Company manage cost of interest effectively and develop financial plans. The Company therefore has a variety of interest rates risk management tools.

Risk Management

The Company mitigates the interest rate risk by assigning a team to monitor change in risk factors that could affect interest rate and perform in accordance to changing in situations. Besides, the Company has a policy to manage proper level of fixed interest-bearing debt and floating interest-bearing debt structure in regarding to capital need and interest rate trend. The Company is considering using financial tools such as interest rate swap to lower financial cost and interest rate risk.

4. Compliance Risk

Recently, law and regulations relating to the Company's operation have become stricter that violation could seriously damage the Company's business and reputation. The Company exports its chicken meat products to several countries, which can be impacted by the international trade barriers. According to the free trade agreement, the tax barriers i.e. tariff had become less popular; however, the non-tax barriers are imposed, for example, the quota system, the additional measures to improve hygiene standards, and the higher importing standard. The new market expansion is also difficult and time consuming because each country has a policy to protect its livestock industry. The changes in these factors may have an impact on production costs, sales and profitability of the Company in the future either directly or indirectly as well as the competitiveness of the Thai chicken export industry.

Risk Management

The Company realized the importance of laws, rules and regulations compliance and is determined to strictly follow those laws and regulations by establishing Compliance department. Since the Company has several subsidiaries, representative from each subsidiary is appointed to collect and complete Compliance Checklist to review legal compliance and prevent unintentionally violation. The compliance department will control and report effectively under the Company policy.

5. Reputational Risk

Brand image and reputation are vital to business success which could have uncountable serious and sudden impact in both short-term and long-term. Negative reputation and brand image could lower the Company's reliability and stakeholders' confidence (shareholders, investors, suppliers, and customers). Besides, apart from quality, brand image and reputation are one of the factors to customers' buying decision.



Thus, The Company has been realizing the importance of brand image and reputation and concentrating on stakeholders, community, society, and the Nation.

Risk Management

To mitigate and manage brand image and reputation risk, the Company focuses on good corporate governance and transparent exposure under ethics, roles, duties, rights, and freedom where stakeholders must be treated fairly and equally. The Company has specified the practice in business code of conduct by considering stakeholders such as shareholders, employees, customers, suppliers, partners, communities, societies, and environment as priorities. Also, the Company supports free trade competition, anti-corruption, and business chain responsibility and avoids conflict of interest and Intellectual property infringement. Additionally, the Company operates business under CSR ethics to treat stakeholders fairly and balance economic performance, environment performance, and community performance to achieve sustainable success.

6. Other Risk

As of December 30, 2019, the major shareholder, the Sirimongkolkasem family holds 666,104,940 shares or 53.13% of total shares of the Company which allows the Sirimongkolkasem family to control the votes in the shareholders' meeting such as the appointment of the Company's directors or other matters that requires majority votes except the matters that need to be approved by 3/4 of the shareholders who attends the Meeting. Thus, the minority shareholders do not have the power to check and balance the vote of the majority shareholders.

Risk Management

The Company has provided explanation to the major shareholder related to the conditions, guidelines including the conservative judgement to obtain the benefits to the Company. The business activities are based on fair, equitability and transparency. The authorized directors and executives are responsible for their duties and the results of their actions to all stakeholders of the Company including shareholders, creditors, employees, customers, suppliers and the public.

7. Emerging Risk

Apart from identified significant risks, the Company also is aware new emerging risks although they have low potential. From risk analysis and assessment, it has found that the Company may have cyberattack risk, digital transformation risk, and extreme weather events risk where the details, impact, and risks management of aforementioned risks are as follows:

7.1 Cyberattack Risk

Digital transformation, automation, and internet connection cause cyberattack risk, for example, network and ERP attacking, data destroying by unauthorized personnel, and misuse of data, all these cyberattacks can damage the Company's image and reputation.

**Risk management**

The Company realized the importance of several cyberattack risk which causes more critical impact. The Company had tried to reduce impact and chance of the Company's network to be offended by establishing an Information Technology and communication security policy and Information Technology emergency plan. For example, the Company has improved computer system to be ready for use to avoid system failure by backing up network and server to be able to work continuously with a least chance of failure. The Company has strict safety control measures such as firewall, reviewing authorization, data backup and recovery as well as network access detection without permission including promoting awareness of using technology to employees continuously by preparing training and activities to employees to acknowledge and understand proper use of technology and safety from cyberattacks.

7.2 Digital Transformation Risk

Digital technology becomes important factor of business and significant substance of strategies for all types of business. Digital technology plays an important role for daily life and business such as using digital technology in transportation, marketing, and E-Commerce, such changes are risks that may affect business operation and existing distribution channel in a long-term. The Company may lose competitiveness. However, there is an opportunity for new business expansion that creates more value added to organization.

Risk management

The Company has monitored and analyzed changes in digital technology to improve and expand new business to increase competitiveness. For example, using of big data for market needs and consumer behavior analysis to understand customers' needs and increase work efficiency by using digital technology and focusing on value creation and customer service to achieve highest satisfaction. In addition, developing work potential, and understanding and adjusting working style of employees ensure that technology will be used with maximum benefits and sustainable in order to maintain or increase the Company's competitiveness.

7.3 Climate Changing Risk

Natural disasters such as draught, flood, storm, etc. as a result of climate changing due to global warming will create direct and indirect impact to the Company unavoidably. This impact is concerned as an uncontrollable risk which the damage cannot be defined. Therefore, being ready for climate changing can lower damage the Company may impact.

Risk Management

The Company continuously prepares a counterplan for an emergency case in accordance with business operation master plan. The persons in charge of this counterplan have to monitor seasonal climate and report to the executives for preparation and continuous improvement of the counterplan.



4. Assets for Business Operation

4.1 The characteristics of fixed assets of GFPT Public Company Limited (the “Company”) and its subsidiary companies that are used in business operations as of December 31, 2019 are as follow:

Type/Characteristic	Ownership	Value (MB.)	Obligation
1. Land			
1.1 Land for factory:			
- Chicken evisceration and processed food 4 plots, total area 46-1-85.25 Rai at Samutprakarn	the Company	153.96	Mortgaged 4 plots with financial institution THB 327 M
- Feed mill 24 plots, total area 295-3-174.10 Rai at Samutprakarn and Chonburi	Krungthai Food Public Company Limited, a subsidiary company	100.55	Mortgaged 13 plots with financial institution THB 675 M
1.2 Land for chicken farm			
- 13 plots, total area 736-1-11 Rai at Chonburi	the Company	43.23	Mortgaged 1 plots with financial institution THB 110 M
- 67 plots, total area 3,852-0-6 Rai at Chonburi	M.K.S. Farm Company Limited, a subsidiary company	218.14	Mortgaged 18 plots with financial institution THB 319 M
- 29 plots, total area 2,292-0-41 Rai at Chonburi	Krungthai Farm Company Limited, a subsidiary company	78.49	Mortgaged 28 plots with financial institution THB 80 M
- 4 plots, total area 1,824-0-76 Rai at Chonburi	GP Breeding Company Limited, a subsidiary company	60.00	No obligations
2. Factory			
2.1 Factory to manufacture			
- Chicken evisceration and processed food 1 place at Samutprakarn	the Company	363.47	Mortgaged with land
- Feed mill 2 places at Samutprakarn and Chonburi	Krungthai Food Public Company Limited, a subsidiary company	493.79	Mortgaged with land
- Chicken sausage and chicken Roll 1 place	the Company	43.30	Mortgaged with land
2.2 Chicken and hatchery farm			
- 206 houses, Chonburi	M.K.S. Farm Company Limited, a subsidiary company	1,636.12	No obligations
- 99 houses, Chonburi	Krungthai Farm Company Limited, a subsidiary company	472.80	Mortgaged with land
- 13 houses, Chonburi	GP Breeding Company Limited, a subsidiary company	261.38	No obligations
- 13 houses, Chonburi	Krungthai Food Public Company Limited, a subsidiary company	51.19	No obligations



Type/Characteristic	Ownership	Value (MB.)	Obligation
3. Machinery			
3.1 Machinery to manufacture			
- Chicken evisceration and processed food 69 sets	the Company	272.73	No obligations
- 2 Feed mill factories 5 sets	Krungthai Food Public Company Limited, a subsidiary company	105.23	Mortgaged 4 sets value THB 100 M
- Chicken sausage and chicken roll 5 sets	GF Foods Company Limited, a subsidiary company	18.43	No obligations
3.2 Machinery in chicken farms			
- Hatchery equipment 43 sets, Chonburi	GP Breeding Company Limited, a subsidiary company	18.22	No obligations
252 sets, Chonburi	Krungthai Farm Company Limited, a subsidiary company	73.90	No obligations
- Chicken raising equipment 12 sets, Chonburi	GP Breeding Company Limited, a subsidiary company	4.46	No obligations
96 sets, Chonburi	Krungthai Farm Company Limited, a subsidiary company	11.09	No obligations
1 set, Chonburi	Krungthai Food Public Company Limited, a subsidiary company	0.00	No obligations
206 sets, Chonburi	M.K.S. Farm Company Limited, a subsidiary company	321.91	No obligations

In addition to the assets that legally owned by the Company and its subsidiary companies, as at 31 December 2019, the Company and its subsidiary companies also rent office building as its head office, distribution center, shipping agents, rent land for farming business and rent housing for employees from related persons as follow:

No.	Type	Lessor	Terms of lease		
			No. of years	Effective Date	End Date
1.	Office building	P. Charoen Phan Feedmill Company Limited	3	1 August 2018	31 July 2021
2.	Office building	M.K.S. Condo Town Company Limited	3	1 August 2018	31 July 2021
3.	Office building	M.K.S. Condo Town Company Limited	3	1 April 2018	31 March 2021
4.	Factory building	P. Charoenphan feedmill Company Limited	3	1 January 2019	31 December 2021



No.	Type	Lessor	Terms of lease		
			No. of years	Effective Date	End Date
5.	Land	P. Charoenphan Produce Company Limited	20	1 August 2007	31 July 2027
6.	Land	P. Charoenphan G.P. Farm Company Limited	20	1 October 2003	30 September 2023
7.	Land and building	P. Charoenphan Produce Company Limited	3	1 August 2018	31 July 2021

- Note : 1. The term of the rental agreements of office building, land and buildings are 3 years and renewable under certain conditions specified in the agreements.
2. The term of the rental agreements of land for housing and farm business are 20 years and renewable under certain conditions specified in the agreements. In the case, the agreements are not renewed, the lessee agrees that the buildings, equipment and building improvements on the rental land belong to the lessor.

4.2 Investment policy in subsidiary and associated companies

The Company's policy is to investment and becomes a fully integrated poultry business that covers feed mill, grandparent chicken farm, parent chicken farm, broiler farm, chicken evisceration and processed food production. This will enable the Company to control quality and costs more efficiently. As for the 2 associated companies, although the Company holds 49% shares but the Company is able to management significant business operation such as raw material sourcing. The Company is the distributor of fresh chicken to McKey Food Services (Thailand) Company Limited; and M.K.S. Farm Company Limited (subsidiary company) is the distributor of fresh chicken to GFPT Nichirei (Thailand) Company Limited.



5. Legal Dispute

GFPT Group has a materialize legal cases; being operation related case. Such as, cheque collection and third parties dispute.

On December 18, 2015, two subsidiary companies were sued and claiming for damaged from the compromise agreement by a third party. On December 7, 2016, Court of First Instance ordered to repeal the enforcement dated December 21, 2015. Later on February 7, 2017, the plaintiff appealed and the Appeal Court instance ordered the Company have to compensate the damage in amount of Baht 1.88 million together with the interest 7.50% per annum from November 28, 2015 onwards.

On September 27, 2017, two subsidiary companies filed a petition to the court, a lawsuit is in between considered of the court. However, the subsidiary was the recipient of damages and recorded of probable contingent liabilities in amount of Baht 1.54 million (included interest) which was the amount after deduction of the first payment from the compromise agreement.

On October 22, 2018 The Supreme Court judged to execution of two subsidiaries proceeds under the compromise agreement under the Appeals Court's judgement. On March 11, 2019, a subsidiary company paid the amount under the compromise agreement to the third party in the amount of Bath 1.71 Million. The case is ended.



6. Corporate Information

6.1 General Information

Issuing Company

Name:	GFPT Public Company Limited
Type of Business:	Chicken Evisceration, Processed Chicken Food, and By-Products
Head Office:	312 Rama 2 Road, Bangmod, Jomthong, Bangkok 10150
Company Certificate No:	0107537001471
Telephone:	0-2473-8000
Facsimile:	0-2473-8398
Website:	www.gfpt.co.th
Company Secretary and Investor Relations Department	0-2473-8000 e-mail: ir@gfpt.co.th
Internal Audit Department	0-2473-8000 e-mail: independentdirector@gfpt.co.th
Registered Capital:	1,400,000,000 Baht
Paid-up Capital:	1,253,821,000 Baht
No. of Shares:	1,253,821,000 shares
Type of Share:	Common Stock

**Juristic Persons that the Company holds more than 10% of Share****Subsidiary Company**

Name:	Krungthai Food Public Company Limited
Type of Business:	Feed Mill and Chicken Distribution
Head Office:	312 Rama 2 Road, Bangmod, Jomthong, Bangkok 10150
Company Certificate No:	0107537001463
Telephone:	0-2473-8000
Facsimile:	0-2473-8398
Website:	www.ktfood.co.th
Registered Capital:	400,000,000 Baht
Paid-up Capital:	400,000,000 Baht
No. of Shares:	40,000,000 shares
Type of Share:	Common Stock
% of Shareholding:	98.26%

Name:	GP Breeding Company Limited
Type of Business:	Grandparent Chicken Farm for Parent Stock Chicks Production and Distribution
Head Office:	312 Rama 2 Road, Bangmod, Jomthong, Bangkok 10150
Company Certificate No:	0105536132457
Telephone:	0-2473-8000
Facsimile:	0-2473-8398
Registered Capital:	200,000,000 Baht
Paid-up Capital:	200,000,000 Baht
No. of Shares:	20,000,000 shares
Type of Share:	Common Stock
% of Shareholding:	99.99%

**Subsidiary Company**

Name: Krunghthai Farm Company Limited

Type of Business: Parent Chicken Farm and Hatchery for Chicks Production and Distribution

Head Office: 312 Rama 2 Road, Bangmod, Jomthong, Bangkok 10150

Company Certificate No: 0105521016944

Telephone: 0-2473-8000

Facsimile: 0-2473-8398

Registered Capital: 350,000,000 Baht

Paid-up Capital: 350,000,000 Baht

No. of Shares: 35,000,000 shares

Type of Share: Common Stock

% of Shareholding: 99.99%

Name: M.K.S. Farm Company Limited

Type of Business: Broiler Farm

Head Office: 312 Rama 2 Road, Bangmod, Jomthong, Bangkok 10150

Company Certificate No: 0105524028536

Telephone: 0-2473-8000

Facsimile: 0-2473-8398

Registered Capital: 550,000,000 Baht

Paid-up Capital: 550,000,000 Baht

No. of Shares: 55,000,000 shares

Type of Share: Common Stock

% of Shareholding: 99.99%

**Subsidiary Company**

Name:	GF Foods Company Limited
Type of Business:	Processed Chicken Food
Head Office:	312 Rama 2 Road, Bangmod, Jomthong, Bangkok 10150
Company Certificate No:	0105525001496
Telephone:	0-2473-8000
Facsimile:	0-2473-8398
Registered Capital:	160,000,000 Baht
Paid-up Capital:	160,000,000 Baht
No. of Shares:	1,600,000 shares
Type of Share:	Common Stock
% of Shareholding:	99.99%

Associated Company

Name:	McKey Food Services (Thailand) Limited
Type of Business:	Frozen Processed Food
Head Office:	210 Moo 1, Tearak Road, K.M. 20.5 Bangsaothong, Bangsaothong, Samutprakarn 10570
Company Certificate No:	0115536003282
Telephone:	0-2315-4763-4, 0-2315-4766-7
Facsimile:	0-2315-4765
Registered Capital:	100,000,000 Baht
Paid-up Capital:	100,000,000 Baht
No. of Shares:	1,000,000 shares
Type of Share:	Common Stock
% of Shareholding:	49.00%

**Associated Company**

Name:	GFPT Nichirei (Thailand) Company Limited
Type of Business:	Chicken Evisceration and Processed Chicken Food
Head Office:	77 Moo 4, Hang Sung, Nong Yai, Chonburi 20190
Company Certificate No:	0105551130397
Telephone:	038-932-900
Facsimile:	038-932-999
Registered Capital:	3,014,000,000 Baht
Paid-up Capital:	3,014,000,000 Baht
No. of Shares:	30,140,000 shares
Type of Share:	Common Stock
% of Shareholding:	49.00%

6.2 Other Important Information

Registrar Name:	Thailand Securities Depository Co., Ltd.
Address:	93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone:	0-2009-9000
Facsimile:	0-2009-9991
Website:	www.set.or.th/tsd

Registrar Debenture: **None**

Auditor:	SAM NAK-NGAN A.M.C. Co., Ltd.
Address:	191 Silom Complex Building, 19 th Floor, Silom Road, Silom, Bangrak, Bangkok 10500
Telephone:	0-2231-3980-7
Facsimile:	0-2231-3988
Website:	www.amc-mri.com