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Bor Mor Jor. Jor Por Or. 088/2023

December 12, 2023

Re: The divestment of integrated broiler companies in China to a connected person by a subsidiary

Attention: President
The Stock Exchange of Thailand

We, Charoen Pokphand Foods Public Company Limited ("CPF") would like to inform that the Board of Directors' Meeting convened on December 12, 2023 resolved to approve CP Food Investment Limited ("CP Food"), a subsidiary of CPF, to divest 4 integrated broiler companies in China to a subsidiary of Charoen Pokphand Group Co., Ltd. ("CPG"), CPF's major shareholder, with the details of the transaction set out in the Attachment.

In this regard, the transaction value is RMB 432 million or Baht 2,152 million^{/1} which is equivalent to 1.35% of net tangible asset value of CPF and its subsidiaries according to the latest reviewed consolidated financial statements ended September 30, 2023. CPF has not entered into any other transaction with CPG and its related persons over the past six months (from June 12, 2023 to December 11, 2023).

Please be informed accordingly.

Sincerely yours,

Kobboon Srichai
(Mrs. Kobboon Srichai)
Company Secretary

^{/1} For reference purpose, the exchange rate is RMB 4.9821 = Baht 1

Information Memorandum Regarding the Connected Transaction
The Divestment of 4 Integrated Broiler Companies in China
to a Connected Person by a Subsidiary

1. Transaction Date

The transaction is expected to be completed within the fourth quarter of 2023.

2. Involved Parties

Purchaser : Chia Tai C.P. Trading Development Co., Ltd. ("Chia Tai CP")
 Seller : CP Food Investment Limited ("CP Food")
 Relationship with CPF : Charoen Pokphand Group Co., Ltd. ("CPG") is a major shareholder of CPF and Chia Tai CP

3. General Characteristic of the Transaction and Value of the Transaction

CP Food, an indirect wholly owned subsidiary of C.P. Pokphand Co., Ltd. ("CPP")^{1/2}, will divest entire investment of the following 4 integrated broiler companies in China ("Targets") to Chia Tai CP at the total consideration of RMB 432 million or Baht 2,152 million comprising investment value of RMB 4 and the existing loan which Targets owe to CPP group as of entering into the transaction in the amount of RMB 432 million (which will be repaid after entering into the transaction)

- 1) C.P. Food (Hengshui) Co., Ltd.
- 2) C.P. Food (Nantong) Co., Ltd.
- 3) C.P. Food (Kaifeng) Co., Ltd.
- 4) C.P. Food (Zhanjiang) Co., Ltd.

Since the Purchaser is a connected person of CPF in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions, the transaction is considered as a connected transaction relating to assets or services under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 as of November 19, 2003, and amendments thereof.

4. Details of the Assets to be Disposed

4.1 Business Description

Targets are companies registered and incorporated in China and engaged in integrated broiler businesses which include hatching, feed trading, chicken meat and food trading:

- 1) C.P. Food (Hengshui) Co., Ltd.: Established in 2016, located in Hebei with current slaughtering capacity of 50 million birds per annum.
- 2) C.P. Food (Nantong) Co., Ltd.: Established in 2014, located in Jiangsu with current slaughtering capacity of 15 million birds per annum.
- 3) C.P. Food (Kaifeng) Co., Ltd.: Established in 2016, located in Henan with current slaughtering capacity of 30 million birds per annum.
- 4) C.P. Food (Zhanjiang) Co., Ltd.: Established in 2014, located in Guangdong with current slaughtering capacity of 30 million birds per annum.

4.2 Key Financial Information of Targets

- 1) C.P. Food (Hengshui) Co., Ltd.

Unit : Million	For the Year ended December 31,						For the period ended	
	2020		2021		2022		September 30, 2023	
	RMB	Baht	RMB	Baht	RMB	Baht	RMB	Baht
Revenues	166	827	324	1,614	672	3,348	673	3,353
Gross Profit	6	30	(16)	(80)	(198)	(986)	(111)	(553)
Net Profit	(32)	(159)	(59)	(294)	(217)	(1,081)	(178)	(887)
Total Assets	824	4,105	1,270	6,327	1,488	7,413	1,430	7,124
Total Liabilities	617	3,074	1,121	5,585	1,556	7,752	1,676	8,350
Total Equities	207	1,031	149	742	(68)	(339)	(246)	(1,226)

Source: Financial information included in the consolidated financial statements of CPF

^{1/2} C.P. Pokphand Co., Ltd. ("CPP") is a subsidiary which CPF held 76.24% of total issued and paid-up shares

2) C.P. Food (Nantong) Co., Ltd.

Unit : Million	For the Year ended December 31,						For the period ended	
	2020		2021		2022		September 30, 2023	
	RMB	Baht	RMB	Baht	RMB	Baht	RMB	Baht
Revenues	212	1,056	215	1,071	308	1,534	208	1,036
Gross Profit	(26)	(130)	(26)	(130)	(44)	(219)	(16)	(80)
Net Profit	(63)	(314)	(52)	(259)	(73)	(364)	(37)	(184)
Total Assets	373	1,858	554	2,760	361	1,799	315	1,569
Total Liabilities	462	2,302	695	3,463	575	2,865	566	2,820
Total Equities	(89)	(443)	(141)	(702)	(214)	(1,066)	(251)	(1,251)

Source: Financial information included in the consolidated financial statements of CPF

3) C.P. Food (Kaifeng) Co., Ltd.

Unit : Million	For the Year ended December 31,						For the period ended	
	2020		2021		2022		September 30, 2023	
	RMB	Baht	RMB	Baht	RMB	Baht	RMB	Baht
Revenues	137	683	304	1,515	350	1,744	340	1,694
Gross Profit	4	20	(48)	(239)	10	50	14	70
Net Profit	(26)	(130)	(87)	(433)	(31)	(154)	(10)	(50)
Total Assets	34	169	99	493	163	812	121	603
Total Liabilities	86	428	193	962	289	1,440	257	1,280
Total Equities	(52)	(259)	(94)	(468)	(126)	(628)	(136)	(678)

Source: Financial information included in the consolidated financial statements of CPF

4) C.P. Food (Zhanjiang) Co., Ltd.

Unit : Million	For the Year ended December 31,						For the period ended	
	2020		2021		2022		September 30, 2023	
	RMB	Baht	RMB	Baht	RMB	Baht	RMB	Baht
Revenues	516	2,571	544	2,710	560	2,790	450	2,242
Gross Profit	(13)	(65)	(43)	(214)	(63)	(314)	(12)	(60)
Net Profit	(34)	(169)	(74)	(369)	(91)	(453)	(28)	(139)
Total Assets	406	2,023	409	2,038	446	2,222	429	2,137
Total Liabilities	403	2,008	460	2,292	588	2,929	598	2,979
Total Equities	3	15	(51)	(254)	(142)	(707)	(169)	(842)

Source: Financial information included in the consolidated financial statements of CPF

4.3 Paid-up Capital as of September 30, 2023

	Paid-up Capital (M.RMB.)
1) C.P. Food (Hengshui) Co., Ltd.	272
2) C.P. Food (Nantong) Co., Ltd.	91
3) C.P. Food (Kaifeng) Co., Ltd.	45
4) C.P. Food (Zhanjiang) Co., Ltd.	100

4.4 Investment Structure of Targets

Investors	Investment Percentage	
	Pre-Transaction	Post-Transaction
CP Food	100.00	-
Chia Tai CP	-	100.00
Total	100.00	100.00

5. **Basis to Determine the Value of assets to be disposed**

Value of the assets to be disposed was determined on the arm's length negotiation between the purchaser and the seller relied on the internationally accepted valuation methodologies, including Book Value, Adjusted Book Value, and Discounted Cash Flow, as appraised by our financial advisor.

6. Transaction Size

Total consideration is RMB 432 million or Baht 2,152 million which equivalent to 1.35% of net tangible assets of CPF and its subsidiaries based on the latest reviewed financial statements as of September 30, 2023.

7. Opinion of the Board of Directors

The Board of Directors (excluding director with the conflict of interest) considered the above connected transaction and viewed that the transaction is reasonable and beneficial to CPF as after the transaction, CPP' equity stake in Targets will decrease from 100.0% to 0.0% and they will no longer be subsidiaries of CPF which ultimately enhance CPF's financial position and performance due to the followings:

- 1) No longer recognize losses from Targets
- 2) CPP will receive loan repayment from Targets
- 3) Debt level will decrease, resulting in lower debt to equity ratio

In this regard, directors with conflict of interest who had no voting right in respect of the transaction at the meeting are:

<u>Directors of the Company</u>	<u>Nature of Interest</u>
(a) Mr. Soopakij Chearavanont	director of CPG
(b) Mr. Suphachai Chearavanont	director of CPG
(c) Mr. Phongthep Chiaravanont	director of CPG

8. Opinion of the Audit Committee

Member of the Company's Audit Committee has no different opinion from that of the Board of Directors.