



PUT
OUR
HEART
INTO FOOD

Message from Executives

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



Thailand's Private Sector Collective
Action Coalition Against Corruption



Corporate Governance by
The Thai Institute of Director

Chareon Pokphand Foods Public Company Limited (CPF) and subsidiary or “the Company” operates agro-industrial and food business in 17 countries around the world with its vision to be the “Kitchen of the World”. The Company strives to deliver top-quality products and services while maintaining the balance in economic, social, and environmental aspects for all stakeholders. We adhere to the **Three-Benefit philosophy** by sustainably contribute to the benefit of the nation, the people, and the organization. The Company is a firm supporter of the UN Sustainability Development Goals and good corporate governance principles.

The year 2019 recorded waves of challenges as a result of uncertainties in global finance and economies, US-China trade war, swine disease incidence, climate change effects, and shifting demands of consumers due to technological advances and greater health concerns of both human and environment. However, the Company continued its steady pace and **furthered its growth from 2018** as it ended the year with the net profit of 18,456 million baht, or 19% increase from 2018 while its total sales was 532,573 million baht,

67% was attributable to overseas business, 27% was from Thailand domestic sales, and 6% was generated from Thailand export sales.

The Board of Directors resolved to propose to the 2020 Annual General Meeting of Shareholders for the approval of 2019 dividend payment at the rate of 0.70 baht per share, comprising the interim dividend of 0.30 baht per share paid on 12 September 2019, and the annual dividend to be paid on 19 May 2020 totaling 0.40 baht.

The Company has been recognized by national and international leading organizations on sustainability. We have been listed consecutively on the **Dow Jones Sustainability Emerging Markets Index** as well as **FTSE4Good Emerging Index Series**. The Company took pride in being recognized in the “Thailand Sustainability Investment 2019” and being the awardee of various other national and international sustainability awards. The Company was assessed with the “Excellent” recognition level on corporate governance by the Institute of Directors.

The Company sets a clear path on ensuring progress amid drastic

changes from disruptive technology that often reshape the market and value of current products. We are determined to transform and prepare for existing and future changes to stay on course of being the Kitchen of the World in a sustainable manner. Our foundation consisted of three core strategies i.e. **Value Creation** driven by innovation of products, manufacturing processes, operating processes, and business models to best respond to consumer demands and to optimize its resources; **Digital Transformation** integrated to enhance operating efficiency and; **Sustainability** rooted to create shared value hand-in-hand with healthy economic returns in alignment with our mission to grow with “sustainable growth, excellence, and solid foundation”.

On behalf of the Board of Directors, executives, and employees, we would like to express gratitude toward all stakeholders for their long-established trust in CPF. The Company shall continue to engage in the business to strengthen food security while achieving the equilibrium in terms of economy, society, and the environment so as to sustain its position of “Kitchen of the World”.



A handwritten signature in black ink, appearing to be 'Soopakij Chearavanont'.

Mr. Soopakij Chearavanont
Chairman of the Board
of Directors

A handwritten signature in black ink, appearing to be 'Prasit Boondoungprasert'.

Mr. Prasit Boondoungprasert
Chief Executive Office

Our Purpose

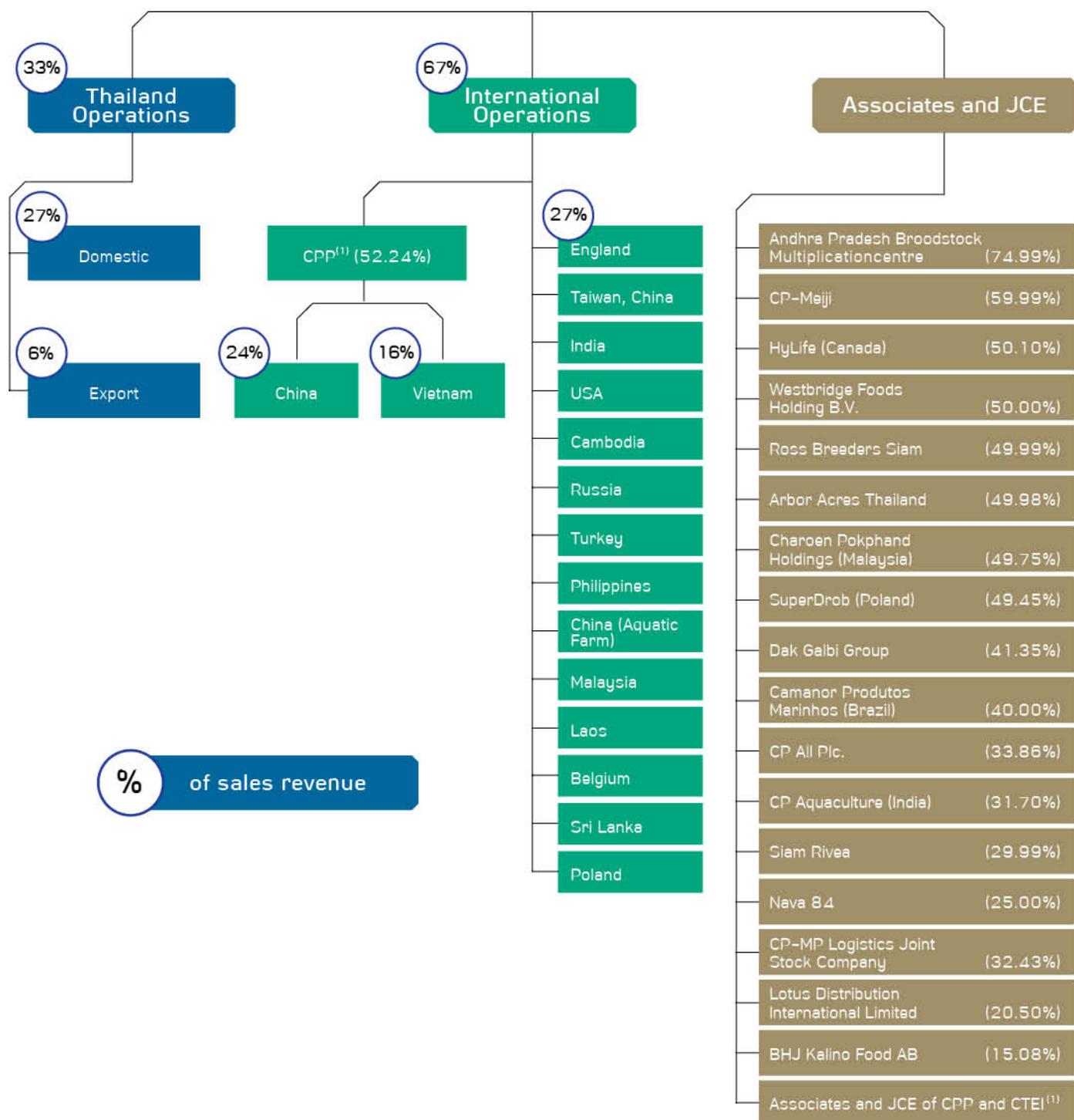
Vision: Kitchen of the World

Mission

The Company operates vertically integrated agro-industrial and food businesses to offer top-quality products in terms of nutrition, taste, food safety, and traceability. The Company is determined to build business growth in strategic locations with the focus to maintain world-class, modern production process as well as efficient and eco-friendly consumption of natural resources in order to enhance its competencies and competitive edge on an international level. We take into account the interests of all stakeholders to ensure sustainable growth, while being able to continuously generate appropriate returns to shareholders.



Business Structure



Note: (% of) represent percent holding by CPF both direct and indirect

⁽¹⁾ C.P. Pokphand Co., Ltd. (CPP) is listed company in the Stock Exchange of Hong Kong (HKSE:43)

⁽²⁾ Associates and JCE, See from Notes to financial statements Number 14 and 15

CPF Worldwide



Operate in 17 countries,
Export to more than 30
countries across 5
continents.

Production Bases in 17 Countries

Asia

Country	Feed	Farm and Processing			Food
		 Swine	 Poultry	 Aquaculture	
Thailand	●	●	●	●	●
China	●		●	●	●
Taiwan	●	●	●		●
Vietnam	●	●	●	●	●
India	●		●	●	●
Cambodia	●	●	●		●
Philippines	●	●	●	●	●
Malaysia	●	●		●	●
Laos	●	●	●		●
Sri Lanka				●	●

Europe

Country	Feed	Farm and Processing			Food
		 Swine	 Poultry	 Aquaculture	
England					●
Russia	●	●	●		
Turkey	●		●		●
Belgium					●
Poland			●		●

North America

Country	Feed	Farm and Processing			Food
		 Swine	 Poultry	 Aquaculture	
USA				●	●
Canada	●	●			●

South America

Country	Feed	Farm and Processing			Food
		 Swine	 Poultry	 Aquaculture	
Brazil				●	

Business at a Glance

The Company operates vertically integrated agro-industrial and food businesses, comprising 3 businesses as follows: 1) feed business i.e. production and distribution of animal feed; 2) farm and processing business i.e. animal breeding, farming and primary meat processing; and 3) food business i.e. production of Semi-cooked and cooked meat products as well as ready-to-eat meals, and food distribution channels, including restaurants. The Company operates its business based on the good corporate governance foundation and takes into account the economic, social, and environmental balance of all stakeholders.

Business Categories

Feed Business

Animal feed production and distribution



Farm and processing Business

Breeding, animal farming, and primary processing



Product Categories

Animal feed



Breeds and primary processed meat



The 2 business scopes as follows:

- **Thailand operations**

focus on vertically-integrated agro-industrial and food businesses for domestic distribution and export of meat, processed meat, and read-to-eat products to 30 countries in 5 continents around the world . Products include livestock and aquatic animals such as swine, broiler, layer, duck, shrimp, and fish.

- **International operations**

focus on agro-industrial and food businesses outside Thailand, namely China, Vietnam, United Kingdom, India, United States of America, Cambodia, Russia, Turkey, the Philippines, Malaysia, Laos PDR, Belgium, Sri Lanka, Poland, Brazil, and Canada.

Food Business

Production of semi-cooked and cooked meat and ready to eat meals



Semi-cooked and cooked meat and ready to eat meals



Distribution Channel

Wholesaler, retailer, restaurant, and food outlet

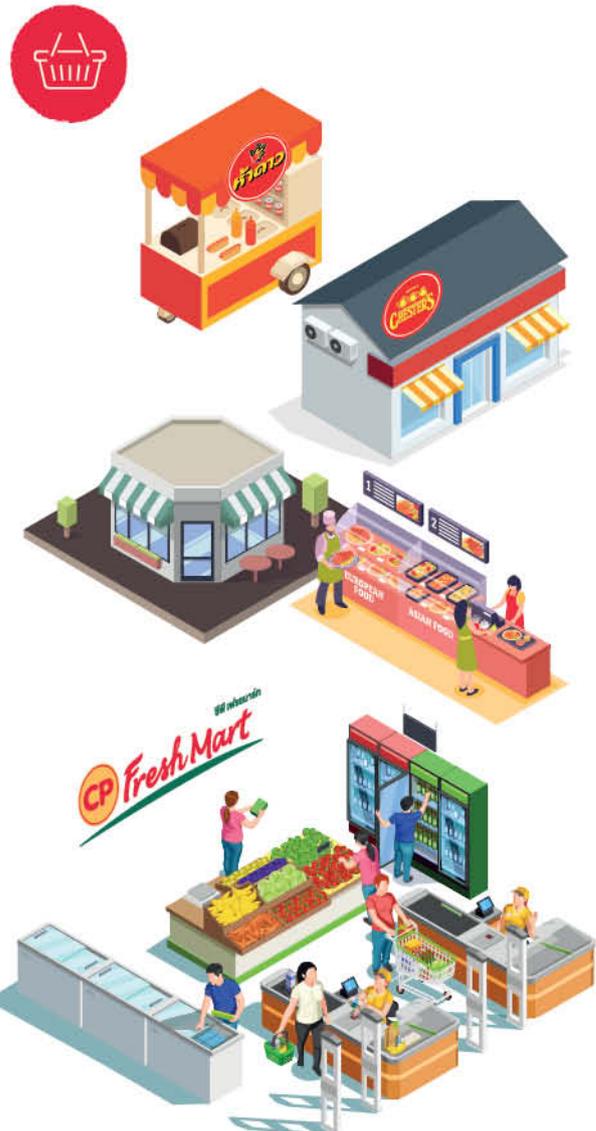


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Attachment

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Attachment 2 Report of the Audit Committee

Attachment 3 Report of the Remuneration and Nominating Committee

Attachment 4 Report of the Corporate Governance Committee

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

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

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

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



Charoen Pokphand Foods Public Company Limited

Part 1
Business Operation

1. Business Overview

1.1 Vision, Goal and Business Strategies

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



To push forward the Company’s vision and aforementioned mission to fulfill its goals, the Board of Directors reviews and approves the Company’s strategies annually. The strategies for 2020 have been defined into 3 main strategies which include “Sustainable growth, Aiming for excellence, and Building solid foundation” along with building a corporate value called the CPF Way under good management framework, including corporate governance structure, internal audits and enterprise-wide comprehensive risks management.

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



1.2 History and Key Milestones

History

CPF was registered as a limited company on January 17, 1978 under the name “Charoen Pokphand Feedmill Company Limited”, with initial registered capital of Baht 5 million, engaging in livestock feed and livestock farming business in Thailand. Then, in December 1987, CPF was listed on the Stock Exchange of Thailand with stock code “CPF”. The Company had expanded its business to integrated shrimp farming business in 1988 and converted to a public company limited in January 1994.

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

In addition to business operations in Thailand, CPF has expanded its businesses to foreign countries which are full of business potentials and opportunities. CPF has brought its knowledge and expertise on integrated agro-industrial, food business and modern technologies used in its businesses in Thailand to develop animal husbandry standards and agro-industrial efficiency to promote meat and food productions with safety standards in various countries. CPF has also expanded processed and ready-to-eat foods as well as distribution channels in such countries, whereas work processes, production processes and product characteristics are adjusted in accordance with each country’s geosocial. Presently, CPF has production bases in 16 countries, namely, China, Vietnam, England, India, United States of America, Cambodia, Russia, Turkey, Philippines, Malaysia, Laos, Belgium, Sri Lanka, Poland, Brazil and Canada.

As of December 31, 2019, CPF had paid-up capital of Baht 8,611,242,385, comprising of 8,611,242,385 shares, and its market capitalization was Baht 211,837 million.

Key milestones in 2019

- Establishment of new shrimp farm in the USA

In January 2019, Charoen Pokphand Foods Public Company Limited (“CPF”) established its new subsidiary under the name “Homegrown Shrimp (USA) LLC.” Its authorised capital is USD 6.6 million, whereas CPF holds 100% of its shares.

- Investment in Korean restaurant in Thailand

In April 2019, CPF Restaurant and Food Chain Co., Ltd. (“CPF RF”), a 99.98% owned subsidiary of CPF, acquired newly issued ordinary shares of Dak Galbi Group Co., Ltd. (“Dak Galbi”), representing 41.35% of total capital stock of Dak Galbi on a fully diluted basis after giving effect to the transaction. Upon the completion of the transaction, Dak Galbi became an associate of CPF. Moreover, CPF RF made the agreement to buy Dak Galbi’s shares for the second time. The investment value is based on the performance of Dak Galbi shown in the financial statement for the year ended December 31, 2019, according to detail, criteria and method of calculation of value as specified in the subscription and joint investment agreement. Upon the completion of both transactions, the shareholding of CPF RF in Dak Galbi reached 60.00% of its total capital stock and Dak Galbi became indirect subsidiary of CPF.

Dak Galbi operates real time cooking restaurants by cooking foods in front of customers. These transactions were the investments in restaurant business which is one among the Company’s distribution channels promoting value-adds of products from the Company’s farm products.



- Investment in the entire interests in Charoen Pokphand Foods Canada Inc.

In April 2019, CPF Investment Ltd. ("CPFI") a 99.98% owned subsidiary of CPF, acquired the remaining shares of Charoen Pokphand Foods Canada Inc. ("CPF Canada") representing 30.00% of the total issued shares of CPF Canada, resulting to the increase in ownership interests in CPF Canada from 70.00% to 100.00% upon the completion of the transaction. Since CPF Canada has operated import and export of foods, CPF Canada can use networks in CPF Group to grow its business faster and more efficiently.

- Investment in restaurant business in Vietnam

In May 2019, C.P. Vietnam Corporation ("CPV"), a 66.18% indirectly owned subsidiary of CPF, acquired the interests in AHM Lifestyles – Creative Hospitality Co., Ltd. ("AHM") representing 70% of the authorised capital of AHM. AHM operates restaurant business in Vietnam. Upon the completion of the transaction, AHM became subsidiary of CPF.

- Investment in the entire interests in Berice LLC.

In July 2019, CPF Restaurant and Food Chain Co., Ltd. ("CPF RF") acquired the entire interests in Berice LLC. ("Berice"). Berice was the company registered in the USA for studying investment opportunities in related businesses such as restaurants which can become the Company's meat distribution channels. Upon the completion of the transaction, Berice became indirect subsidiary of CPF.

- Investment in shrimp business in Sri Lanka

In June 2019, CPF (India) Pvt. Ltd., a 99.99% indirectly owned subsidiary of CPF, acquired newly issued ordinary shares of Lotus Aquaculture Lanka (Private) Ltd. ("Lotus Aquaculture") representing 75% of its registered capital after capital increase. Lotus Aquaculture operates shrimp hatchery, shrimp farm and cold storage in Sri Lanka. Upon the completion of the transaction, Lotus Aquaculture became indirect subsidiary of CPF.

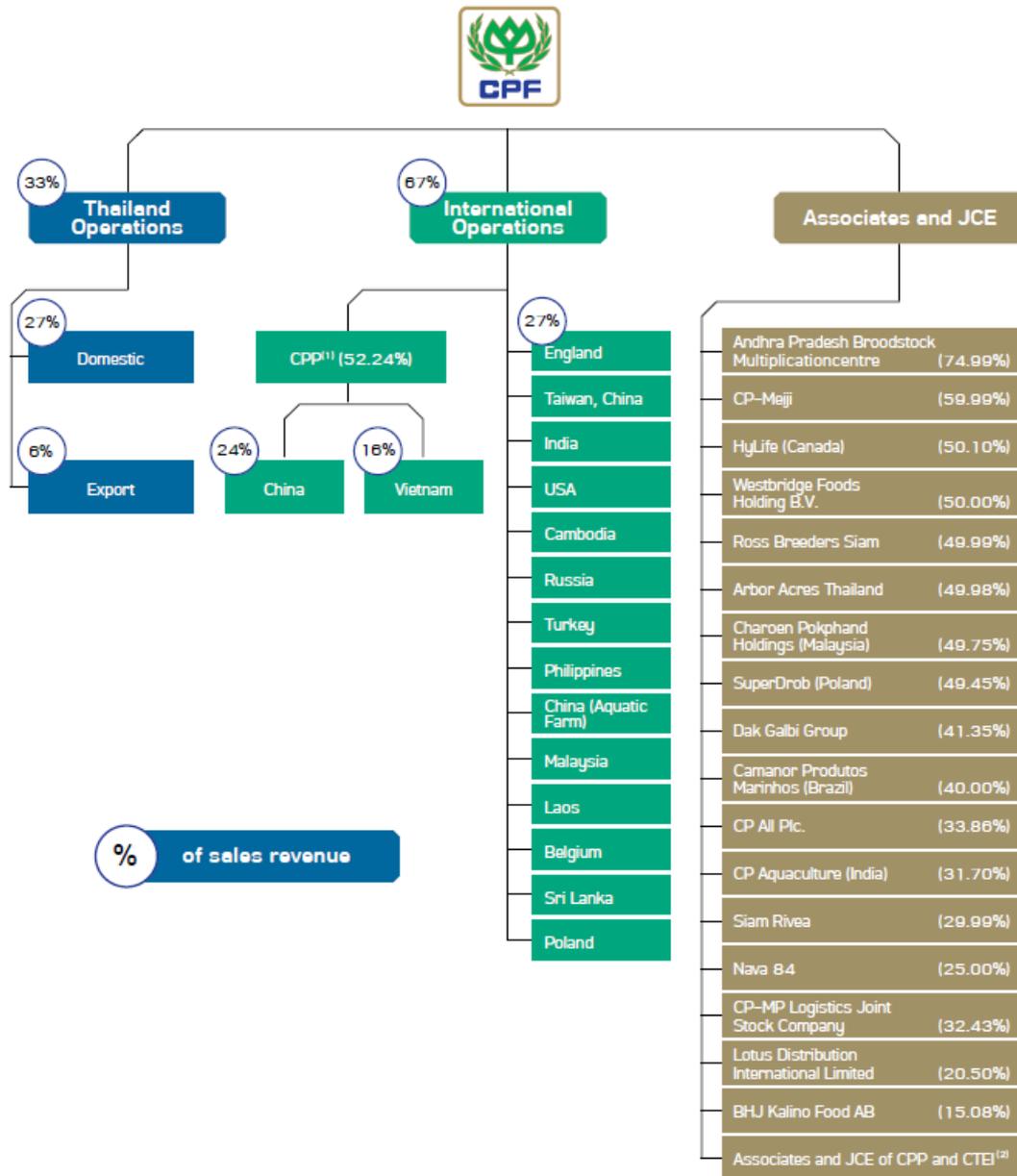
- Establishment of new subsidiary for feed business in Poland

In June 2019, CPF Poland S.A., a 66.67% owned subsidiary of CPF, established PetRepublic Ltd. ("PetRepublic") in Poland to operate feed production and distribution business, whereas CPF Poland S.A. holds 100% of its shares. Upon the completion of the transaction, PetRepublic became indirect subsidiary of CPF.

- Investment in a fully integrated pig business in Canada

In December 2019, CPF Canada Holdings Corp., a 100% owned indirect subsidiary of CPF, acquired the total ordinary shares of HyLife Investments Ltd. ("HIL"). HIL holds 50.10% of the total shares of HyLife Group Holdings Ltd. ("HyLife") which operates a fully integrated pig business including feed mill, pig farming and pork product distribution. Upon the completion of the transaction, CPF Canada Holdings Corp. merged with HIL and became a new company named CPF Canada Holdings Corp. under the law of British Columbia, Canada. HyLife became joint venture interest of CPF.

1.3 Overview of Business Operation and Shareholding Structure of the Group as of December 31, 2019



Note: (% of) represent percent holding by CPF both direct and indirect

⁽¹⁾ C.P. Pokphand Co., Ltd. (CPP) is a listed company in the Stock Exchange of Hong Kong (HKSE:43)

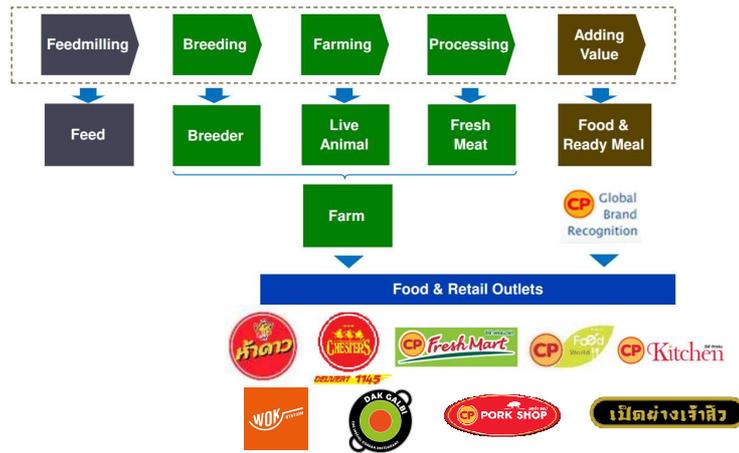
⁽²⁾ Associates and JCE, See Notes to financial statements Number 14 and 15

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

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

The Company's Thailand operations cover livestock and aquaculture including swine, broilers, layers, ducks, shrimps and fish. Its integrated production process starts from production of animal feed, animal breeding, animal farming, processing of meat, production of semi-cooked or cooked meat products and ready-to-eat products, including operations of food retail and food outlets as the Company's distribution channels.

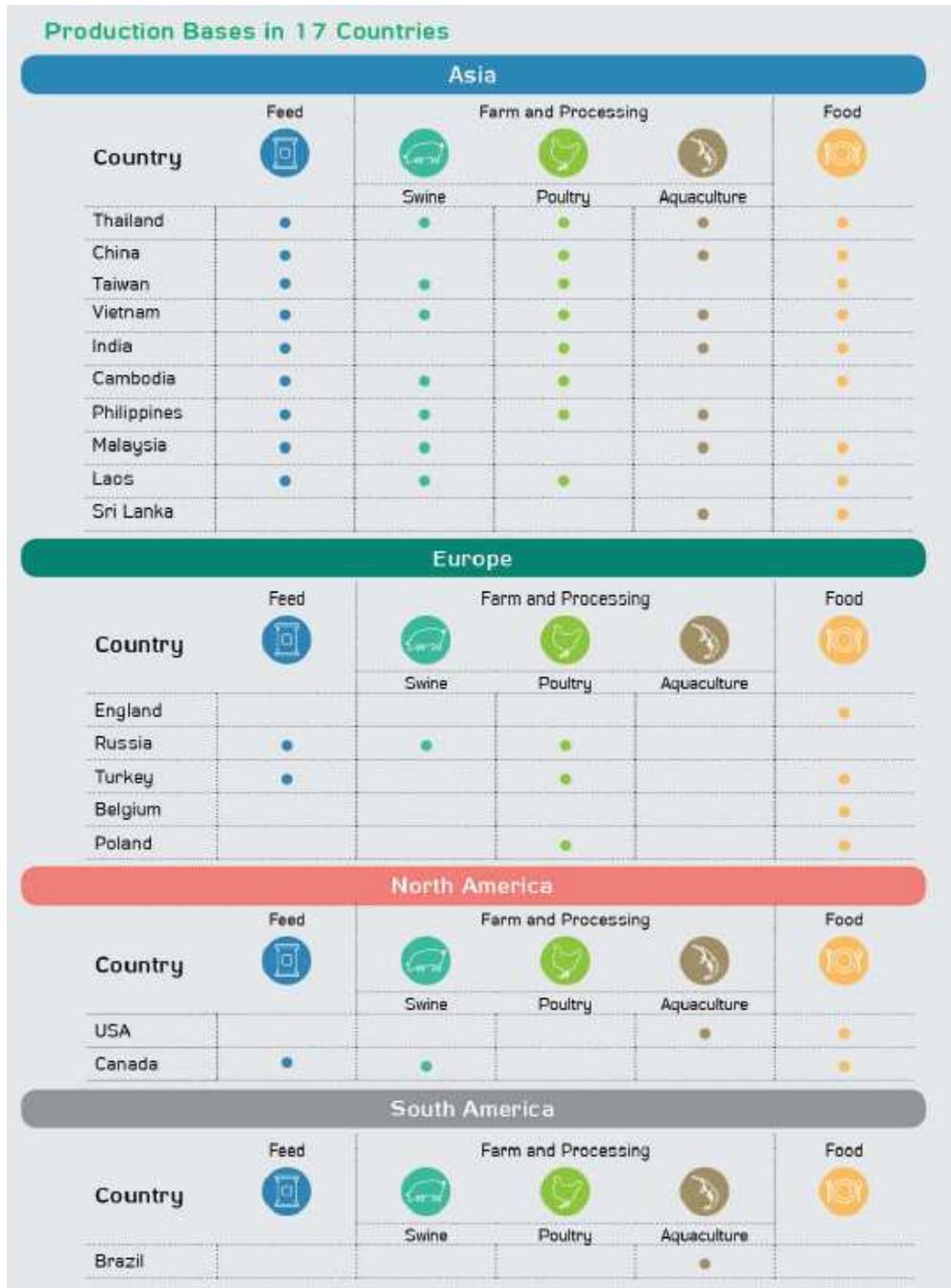
Integrated Business Structure in Thailand



2) International operations involve agro-industrial and food business operated by its subsidiaries in 16 countries i.e. China, Vietnam, Taiwan, USA, India, Turkey, Russia, United Kingdom, Cambodia, the Philippines, Malaysia, Laos, Belgium, Sri Lanka Poland and Brazil.

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

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



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

As of December 31, 2019, there were 281 companies¹ which CPF has direct and indirect control with detail as follows:

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

	Subsidiaries	Type of Business	Registered Capital	Interest (%)
1.	Chester's Food Co., Ltd. Bangkok Tel. 66-2-641-1333	Restaurant	Baht 80,000,000	99.99
2.	Westbridge Foods (Thailand) Ltd. Bangkok Tel. 66-2-726-9890	Provision and development for Asian food product	Baht 31,325,600	99.99
3.	C.P. Merchandising Co., Ltd. Bangkok Tel. 66-2-766-8000	Investment and international trading	Baht 9,000,000,000	99.99
4.	CPF (Thailand) Plc. Bangkok Tel. 66-2-766-8000	Agro-industrial and integrated food	Baht 15,289,819,314	99.99
5.	CPF Trading Co., Ltd. Bangkok Tel. 66-2-694-4466	Wholesale and retail food products	Baht 800,000,000	99.99
6.	CPF Training Center Co., Ltd. Bangkok Tel. 66-2-766-8000	Training center service provider	Baht 20,000,000	99.99
7.	CPF Restaurant and Food Chain Co., Ltd. Bangkok Tel. 66-2-641-1362-6	Five stars business and restaurants	Baht 200,000,000	99.99
8.	CPF IT Center Co., Ltd. Bangkok Tel. 66-2-766-8000	Information technology service provider	Baht 250,000,000	99.99
9.	CPF Food and Beverage Co., Ltd. Bangkok Tel. 66-2-036-4500	Production and sale of ready meals	Baht 4,000,000,000	99.99
10.	CPF Food Research and Development Center Co., Ltd. Bangkok Tel. 66-35-355-634-8	Food research and development	Baht 500,000,000	99.99
11.	International Pet Food Co., Ltd. Bangkok Tel. 66-2-059-7121	Production and sale of pet food	Baht 300,000,000	99.99
12.	Bangkok Produce Merchandising Plc. Bangkok Tel. 66-2-766-8000	Animal feed raw materials distribution	Baht 600,000,000	99.44
13.	CP Hilai Harbour Co., Ltd. Bangkok	Restaurant	Baht 160,000,000	50.99

¹ Excluding the companies which are in the process of liquidation and/or wound up its operations i.e. C.P. Aquaculture (Hainan) Co., Ltd., Shanghai C.P. Industrial Trading Co., Ltd., Charoen Pokphand (USA), Inc., Charoen Pokphand Foods Kenya Co., Ltd., CPF Tanzania Ltd., Wignall Holdings Limited, Chia Tai (Hainan) Agro-Industry Co., Ltd., Fujian Longzeji Feed Co., Ltd., Jinan Chia Tai Co., Ltd., Bellisio Parent, LLC., The All American Gourmet Company, Arden International LLC. and 9 companies in Fusion group.



China

Subsidiaries	Type of Business	Registered Capital	Interest (%)
14. C.P. Aquaculture (Dongfang) Co., Ltd. Tel. 86-898-3696-3979	Shrimp hatchery business	RMB 148,000,000	100.00
15. C.P. Aquaculture (Zhanjiang) Co., Ltd. Tel. 75-983-91726	Shrimp hatchery business	USD 12,000,000	100.00
16. CPF Food Trading Co., Ltd. Tel. 86-21-6106-2651	Importer and distributor of processed meat and ready meals	USD 14,500,000	100.00
17. Wesbridge (Qingdao) Trading Co., Ltd.	Provision and development for Asian food product	USD 100,000	100.00
18. Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd.	Shrimp farming	USD 1,680,000	100.00
19. Beijing CP Consultation Services Co., Ltd. Tel. 86-108-508-9000	Provision of consulting service on economic and trade	RMB 1,500,000	52.24
20. C.P. Aquaculture (Beihai) Co., Ltd. ¹² Tel. 86-779-208-4362	Production and sale of animal feed	USD 17,500,000	52.24
21. C.P. Aquaculture (Yangjiang) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 19,700,000	52.24
22. C.P. Food Enterprises (Ningbo) Co., Ltd. Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	RMB 60,000,000	52.24
23. C.P. Food (Hengshui) Co., Ltd. Tel. 86-108-508-9000	Production and sale of processed food	RMB 192,000,000	52.24
24. C.P. Food (Kaifeng) Co., Ltd. Tel. 86-108-508-9000	Production and sale of processed food	RMB 52,000,000	52.24
25. C.P. Food (Nantong) Co., Ltd. Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 14,280,000	52.24
26. C.P. Food (Xiangyang) Co., Ltd. Tel. 86-108-508-9000	Production and sale of processed food	RMB 500,000,000	52.24
27. C.P. Food (Xuzhou) Co., Ltd. Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	RMB 342,680,000	52.24
28. C.P. Food (Zhanjiang) Co., Ltd. Tel. 86-108-508-9000	Production and sale of processed food	RMB 78,500,000	52.24
29. C.P. Premix (Hangzhou) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 10,000,000	52.24
30. C.P. Premix (Liuzhou) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 6,700,000	52.24
31. C.P. Premix (Shenyang) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 24,900,000	52.24
32. C.P. Premix (Tianjin) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	N/A	52.24
33. Changsha Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 134,000,000	52.24
34. Chia Tai (Beijing) Investment Management Co., Ltd. Tel. 86-108-508-9000	Rendering management and advisory service	RMB 670,000,000	52.24
35. Chia Tai Akesu Feed Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,300,000	52.24
36. Chia Tai Aquaculture (Nantong) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 20,000,000	52.24

¹² During the year 2019, CPF sold the entire shares of investment in C.P. Aquaculture (Beihai) Co., Ltd. to a subsidiary of C.P. Pokphand Co., Ltd.



Subsidiaries	Type of Business	Registered Capital	Interest (%)
37. Chia Tai Feed Dongying Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 39,600,000	52.24
38. Chia Tai Feed (Chongyang) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 46,680,000	52.24
39. Chia Tai Feed (Harbin) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 5,000,000	52.24
40. Chia Tai Feed (Helin) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 66,000,000	52.24
41. Chia Tai Feed (Hengshui) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 44,860,000	52.24
42. Chia Tai Feed (Hengyang) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,000,000	52.24
43. Chia Tai Feed (Qian Jiang) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 32,000,000	52.24
44. Chia Tai Feed (Sui zhou) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 20,000,000	52.24
45. Chia Tai Feed (Suixi) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 35,250,000	52.24
46. Chia Tai Feed (Yushu) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 36,000,000	52.24
47. Chia Tai Feed (Zhanjiang) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 31,110,000	52.24
48. Chia Tai Food Enterprise (Qingdao) Co., Ltd. Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 85,700,000	52.24
49. Chia Tai Food (Suqian) Co., Ltd. Tel. 86-108-508-9000	Poultry farming, production and sale of chicken meat products	RMB 596,298,060	52.24
50. Chia Tai Investment Co., Ltd. (Formerly known as Chia Tai (China) Investment Co., Ltd.) Tel. 86-108-508-9000	Investment and trading	USD 196,695,333.02	52.24
51. Chia Tai Yongji Enterprise Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,062,018	52.24
52. Chia Tai Yueyang Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 9,550,000	52.24
53. Chuzhou Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,648,500	52.24
54. CP Food Enterprise (Qinhuangdao) Co., Ltd. Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 117,460,000	52.24
55. CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,000,000	52.24
56. Dali Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 37,000,000	52.24
57. Fuzhou Da Fu Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 9,139,297	52.24
58. Guangdong Chia Tai Biotechnology Co., Ltd. Tel. 86-108-508-9000	Production and sale of probiotics	RMB 10,500,000	52.24
59. Guiyang Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 33,000,000	52.24



Subsidiaries	Type of Business	Registered Capital	Interest (%)
60. Hainan Chia Tai Animal Husbandry Co., Ltd., Tel. 852-252-01601	Property lease-out for use in production and sale of animal feed	USD 6,966,000	52.24
61. Hefei Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 125,000,000	52.24
62. Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd. Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	52.24
63. Huai Hua Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,900,000	52.24
64. Hubei Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed and breeding and processed food	RMB 280,000,000	52.24
65. Huludao Chia Tai Husbandry Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 28,100,000	52.24
66. Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd. (Formerly known as Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.) Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	52.24
67. Jilin Chia Tai Enterprise Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 70,000,000	52.24
68. Jilin Chia Tai Food Co., Ltd. Tel. 431-808-838-4966	Food processing plant, production and distribution of processed meat and ready meal	RMB 380,000,000	52.24
69. Jilin Deda Feed Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 84,883,310	52.24
70. Kaifeng Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 10,000,000	52.24
71. Nanchang Chia Tai Livestock Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,120,200	52.24
72. Qingdao Chia Tai Agricultural Development Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 12,025,800	52.24
73. Shenyang Chia Tai Livestock Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,600,000	52.24
74. Shijiazhuang Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 22,000,000	52.24
75. Tianjin Chia Tai Agro-Industrial Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 65,540,000	52.24
76. Weinan Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 69,000,000	52.24
77. Wuhan Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,750,000	52.24
78. Wuhan Chia Tai Aquaculture Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 62,000,000	52.24
79. Xiangyang Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 117,100,000	52.24
80. Yichang Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 18,090,000	52.24
81. Yongan Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 27,000,000	52.24



Subsidiaries	Type of Business	Registered Capital	Interest (%)
82. Zhoukou Chia Tai Co., Ltd. Tel 86-108-508-9000	Production and sale of animal feed	RMB 50,000,000	52.24
83. Shaanxi Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,729,100.01	50.15
84. Tai Zhou Chia Tai Feed Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 8,451,051	50.15
85. Urumqi Chia Tai Animal Husbandry Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,250,000	48.81
86. Kunming Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,405,300	48.26
87. Nanning Chia Tai Animal Husbandry Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,774,500	47.88
88. C.P. Premix (Guanghan) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 818,250.95	47.54
89. Nanyang Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 50,000,000	47.54
90. Lanzhou Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 14,953,000	47.34
91. Inner Mongolia Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 8,190,700	47.22
92. Jiangsu Huai Yin Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 3,621,000	45.97
93. Guilin Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,720,000	44.41
94. Ningbo Chia Tai Agriculture Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,415,300	44.41
95. Wuxuan Chia Tai Animal Husbandry Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,640,000	44.41
96. Yinchuan Chia Tai Co., Ltd. Tel 86-108-508-9000	Production and sale of animal feed	RMB 30,480,000	44.41
97. Ganzhou Chia Tai Industrial Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 18,000,000	41.79
98. Mianyang Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,000,000	41.79
99. Chengdu Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,300,000	36.57
100. Chongqing Shuangqiao Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,520,000	36.57
101. Fujian Chia Tai Food Co., Ltd. Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 218,000,000	36.57
102. Fujian Hetai Agro-Industry Co., Ltd. Tel. 86-108-508-9000	Farming and trading of poultry	RMB 50,000,000	36.57
103. Longyan Baotai Agro-Industry Co., Ltd. Tel. 86-108-508-9000	Farming and sale of poultry	RMB 60,000,000	36.57
104. Longyan Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production of processed poultry meat	RMB 180,000,000	36.57
105. Neijiang Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,900,000	36.57



Subsidiaries	Type of Business	Registered Capital	Interest (%)
106. Pingdingshan Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 2,761,321	36.57
107. Shuangliu Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,000,000	36.57
108. Xiamen Sumpo Food Trading Co., Ltd. Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 30,000,000	36.57
109. Henan Chia Tai Biochemistry Trading Co., Ltd.	Trading of animal drugs	RMB 10,000,000	35.17
110. Pucheng Chia Tai Biochemistry Ltd. Tel. 86-108-508-9000	Production and sale of chlortetracycline	RMB 189,890,000	35.17
111. Zhumadian Huazhong Chia Tai Co., Ltd. Tel. 86-396-262-3002	Production and sale of chlortetracycline	RMB 72,000,000	35.17
112. Xuzhou Chia Tai Feed Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 16,000,000	33.96
113. Zhumadian Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 28,060,000	31.87
114. Guang An Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 24,500,000	31.36
115. C.P. Premix (Nantong) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 3,000,000	31.35
116. Chongqing Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,920,000	31.35
117. Jiujiang Chia Tai Feedstuff Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,000,000	31.35
118. Nantong Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 50,060,025	31.35
119. Nantong Chia Tai Feedmill Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 60,000,000	31.35
120. Xiamen Chia Tai Agriculture Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,400,000	31.35
121. Zhangjiakou Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 60,000,000	31.35
122. Shanxi Chia Tai Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	USD 11,673,200	31.29
123. Chia Tai Feed (Yiwu) Co., Ltd. Tel. 86-108-508-9000	Production and sale of animal feed	RMB 57,000,000	28.73
124. Lianyungang Chia Tai Agro-Industry Development Co., Ltd. Tel. 86-182-051-31077	Production and sale of animal feed	USD 5,400,000	27.30

Vietnam

Subsidiaries	Type of Business	Registered Capital	Interest (%)
125. C.P. Vietnam Corp. Tel. 84-25-383-6251-9	Production and sale of animal feed, farming and food processing plant	VND 9,188,671,500,000	66.18
126. CPV Food Co., Ltd	Livestock farming, production and sale of animal feed and processed food	VND 1,073,000,000,000	66.18
127. AHM Lifestyles – Creative Hospitality Co., Ltd.	Restaurant	VND 34,500,000,000	46.32



United Kingdom

Subsidiaries	Type of Business	Registered Capital	Interest (%)
128.Food Trac Ltd.	Distribution of meat products	GBP 100	100.00
129.Wesbridge Food Group Limited	Investment	GBP 88.96	100.00
130.Wesbridge Foods (Haydock) Ltd.	Distribution of meat products	GBP 252,855	100.00
131.Wesbridge Foods Ltd.	Importer and distributor of meat and processed foods	GBP 100	100.00
132.Wesbridge Group License Companies	Importer of poultry meat products	N/A	100.00
133.CP Foods (UK) Ltd. ("CPF UK") Tel. 44-1299-253131	Importer and distributor of processed meat and ready meals	GBP 271,200	99.99
134-184 Subsidiaries of CPF UK 51 companies ³	Importer and distributor of processed meat and ready meals	GBP 1	99.99
185.The Foodfellas Ltd. Tel. 44-2086-223064	Import food raw materials and food products	GBP 15,567	99.99
186.Chozen Holdings Ltd. Tel. 44-1905-732100	Restaurant	GBP 30	79.99
187.Chozen Noodle Trading Ltd. Tel. 44-1905-732100	Property lease-out	GBP 10	79.99
188.CP Chozen Ltd.	Investment	GPB 800,000	79.99

Taiwan

Subsidiaries	Type of Business	Registered Capital	Interest (%)
189.Chun Ta Investment Co., Ltd.	Investment	NTD 50,000,000	100.00
190.Ta Chung Investment Co., Ltd.	Investment	NTD 100,000,000	100.00
191.Charoen Pokphand Enterprise (Taiwan) Co., Ltd. Tel. 886-2-250-77071	Chicken integration and livestock farming	NTD 3,579,000,000	39.00
192.Charoen Pokphand (Taiwan) Co., Ltd. Tel. 886-2-250-77071	Importer and distributor of feedstuff additives and animal vaccines	NTD 420,000,000	35.10
193.Rui Mu Foods Co., Ltd. Tel. 86-225-507-7071	Layer chicken business	NTD 300,000,000	20.28
194.Rui Fu Foods Co., Ltd. Tel. 86-225-507-7071	Layer chicken business	NTD 300,000,000	19.89
195.Sheng Da Food Co., Ltd. Tel. 86-225-507-7071	Layer chicken business	NTD 100,000,000	19.89
196.Arbor Acres (Taiwan) Co., Ltd. Tel. 886-2-250-77071	Livestock farming	NTD 32,000,000	19.50

India

Subsidiaries	Type of Business	Registered Capital	Interest (%)
197.CPF (INDIA) Private Ltd. Tel. 91-44-265-68406	Production and sale of animal feed, farming and food processing plant	INR 4,888,500,000	99.99

³ 51 subsidiaries of CP Foods (UK) Ltd. were as follows:

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



USA

Subsidiaries	Type of Business	Registered Capital	Interest (%)
198. Bellisio Foods, Inc.	Production and distributor of ready meals	N/A	100.00
199. Bellisio Investment, LLC	Investment	N/A	100.00
200. C.P. Food Products, Inc. Tel. 1-410-505-5017	Importer and distributor of seafood products	USD 7,980,000	100.00
201. Frozen Specialties, Inc.	Production and distributor of ready meals	N/A	100.00
202. FSI Parent Corp.	Investment	N/A	100.00
203. Homegrown Shrimp (USA), LLC.	Shrimp farming	USD 6,600,000	100.00
204. Overhill Farms, Inc.	Production and distributor of ready meals	N/A	100.00
205. Berice LLC.	Investment in restaurant	USD 2,000,000	99.99

Russia

Subsidiaries	Type of Business	Registered Capital	Interest (%)
206. Charoen Pokphand Foods (Overseas) LLC. Tel. 7-496-634-1963	Animal feedmill and livestock farming	RUB 5,266,995,018.50	99.99
207. CPF Agro LLC. Tel. 7-496-634-1963	Livestock farming	RUB 605,277,700	99.99
208. CPF Construction LLC. (Formerly known as CPF Zaraysk LLC.) Tel. 7-496-634-1963	Provision of consulting service on construction	RUB 79,503,577.84	99.99
209. CPF Foods LLC. Tel. 7-496-634-1963	Livestock farming	RUB 480,010,000	99.99
210. CPF Ryazan LLC. Tel. 7-496-634-1963	Livestock farming	RUB 87,238,163.21	99.99
211. CPF Serebryanie Prudy LLC. Tel. 7-496-634-1963	Livestock farming	RUB 130,759,706.53	99.99
212. JSC Poultry Production Severnaya (Formerly known as CJSC Poultry Production Severnaya)	Animal feedmill, livestock farming and food processing plant	RUB 1,129,937,718	99.99
213. JSC Poultry Parent Stock Production Woyskovitsy (Formerly known as CJSC Poultry Parent Stock Production Woyskovitsy)	Livestock farming and breeding	RUB 196,500,735	99.99
214. Stesha LLC.	Investment	RUB 11,922,108,924	99.99
215. Farm Construction LLC. Tel. 8-831-211-3011	Swine farm construction	RUB 100,000	75.82
216. Kornevo LLC. Tel. 8-401-230-7700	Livestock farming	RUB 203,010,000	75.82
217. Management Company RBPI Group LLC. Tel. 8-401-230-7700	Property lease-out	RUB 10,000	75.82
218. NNPP LLC. Tel. 8-831-211-3011	Livestock farming	RUB 483,040,562.83	75.82
219. NNPP-2 LLC. Tel. 8-401-230-7700	Livestock farming	RUB 900,000,000	75.82
220. Pravdinsk Pig Production CJSC Tel. 8-401-230-7700	Livestock farming	RUB 1,030,000,000	75.82
221. Pravdinsk Pig Production-2 LLC. Tel. 8-401-230-7700	Livestock farming	RUB 1,010,000,000	75.82
222. RBPI Partner West LLC. Tel. 8-831-211-3011	Slaughterhouse	RUB 1,000,000	75.82
223. Rechnoe LLC. Tel. 8-401-230-7700	Biological waste management services provider	RUB 50,000,000	75.82

**Turkey**

Subsidiaries	Type of Business	Registered Capital	Interest (%)
224.C.P. Standart Gıda Sanayi ve Ticaret A.Ş. Tel. 212-274-8536	Agro-industrial and integrated food	TL 503,965,500	100.00

Philippines

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

Malaysia

Subsidiaries	Type of Business	Registered Capital	Interest (%)
227.AA Meat Shop Sdn. Bhd. Tel. 603-8065-1800	Livestock processing retailer	N/A	99.99
228.Asia Aquaculture (M) Sdn. Bhd. Tel. 603-4027-1800	Shrimp farming and processing plant	RM 520,000,000	99.99
229.Charoen Pokphand Foods (Malaysia) Sdn. Bhd.	Investment in aquaculture integration business and swine business	RM 420,000,000	99.99
230.Chau Yang Farming Sdn. Bhd. Tel. 605-3771-331	Livestock farming	N/A	99.99
231.Makin Jernih Sdn. Bhd.	Investment	N/A	99.99
232.Tip Top Meat Sdn. Bhd. Tel. 603-6091-7340	Livestock processing plant	N/A	99.99
233.Star Feedmills (M) Sdn. Bhd. Tel. 603-4027-1800	Aquatic feed production and distribution	RM 100,000,000	99.99

Laos

Subsidiaries	Type of Business	Registered Capital	Interest (%)
234.C.P. Laos Co., Ltd. Tel. 856-21-453508-10	Animal feedmill and livestock farming	USD 15,000,000	99.99

Belgium

Subsidiaries	Type of Business	Registered Capital	Interest (%)
235.CPF Europe S.A. Tel. 32-2357-5380	Importer and distributor of processed meat and ready meals	EUR 40,800,000	99.99
236.Tops Foods NV Tel. 32-1428-5560	Production and distributor of ready meals	EUR 3,940,000	84.07

Sri-Lanka

Subsidiaries	Type of Business	Registered Capital	Interest (%)
237.Norfolk Foods (Private) Limited Tel. 9-411-285-7340	Production and sale of ready meal	N/A	80.00
238.Lotus Aquaculture Lanka (Private) Ltd.	Shrimp hatchery, farm and cold storage	LKR 360,000,000	75.00

Poland

Subsidiaries	Type of Business	Registered Capital	Interest (%)
239.CPF Poland S.A. Tel. 48-22-7790600	Agro-industrial and food	PLN 17,400,000	66.67
240.Pet Republic Ltd.	Production and sale of pet food	PLN 500,000	66.67

**Cambodia**

Subsidiaries	Type of Business	Registered Capital	Interest (%)
241.C.P. Cambodia Co., Ltd. Tel. 24-397-339	Production, sale of animal feed, livestock farming and food processing plant	USD 67,402,000	100.00
242.Cambodia Property and Trading Co., Ltd. Tel. 24-397-339	Property lease-out	KHR 20,000,000	49.00

Denmark

Subsidiaries	Type of Business	Registered Capital	Interest (%)
243. Finagro ASP	Financial service	DK 550,000	75.82
244.CPF Denmark A/S Tel. 45-7526-1330	Importer and distributor of processed meat and ready meals	EUR 500,000	52.00

Germany

Subsidiaries	Type of Business	Registered Capital	Interest (%)
245.Paulsen Food GmbH	Distributor of processed meat and investment	EUR 25,000	99.99

Canada

Subsidiaries	Type of Business	Registered Capital	Interest (%)
246.Bellisio Foods Canada Corp.	Production and distributor of ready meals	N/A	100.00
247.Charoen Pokphand Foods Canada Inc. Tel. 905-604-4993	Import and export food products	CAD 1,000,000	100.00
248.CPF Canada Holding Corp.	Investment in integrated swine business	CAD 1	100.00

Netherlands

Subsidiaries	Type of Business	Registered Capital	Interest (%)
249.Wesbridge Holding B.V.	Investment	EUR 18,000	100.00
250.CPF Netherlands B.V.	Investment	USD 350,000,000	99.99

British Virgin Islands

Subsidiaries	Type of Business	Registered Capital	Interest (%)
251.Bright Excel Investments Ltd.	Investment	USD 50,000	100.00
252.C.P. Foods Holdings Ltd.	Investment	USD 1,000,000	100.00
253.C.P. Foods International Ltd.	Investment	USD 100,000,000	100.00
254.Coinaton Investments Ltd.	Investment	USD 50,000	100.00
255.CPF Investment Ltd.	Investment	USD 1,750,000,000	100.00
256.CPVN Ltd.	Investment	USD 1,000,000	100.00
257.Forward Pass Ltd.	Investment	USD 50,000	100.00
258. Giant Crown Investments Limited	Investment	USD 50,000	100.00
259.New Splendid Holdings Ltd.	Investment	USD 50,000	100.00
260.Modern State Investments Ltd.	Investment	USD 120,000,000	52.24
261.Charoen Pokphand (China) Investment Ltd.	Investment	USD 56,000,000	52.24
262.ECI Machinery Co., Ltd.	Investment	USD 50,000	50.43

Bermuda

Subsidiaries	Type of Business	Registered Capital	Interest (%)
263.Charoen Pokphand (Taiwan) Investment Ltd.	Investment	USD 12,000	100.00
264.C.P. Pokphand Co., Ltd.	Investment in agro-industrial and food business	USD 600,000,000	52.24
265.C.T. Progressive (H.K.) Ltd.	Investment	HKD 1,000,000	52.24
266.Chia Tai Enterprises International Ltd.	Investment	USD 80,000,000	50.43

**Cayman Islands**

Subsidiaries	Type of Business	Registered Capital	Interest (%)
267.CP China Investment Ltd.	Investment	USD 129,750,000	52.24
268.Plenty Type Ltd.	Investment	USD 22,261,488	39.00

Hong Kong

Subsidiaries	Type of Business	Registered Capital	Interest (%)
269. CPF Hong Kong Co., Ltd.	Importer and distributor of eggs, processed meat, milk product and resdy meals	HKD 7,000,000	100.00
270.C.P. Standard Resources Ltd.	Investment	N/A	52.24
271.CP Aqua Co., Ltd.	Investment in aquaculture business	N/A	52.24
272.CP Food Investment Ltd.	Investment	N/A	52.24
273.Hannick Ltd.	Property investment	N/A	52.24
274.C.P. Enterprises Ltd.	Investment	N/A	50.43
275.Chia Tai Huazhong Biochemistry Ltd.	Investment	N/A	50.43
276.Chia Tai Pucheng Biochemistry Ltd.	Investment	N/A	50.43
277.Golden Industrial Investment Ltd.	Investment	N/A	50.43
278.Chia Tai Lianyungang Co., Ltd.	Investment	HKD 1,000,000	39.00

Norway

Subsidiaries	Type of Business	Registered Capital	Interest (%)
279.Russia Baltic Pork Invest ASA	Investment	NOK 587,563,200	75.82

Japan

Subsidiaries	Type of Business	Registered Capital	Interest (%)
280.CPF Japan Co., Ltd. Tel. 813-5401-2231	Importer and distributor of processed meat and ready meals	JPY 200,000	99.99

France

Subsidiaries	Type of Business	Registered Capital	Interest (%)
281.Wesbridge Foods (France) SARL	Distribution of meat products	EUR 100	100.00

**Associates, Joint Ventures and Other Investments**

As of December 31, 2019, CPF had associates, joint ventures and other investments as follows:

	Company	Type of Business	Registered Capital	Interest (%)
1.	Andhra Pradesh Broodstock Multiplicationcentre Pvt.Ltd. India Tel. 91-98-494-46149	Farming and breeding	Rs 150,00,000	74.99
2.	CP-Meiji Co., Ltd. Bangkok, Thailand Tel. 66-2-664-5309	Manufacturing and distribution of milk products and healty dairy products	Baht 500,000,000	59.99
3.	Westbridge Foods Holding B.V. Netherlands Tel. 31-715-815-016	Importer and distributor of processed foods	EUR 18,000	50.00
4.	Ross Breeders Siam Co., Ltd. Bangkok, Thailand Tel. 66-2-988-0700	Chicken breeding and distribution	Baht 70,000,000	49.99
5.	Arbor Acres Thailand Co., Ltd. Bangkok, Thailand Tel. 66-2-988-0700	Chicken breeding and distribution	Baht 4,000,000	49.98
6.	Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. ⁴ Malaysia	Investment in livestock feedmill and livestock farming companies in Malaysia	N/A	49.75
7.	SuperDrob S.A. Poland Tel. 48-22-275-9200	Agro-industrial and food	PLN 21,772,550	49.45
8.	Dak Glabi Grop Co., Ltd. Bangkok, Thailand Tel. 66-2-713-5455	Restaurant	Baht 133,000,000	41.35
9.	Camamor Produtos Marinhos Ltda. Brazil Tel. 55-84-4008-0448	Shrimp farming and primary processing businesses	BR 11,666,667	40.00
10.	CP All Plc. ⁵ Bangkok, Thailand Tel. 66-2-677-9000	Convenience store business in Thailand, under "7-Eleven" trademark and franchises to other retailers in the territory of Thailand	Baht 8,986,296,048	33.86
11.	CP-MP Logistics Joint Stock Co. Ltd. Vietnam Tel. 28-363-66471	Logistic provider	VND 114,000,000,000	32.43
12.	C.P. Aquaculture (India) Private Ltd. ⁶ India Tel. 044-4604-9999	Aquatic feedmill and shrimp hatchery in India	INR 250,000,000	31.70
13.	Siam Rivea Co., Ltd. Bangkok, Thailand	Restaurant	Baht 60,000,000	29.99
14.	Chia Tai Conti (Cixi) Investment Management Ltd. China	Provision of consulting service on economic and trade	RMB 3,000,000	26.12
15.	Conti Chia Tai International Ltd. Hong Kong Tel. 852-282-36171	Production and sale of animal feed	HKD 10,000	26.12

⁴ Related person of CPG held 50.25% stake⁵ CPG and its related person held 1.89% stake⁶ CPG and its related person held 43.30% stake and related person of Chearavanont family held 25.00% stake



Company	Type of Business	Registered Capital	Interest (%)
16. Beijing Chia Tai Feedmill Co., Ltd. China Tel. 86-106-941-2811	Production and sale of animal feed	USD 5,000,000	26.12
17. ECI Metro Investment Co., Ltd. British Virgin Islands Tel. 852-252-01601	Investment and trade of machinery and spare parts	USD 12,000,000	25.21
18. Handan Chia Tai Feed Co., Ltd. China Tel. 86-310-638-6578	Production and sale of animal feed	RMB 11,200,000	26.12
19. Henan East Chia Tai Co., Ltd. China Tel. 86-379-678-51998	Production and sale of animal feed	USD 5,400,000	26.12
20. Nava 84 Co., Ltd. ^{/7} Bangkok, Thailand	Investment in economic crop plantation companies in Thailand	Baht 1,500,000,000	25.00
21. BHJ Kalino Food AB Sweden Tel. 46-4620-5260	Trading of chilled and frozen meat and food	SEK 1,000,000	15.08
22. Zhan Jiang Deni Carburetor Co., Ltd. China Tel. 86-759-315-0934	Motorcycle carburetor and auto parts production and distribution	USD 21,250,000	14.12
23. Kinghill Limited ^{/8} Cayman Islands	Investment in company that manage shopping center, "Super Brand Mall" in China	USD 680,000,000	13.96
24. Chia Tai (Jilin) Co., Ltd. ^{/9} Hong Kong	Investment in livestock feedmill and livestock farming business in China	USD 1,800,000	10.00
25. Ningxia Xiao Ming Animal Husbandry Co., Ltd. China Tel. 18-995-100-803	Production and sale of layer chicks	RMB 68,253,000	8.40
26. CPPC Plc. ^{/10} Bangkok, Thailand Tel. 66-2-766-8090	Production and sale of plastic	Baht 1,950,000,000	6.58
27. C.P. Land Plc. ^{/11} Bangkok, Thailand Tel. 66-2-766-7000	Property development	Baht 3,630,310,000	6.49
28. Qingdao Yi Bang Bio-Engineering Co., Ltd. China	Production and and sale of animal vaccines	RMB 28,409,090	6.27
29. True Corporation Plc. ^{/12} Bangkok, Thailand Tel. 66-2-643-1111	Information Technology & Communication	Baht 133,474,621,856	2.21
30. Zhejiang Huatong Meat Products Co., Ltd. China	Production and sale of animal feed, farming and primary processing plant	RMB 178,666,700	1.43
31. Cixi Zhudu Investment Management Center (Ltd. Partnership) China	Investment	RMB 9,995,000	0.52
32. Hylife Group Holdings Ltd. Canada	Investment	CAD 67,833,294	50.10

^{/7} CPG held 75.00% stake^{/8} Related person of CPG held 64.86% stake^{/9} Related person of CPG held 90.00% stake^{/10} CPG and its related person held 37.80% stake and Chearavanont family and its related person held 37.91% stake^{/11} CPG and its related person held 47.51% stake and Chearavanont family held 20.19% stake^{/12} CPG and its related person held 47.77% stake



There was two associates which CPF held interest less than Charoen Pokphand Group Co., Ltd. ("CPG") and its related person namely (1) C.P. Aquaculture (India) Pte. Ltd. ("CPA India"). Upon its establishment, CPF held 19.20% stake in CPA India. Then in 2003, existing shareholders of CPA India sold their 12.50% stake in CPA India to CPF. As a result, CPA India became associate of CPF. And (2) Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. ("CPHM"). CPG group initially held 49.00% in CPHM and then purchased additional 1.25% from minority shareholder of CPHM. As a result, CPG group currently holds 50.25% in CPHM. In case that the Company enters into related transactions with CPA India and CPHM, the transactions which are in ordinary course of business or supporting an ordinary course of business shall be conducted on arm's length basis and in accordance with the principle approved by the Board of Directors. However, the transactions which are not the ordinary course of business or supporting an ordinary course of business must be considered and approved by the Board of Directors prior to the transaction engagement, upon the review by the Audit Committee to ensure the highest benefit of the Company and no conflict of interest. In this case, the Audit Committee may employ the independent appraiser or financial advisor to assess the value of such related transaction for comparative purpose. During 2019, there were no transactions with CPA India and CPHM which are not the ordinary course of business.

1.4 Relationship with Business of Major Shareholder

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

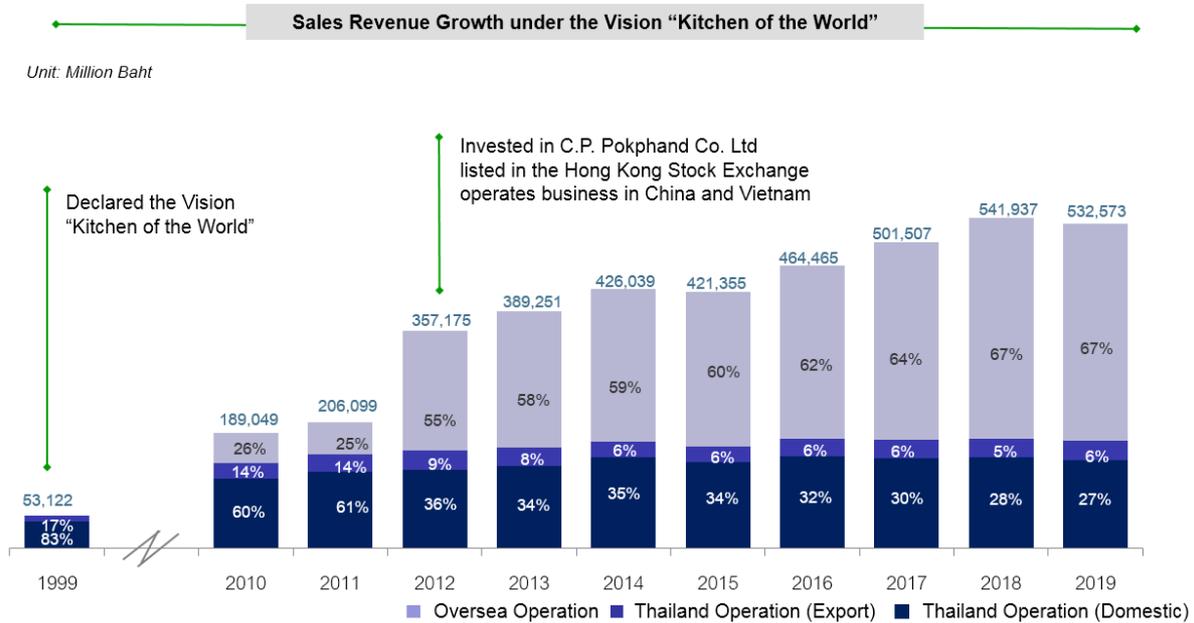
CPG has sold some feed additives for the production of animal feeds to CPF, the major agro-industrial and integrated food company, as well as granted the Company the right to use trademarks which were supporting ordinary course of business transaction in accordance with the principle of the process of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



2. Nature of Business Operations

Charoen Pokphand Foods Public Company Limited and subsidiaries or "the Company" operates an integrated agro-industrial and food businesses including feed production, animal breeding, animal husbandry, primary meat processing, food production and ready-to-eat food as well as meat and food retail outlets. Under the Three-Benefit Principle of "benefiting the Country, the Society and The Company" , the Company takes into careful consideration of environmental, social and economic balance affecting its stakeholders in all sectors and promotes the Sustainable Development Goals (SDGs) on the basis of good corporate governance.

In 1978, the Company started its businesses comprising livestock feed and livestock farm in Thailand. Its business chain was extended to primary meat processing, production of cooked and ready meal products, including meat and food retail outlets, resulting in the integrated agro-industrial and food businesses in the present. Furthermore, the Company has expanded business to increase its variety covering livestock and aquaculture. Major types of products include swine, broiler, layer, duck, shrimp and fish.



In 1999, the Company declared its vision of becoming "Kitchen of the World" by offering products of high quality, safety and traceability to consumers worldwide. The Company has invested and operated businesses in the countries with growth potentials in animal farming and consumption of meat and food. The investment in each country is depended on appropriateness, feasibility and business opportunity. Presently, the Company has operation in 17 countries including Thailand, China, Vietnam, England, India, United States of America, Cambodia, Russia, Turkey, Philippines, Malaysia, Laos, Belgium, Sri Lanka, Poland (sorted by sales revenue size) and Canada. In 2019, the sales revenue breakdown is 67% from international operations, 27% from Thailand operations (Domestic) and 6% from Thailand operations (exports). The Company's businesses and revenue structures are as follows:



	2017		2018		2019	
	Baht Million	%	Baht Million	%	Baht Million	%
1. Thailand Operations	178,403	34	178,680	32	175,966	32
1.1 Domestic	147,894	28	149,651	27	143,910	27
Feed	50,502	10	49,527	9	38,427	7
Farm-processing	73,946	14	76,346	14	81,371	15
Food	23,446	4	23,778	4	24,112	5
1.2 Export	30,509	6	29,029	5	32,056	6
Feed	182	0	67	0	75	0
Farm-processing	8,531	2	7,472	1	8,038	1
Food	21,796	4	21,490	4	23,943	4
2. International Operations	323,104	63	363,257	65	356,607	65
2.1 China	124,370	24	142,978	26	129,457	24
Feed	109,523	21	117,151	21	98,189	18
Farm-processing	5,878	1	18,613	3	22,139	4
Food	8,969	2	7,214	1	9,129	2
2.2 Vietnam	64,820	13	81,775	15	85,390	16
Feed	28,260	5	27,639	5	27,552	5
Farm-processing	34,542	7	51,834	9	54,759	10
Food	2,018	0	2,302	0	3,079	1
2.3 Other countries	133,914	26	138,504	25	141,760	26
Feed	37,049	7	35,155	6	35,624	7
Farm-processing	61,133	12	67,269	12	67,634	13
Food	35,732	7	36,080	6	36,502	7
Total Revenue from Sale of Goods	501,507	97	541,937	98	532,573	98
Other Income	13,690	3	13,566	2	12,302	2
Total Income	515,197	100	555,503	100	544,875	100

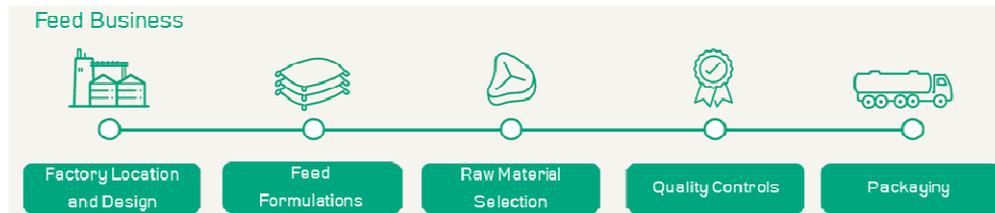
2.1 Nature of Products

2.1.1 Feed Business

	2019	
	millions THB	Change
Revenue from Thailand Operations		
- Domestic	38,427	(22%)
- Export	75	12%
Revenue from International Operations		
- China	98,189	(16%)
- Vietnam	27,552	0%
- Other countries	35,624	1%
Total	199,867	(13%)

The major products of feed business include swine feed, chicken feed, duck feed, shrimp feed and fish feed, all of which are in forms of concentrated feed and complete feed in powder and pallets. To obtain good quality feed on a cost competitive with reasonable prices, the Company places priority on **selection of formulations for producing feed with nutrition that meet requirements of each animal kind, breed and age**, including selections of raw materials with nutritional qualities and standards as well as modern and safe manufacturing processes while taking into account environmental and community impacts.

The Company shall establish the feed business by considering a suitability of location which shall be far from communities, including factory design emphasizing on work safety, resource efficiency, reduction of environmental impacts such as dust and smells. Moreover, the Company uses modern technologies in manufacturing and quality controls as well as packaging for transport of goods to mitigate environmental impacts, for instance, bulk feed tank is used instead of plastic packaging and digital technology is applied to control transport of goods.



Location and Feed Factory The Company considers suitable locations which are in elevated land with sufficient water and utilities. To avoid contamination, the factory locations are far from animal farming areas. The designs of factories also avoid impacts on environment and communities nearby, for example, installing dust filters and applying ozone technologies to prevent dust and smells around the area. The Company also promotes biodiversity in factory areas and surrounding communities.

Feed Formulations Quality of feed shall meet requirements of animals of different types and ages with the right amounts of nutrients to support animal growth and reduce environmental impact such as uses of optimal dietary protein without excess protein wasted into the environment, the use of probiotic and prebiotic substances which help improve animals' digestive system and strength, and feed formulations which reduce emissions of ammonia from manure.

Raw Material Selection Good quality raw materials are selected through quality monitoring and control systems, which conducted by laboratories accredited production standards relating to **legal and sustainable sources of raw materials** such as ISO/IEC 17025. Major raw materials used in the feed production consist of corn, soy bean meal, fish meal, bran and other vitamins and minerals. The Company **selects raw materials from responsible sources in terms of environment and labour**. Moreover, the Company has a **policy to procure raw materials from domestic sources as a priority** and import raw materials in the case that raw materials procured domestically are not sufficient for its production due to inadequate quantities or quality. In 2019, the Company's Thailand operations had imported raw materials from overseas, accounting 38% of raw material cost for the feed production. Moreover, to support local farmers and diversify raw materials, the Company **procures alternative local materials** to replace imported materials, which include brown rice, sorghum, rice bran, palm oil meal, cassava residue and bone meal. This shall reduce risks relating to shortages of some kinds of raw material at certain times and enables the Company and its trade partners to maintain and enhance their production potentials efficiently and continuously. The Company's Purchasing Department and Research and Development Department have mutually prepared the supply chain management to develop appropriate production formulations in accordance with raw materials available in different periods of time. Moreover, recognizing possibility of raw material shortages which may occur in the future, the Company has conducted research on using alternative proteins such as single cell protein and insect protein to replace the use of fish meal.

Production and quality Controls The Company uses automated system and robotic technologies which was designed and developed by its in-house team of engineers in areas that may have potential risks to employees' health and safety. To obtain high quality feed and ensure employees' safety, the feed production is controlled by computer and digital technologies under international standards accredited by independent third party, which include:

Production Standards

- Quality Management System (ISO 9001)
- Good Manufacturing Practice (GMP)
- Hazard Analysis and Critical Control Point (HACCP)
- Best Aquaculture Practice Standard (BAP)
- International Fishmeal and Fish Oil Organization's Responsible Supply Chain of Custody (IFFO RS CoC)



- Quality scheme for food (QS)
- Feed Additives and Pre-Mixtures Quality System (FAMI-QS)

Workplace Safety Standards

- CPF Safety, Health, Environment and Energy Standards

In addition, to mitigate environmental impacts, the Company installs steam boilers in its production processes, which can utilize thermal energy derived from biomass including chaff and corncobs instead of using burning fossil fuels of coal and fuel oil.

Packaging and Transportation Automation system is used in packaging process to mitigate employee health risks, whereas bulk feed tank has been used instead of feed packaging made from plastics. The Company has managed its logistics for transportation of goods by focusing on delivery schedules that meet customer requirements and quality maintenance, including the use of technology to control transportation such as Global Positioning System (GPS) to follow up its transport trucks.

Sales and After Sales Services The Company has provided technical supports in animal farming, appropriate farm management and animal health monitoring for farmers who are feed customers, all of which enable farmers to gain knowledge and understanding in animal farming and the use of suitable feed. These are vital factors ensuring animal health and good feed conversion ratios. Feed distribution channels include direct sales from factories and through distributors such as agricultural supply stores, etc. Additionally, to increase distribution channels and to reach more rural farmers, the Company's subsidiaries in China also sell animal feed through online systems. In cooperation with Alibaba and Ant Financial Services Group, the "National Cooperation on Rural E-commerce Innovations Project" has been implemented for selling feed online through Taobao, which is the biggest e-commerce platform in China.

Regarding the market overview, animal feed has continued to grow in accordance with a demand of meat products, an increase of animal farming in each country and an expansion of industrial farming. The Company has selected formulations to produce fresh and clean feed with adequate amounts of nutrients to support animal growth and enable farmers on animal farming cost management. Sales team members who have knowledge on animal farming and pay heed to giving advices continuously to farmers, all of which make the Company's animal feed become widely recognized.

2.1.2 **Farm-Processing Business**

	2019	
	millions THB	Change
Revenue from Thailand Operations		
- Domestic	81,371	7%
- Export	8,038	8%
Revenue from International Operations		
- China	22,139	19%
- Vietnam	54,759	6%
- Other countries	69,634	4%
Total	235,941	7%

The Company's farm-processing business comprises breeding, farming and primary processing. Major types of animal include swine, broiler, layer, duck, shrimp and fish. **Key factors to the success of farm-processing business** 1) breeds, 2) feed, 3) farm location and facilities, 4) technology and farm management, and 5) biosecurity system.

Key Factors to the Success of Farm-Processing Business



The Company pays attention to all farming processes, from farm location and design, breeding, animal farming, preliminary processing and product distribution, as follows:

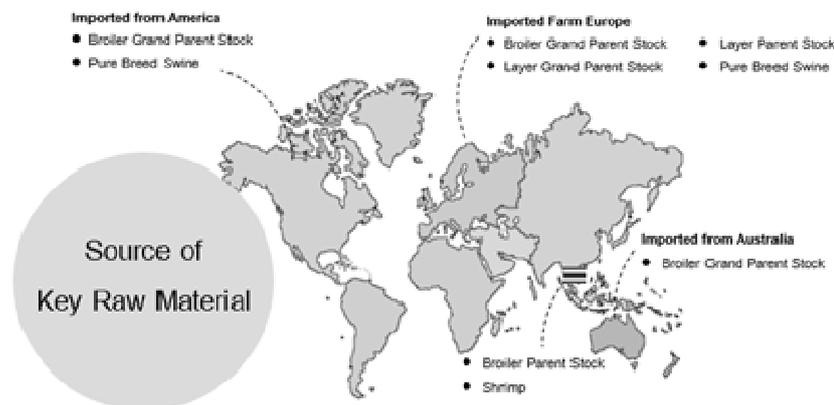


Farm Location and Design The Company shall consider farm location on the basis of risk management capability and biosecurity risk management. The farm shall situate in boundary and area that is suitable for animal farming with sufficient basic utilities. In the meantime, a transport system must be capable of preventing infection while transporting goods. The Company takes into account separation of animal raising area and outside, including control measures on disinfection of individual or vehicle and equipment entering into animal raising area, to ensure that no disease is carried into such area.

- **Livestock:** The Company has employed fully enclosed animal housing with evaporative cooling system to ensure that the air in the housing is suitable for raising animal at all times. Animal raising process has been controlled by modern computer systems including an automatic feeding and watering. In addition, measures and control systems are set to prevent disease vectors. Based on animal welfare resulting in animal stress relief and well grown animals, areas for animals to express their natural behaviours are prepared appropriately, including systems controlling temperature and lighting in the housing that are suitable for behaviour of each animal type and age range.
- **Aquatic Animals:** The Company has applied **probiotic farming technology** which avoids uses of drug and chemicals and is environmental friendly, including knowledge and technologies to prevent diseases. The Company has also developed zero waste discharge system and recirculation aquaculture system (RAS), all of which are animal farming systems that do not discharge waste into natural sources of water and reduce use of water from natural sources. An automated platform functioning by sensing technology is developed for real time processing and controlling shrimp cultured in pond and hatching pond.

In addition, the Company has developed environmental friendly animal farm called green farm. Green farms are equipped with efficient use of resources system, waste management system, water treatment system, environmental care under biodiversity principles, management of impacts on the environment and surrounding communities, as well as using waste for producing biogas to fuels electricity consumed in the farm. The Company also encourages its contract farmers to use this system to reduce the environmental impacts including waste and air pollution.

Breed Development and Breeding The Company selects and develops breeds that are suitable with environmental conditions and consumption requirements of animal in each country in which The Company has business. Natural breeds of animals since their great-grandparents have been developed in accordance with animal genetics by applications of medical science and technology in order to obtain strong and greater disease resistance of animal breeds. The Company also imports animal breeds as shown in diagram below:



Animal Farming The Company has continuously developed animal farming technology and has adopted good production standards from the Ministry of Agriculture and international standards such as the Good Agricultural Practice (GAP), Global G.A.P. - The World Wide Standard for Good Agricultural Practices, and environmental management for a sustainable shrimp farming industry together with modern farming

The Company has also developed animal farming processes under the 'Five Freedoms' principle together with efficiency per farming area without using growth hormone. The animal farming research team has developed animal farming methods with understanding of animal behaviours, using sturdy breed, providing feed that is nutritious and suitable for each age group, and utilizing biotechnology to analyze and improve process of animal feeding and animal caring that fit each breed to ensure that they live without distress and are free to express natural behaviours. Animals are protected and sick animals will be treated by veterinarians of the farms who shall check the animals' health conditions during animal husbandry period. Use of antibiotic substance is done responsibly under close veterinarian supervision.

The Company has adhered to the global healthcare policy: "One Health" which focuses simultaneously on good health for humans, animals, and the environment. The Company therefore places priority on keeping farm animals healthy to avoid the use of medication. However, in case animal becomes sick, it will be cured according to animal welfare principles which focus on "responsible use of antibiotics". The Company also imposes the "Responsible Use of Antibiotics Policy" with detail as follows:

1. The antibiotics shall be used under veterinary oversight for necessary therapeutic uses only,
2. Avoid the use of antibiotics with the purpose of growth promoter, and
3. Collaborate with international experts in order to establish better approaches for animal healthcare according to the animal welfare principles and reduction of antibiotic use.

The Company has promoted animal husbandry to farmers through its contract farming project by selecting farmers who have their own animal farming areas and equipment, and providing them with animal breeds, feed and other necessities, including transferring knowledge and technologies on farm management to ensure that their farms meet the same standards with which the Company has applied. The project, thus, enables farmers to feed animals correctly



according to animal types and breeds as well as promote an increase of production efficiency with appropriate costs to obtain product quality that meet customer requirements. As a result, farmers can increase productivities and incomes from animal husbandry. Thus, it is regarded as the project creating works and occupations as well as enhancing quality of life of farmers, resulting in becoming business alliance who grow together with the Company towards sustainability.

Primary Processing: The Company has complied with the animal welfare principles and standards relating to the primary processing. It includes selecting locations between farm and processing facility with appropriate distance to ensure transportation efficiency and product quality. In the meantime, a truck being used for animal transportation shall limit animal density to prevent animal stress. Upon arrival at the processing facility, the truck shall park at the area where temperature is suitable and comfortable for animals before being through slaughtering, meat cutting and packaging processes. Furthermore, the Company has controlled the primary processing under production and employee safety standards including:

Production Standards

- Quality Management System (ISO 9001)
- Good Manufacturing Practice (GMP)
- Hazard Analysis and Critical Control Point (HACCP)
- Best Aquaculture Practice Standard (BAP)
- Quality scheme for food (QS)

Environmental and Workplace Safety Standards

- CPF Safety, Health, Environment and Energy Standards

Product Distribution The Company's products from its farms include animal breeds, living animals and meat products. The distribution channel for most of animal breeds and living animals is a farm front while the distribution channels for meat products are varied, for example, selling through distributors, modern trade outlets, supermarkets, retail distribution and export.

In overview, animal farm business has continued to grow in accordance with consumption requirements due to growing population demands. The Company's key success factors for being a leader in the industry consist of having strong breeds that can resist disease well and provide high product yield, including having effective farming process that focuses on animal welfare and is able to control and prevent disease outbreak. In addition, the Company has developed new products to meet customer requirements such as **kurobuta pork products** from black swine breed which was developed from swine breed oversea to obtain the breed that can grow well in Thailand's environment. Kurobuta pork's prominent features include soft and succulent meat due to its fine structure of muscle fibers. The Company's **cage-free egg** and "**Benja Chicken**" products are derived from chicken that had been fed with special selected brown rice which helps strengthen chicken muscles, resulting in beneficial effects on aroma, tenderness and juiciness of chicken meat. Cage-free raised chicken is organic, safe and can be alternative to consumers who wish to look after their health.

2.1.3 Food Business

	2019	
	millions THB	Change
Revenue from Thailand Operations		
- Domestic	24,112	1%
- Export	23,943	11%
Revenue from International Operations		
- China	9,129	27%
- Vietnam	3,079	34%
- Other countries	36,502	1%
Total	96,765	6%

The Company has placed priority on producing food products with quality and safety through manufacturing process that is environmentally friendly, including developing the products to meet requirements of

consumers worldwide. Thus, CPF Food Research and Development Center was established to serve as a center for food research and development. There is a pilot plant to be an area of trial production with cutting-edge technology to increase chances of responding more precisely and promptly to customer requirements. Expertise of personnel working at the CPF Food Research and Development Center are integrated in order to create good taste food products with appropriate nutritional values, including manufacturing processes and designs of packaging to ensure safety and environmentally friendly.

Food Business



Raw Material Procurement The Company has placed emphasis on responsible and traceable raw material sources. Therefore, the Company has worked together with farmers in the areas in a form of **Win-Win Partnership**. To promote farm households' occupations and incomes, the Company has provided supports on agricultural products that are food ingredients such as fresh vegetables and spices purchased through transparent and fair system from farmers in the areas.

Production The Company has improved product quality and safety throughout its production processes by applying **automatic and robotic technologies** coupled with international production management and employee safety systems and standards, as follows:

Production Standards

- Quality Management System (ISO 9001)
- Food safety management (ISO 22000)
- Good Manufacturing Practices (GMP)
- Hazard Analysis and Critical Control Point (HACCP)
- BRC Global Standard for Food Safety
- Halal Standard
- Best Aquaculture Practices Standards (BAP)

Workplace Safety Standards

- Occupational health and safety standard (ISO 45001)
- CPF Safety, Health, Environment and Energy Standards

In addition, **the Company has applied digital traceability system** to link data enabling traceability across food chain from animal feed, animal farming, processing, food production and distribution of products to customers.

CPF Food Standard is a standard applied for food quality and safety management and product sustainability, which focuses on linking the whole food production supply chain into one system, aligning with the British Standards Institution (BSI). The CPF Food Standard support the management of risks relating to food quality and safety, from animal feed production, animal farming and food processing, to maximize efficiency and ensure that the food production is strictly controlled in terms of quality and safety, as well as to continuously deliver values of good products and create customer trust.

The Company has used robot arms and autonomous robots for storing the products in the factories to ensure health and safety of employees who lift and unload the products. Moreover, the Company has also applied robot system to enable an increase of space in high-rise storage rack as well as enhance efficiency of FEFO system (first expire date first out), whereas the product items with the earlier date of consumption will be distributed to various channels firstly to reduce damage caused by expired products and prevent loss.



Packaging Taking into account the use of **packaging which reduces the environmental impact**, the Company therefore selects packaging with feature and efficiency in protection food to completely maintain food safety and nutritional values according to nutrition principles, for example, using bioplastic tray made from renewable resources, which is called polylactic acid (PLA).

Distribution Channel The Company prepares a wide range of distribution channels to fulfill customer requirements and convenience. They include:

- Retail and wholesale comprising hypermarket and supermarket
- HoReCa or hotel, restaurant and catering
- OEM or Original Equipement Manufacturer
- Traditional market and distributors
- Restaurants and food outlets
- CPF's distribution channels such as 5 -Star Business, Chester's Restaurant, CP Kitchen Restaurant, CP Freshmart Shop, CP Food World, CP Pork Shop, Jaosua Roasted Duck, CP Sef Restaurant, Chozen Noodle Restaurant, CP-HaiLai Harbour Restaurant, Chickita Restaurant and Wan Chai Restaurant, etc.

In overall, the food business is changing rapidly while a level of competition in the market is high. Due to urbanization and lifestyle changes, consumers therefore require ready-to-eat foods to increase convenience; however, they are still looking for quality foods and a wide range of products, particularly healthy foods from acceptable sources. Accordingly, food manufacturers have to develop the products that meet changing requirements of consumers and are in line with culture of consumption of each area. Moreover, consumer access is a key factor in the food business. Therefore, entrepreneurs shall place importance on strategies enabling consumer access and responding to consumer requirements as much as possible.

Research and Development

The Company has placed importance on research and development since the beginning of business operation. They are regarded as significant factor enabling the Company to become one among the industry leaders. The Company has developed its business capabilities through research and development in all aspects including raw material selection, animal feed production, animal farming and creation of food for consumption.

Presently, the Company has fostered a culture of "innovative organization" by driving participations of all business sectors in order to develop operations towards innovations in terms of production process, new product creation, work process and business operating model, including social and environmental innovations, all of which shall fulfill customer requirements in a timely manner, increase competitiveness and maintain holistic balance of surrounding environment and social responsibility.

Innovative Organization

The Company's guidelines on creating innovative organization comprise 3 significant components, namely, **workplace ambience, personnel and innovation management standard**.

The Company focuses on creating workplace ambience which contributes to creative thinking and new initiatives. The Company emphasizes on 5 aspects of innovations consisting of innovation for production efficiency, value added innovation, innovation on health and sanitation products and services, business model innovation for creating growth and innovation for organizational sustainability. The Company organizes the CPF CEO Award on a yearly basis to provide its employees with opportunities to showcase their talents through their innovative works submitted for competition. The innovative works are divided into 3 levels according to 3i concept which includes:

- i1 or **Improvement**: creative thinking which helps improve works to be in good conditions consistently,
- i2 or **Invention**: new invention or new development of work which increases work efficiency, and
- i3 or **Innovation**: new invention or new method that generates business outcomes.



The Company recognizes potentiality of “TRIZ” (Theory of Inventive Problem Solving^{/13}), therefore TRIZ application approaches are determined in order to develop personnel of every business unit to be innovators according to TRIZ techniques. Presently, there are 1,006 TRIZ innovators in Thailand. Their qualifications are in level 1-3^{/14}.

Furthermore, the Company has managed innovations in accordance with **European Committee for Standardization (CEN)**; CEN/TS16555^{/15}, whereas CEN/TS16555 has been applied as guidelines for innovation management system since 2016.

CPF’s innovation management is not limited only its in-house inventions. The Company also places importance on exchange, study and collaboration with domestic and international alliance networks such as global leading universities, biotechnology producers and agribusiness companies.

Accounting and Finance Innovations

Since the Company has been expanding works and businesses continuously across 17 countries worldwide in the present, works related to accounting and finance then are dispersed to all areas in which the Company’s business units are located. Although their work procedures on accounting and finance are similar, dispersion of accounting and finance units may cause a variety of work methods with different standards. The Company therefore began to develop its accounting and finance innovations since 2013 up to the present. Modern technologies and robotic accounting have been applied on work process and data processing to simultaneously enhance work efficiency and reduce errors as well as create employees’ work values resulting in an increase of employee engagement which enables the Company’s stable and sustainable growth.

Work Process Enhancements: the Beginning of Accounting and Finance Innovations

In 2013, the Company’s Accounting and Finance initiated the Fin X Project to study on Accounting and Finance’s work process enhancements to ensure the same standard. The project was started from collecting similar work processes and reducing unnecessary work procedures, including restructuring Accounting and Finance chart which helped reduce a lot of repetitive works and improved work efficiency. In the meantime, number of employees undertaking repetitive works was also decreased. Moreover, the Shared Services Center (SSC) was established to provide services relating to accounting and finance to the Corporate Group.

“Robotic Accounting” Innovation

In 2018, the Company had developed additional accounting and finance innovation to improve efficiency and reduce error in data collection. The Company has applied robotic process automation (RPA) to replace routine work. The work processes being completed primarily by RPA were verification of lists of goods and services and record of accounts payable. After that, RPA has been applied with all work processes of 130 units of the SSC. There are over than 32 robots (BOT) working for 24 hours in actual environment. In addition to using RPA with works relating to accounting and finance, it has been used in trainings provided for various units within the Company, for further study and development in order to use it to collect data instead of human workforce.

Human Enhancement by promoting human resource development appropriately in accordance with each individual’s knowledge and capability.

In addition to enhancing speed and efficiency of works relating to accounting and finance, the application of RPA also enables employees who are responsible for regular works to have more time for improving their expertise. The Accounting and Finance Department also provides guidelines to promote employee self development to enhance employees’ knowledge and capabilities, as follows:

^{/13} TRIZ is the principles for inventions and innovative solutions for solving problems found in the industrial sector. It is applied for achieving maximum performance or an increase of ideality and reducing the use of resources. Normally, there must be limitation or contradiction of factors. In other words, an increase of one property shall cause opposite effect on other property, for example, requiring a bottle cap that can be opened conveniently, however, such bottle cap must not be able to open itself easily.

^{/14} TRIZ Researcher Registration: it comprises 5 levels, whereas examination of each level include an understanding test, project implementation and oral examination conducted by experts of TRIZ. TRIZ Expert Registration in each country is conducted by the International TRIZ Association: Matriz

^{/15} CEN/TS 16555 is a standard innovation management system that allows organizations to build innovations systematically to support corporate growth, enable operations under limited resources and build innovation successfully.

1. Upskill in 2 aspects, namely:
 - Program development skills in order to develop RPA for being applied with employees' work processes, and
 - Consulting skills for expanding employees' scopes of operations and services to various units.
2. Reskill different types of skills by focusing on analytic knowledge, whereas the package software which is used by an auditor and called the Audit Command Language or ACL is applied for providing additional knowledge. As a result, it increases efficiency of the internal control system as well as adds value to data processing before transferring data to various units. It improves the Company's work management efficiency while providing preparedness for application of artificial intelligence (AI) with works relating to accounting and finance in the future since big amount of data derived from data analytic will be a good foundation for efficient use of AI on works in the future.

Stepping towards a Touchless Ecosystem

In 2019, the Accounting and Finance Department had studied blockchain technology and it is now under development. The blockchain technology will be used together with Internet of Things (IoT) to ensure work accuracy and trustworthiness as well as prompt supports on internal control and check (preventive) in stead of post-incident verification (detective), all of which are operated without human workforce involving. In addition to decreasing large amount of work, it shall help reduce damages caused by fraud as well.

2.2 Agricultural Economic Review of Main Products in 2019 and Outlook in 2020

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

In 2019, the quantity of global broiler production reached 99.5 million tons or increased by 8% when compared to those of 2018. Major producing countries still include USA (19.8 million tons), followed by China (13.8 million tons) Brazil (13.6 million tons) EU (12.4 million tons) and India (4.9 million tons). The broiler production in Thailand had expanded continuously to meet growing export demand. In 2019, it reached 2.84 million tons or increased by 1% from those of 2018.

For 2020, it is forecasted that the global broiler production would be 103.5 million tons or increased by 4% from those of the previous year. The large producing countries anticipate increasing their productivity while Thailand expects that its broiler production would increase by 1% to 2.87 million tons.

Major global broiler exporters in 2019 included Brazil (3.8 million tons), followed by USA (3.2 million tons), EU (1.5 million tons) and Thailand (the world's fourth largest exporter of broiler with the export quantity of 0.94 million tons and the export value of Baht 115,000 million. Thailand's major export markets included Japan and EU. In 2019, Thailand had exported 438,000 tons of broilers to Japan with the value of Baht 59,000 million, and had exported 325,000 tons of broilers to EU with the value of Baht 36,500 million, and had exported 177,000 tons of broilers to other markets with the value of Baht Baht 19,500 million.

For 2020, it is predicted that Thailand's export of broiler would continue to increase, and the export volume of broiler is forecasted to reach 980,000 tons which amounts to Baht 119,000 million or increases by 4.2% when compared to those of the previous year. Positive factors include the continuous growth of Asian markets. In particular, China has been facing an outbreak of African swine fever (ASF), which results in shortage of pork, soaring pork prices and higher consumption of broiler. Moreover, China has additionally certified 8 factories, totaled 15 factories in Thailand. Therefore, it is expected that Thailand would be able to export greater volume of broiler to China. Meanwhile, due to confidence in the product quality, South Korea market's demand for Thai products continues to increase. The volume of goods exported to Japan market is expected to increase as well since the Olympic Games would take place in Japan. EU markets continue to remain unchanged because of having import quotas and strict inspections on imported goods. Potential negative factors include Thai currency appreciation when compared to major competitors such as Brazil, and such appreciation of Thai currency may have impacts on Thailand export of broiler.

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

According to the data of the United States Department of Agriculture (USDA), in 2019, the global pork production was 106.1 million tons. Compared to those of 2018, it decreased by 6% due to the African swine fever (ASF) outbreaks in Asia. In particular, China's productivity decreased by 25% whilst Philippines and Vietnam's productivity decreased by 16% and 6% respectively. Consequently, in 2020, China's demand for imported pork would increase by 35% and followed by Philippines' demand by 32%. It is projected that the pork production in 2020 would be 95.2 million tons approximately (a decrease of 10% compared to those of 2019).

Thus, the export volume of pork worldwide in 2020 would increase for 10.4 million tons (an increase of 10% compared to the export volume of 2019). This includes the increases of pork exported from Brazil by 20% and from EU by 13%.

Regarding the export of the United States, it was projected that the export of pork would increase for 13 million tons or 4% when compared to those of the previous year. This comprises increased quantities of butchering pigs and heavier pigs. The export volume of pork is expected to increase for 11% due to the exports of pork to China and Mexico. In the meantime, Japan and South Korea's demands on imported pork are steady regardless of trade barriers between USA and China.

In Thailand, according to the data of the Swine Raisers Association of Thailand (SRAT), in 2020, Thailand would have 1.2 million of swine breeders and 23 million of fattening pigs, which are close to those of 2019. Due to anxiety in ASF, the number of pigs raised by small-holder farmers would decrease. However, medium and large-scale farmers having good farm management and disease prevention and control systems would expand a little bit. Pig prices had temporarily dropped during quarter 3/2019 and began to rise to profitable levels during quarter 4/2019.

In 2020, Thailand shall be monitoring ASF continuously. However, outbreaks of disease in neighboring countries including Laos, Cambodia and Vietnam shall cause significant decrease in the number of fattening pigs in the countries. Therefore, if every sector in Thailand's swine industry mutually generates knowledge and understanding as well as correct precautionary measures on ASF, including pushing on the exports of pork to various countries, the pig prices in Thailand would be placed in high levels throughout 2020.

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

The global shrimp production in 2019 was projected to reach 3.4 million tons. Compared to the previous year, it increased by 5% because many countries in Central America and South America as well as India and Vietnam had produced greater quantities of shrimp. This became a major reason for the drop in global shrimp prices. The approximate shrimp production in Central America and South America was 970,000 tons, followed by the shrimp production in India and Vietnam, which were 580,000 tons and 440,000 tons respectively.

According to Thailand's shrimp production in 2019, an overall production of cultured shrimp was 290,000 tons, equal to the production of the previous year (including 34% from the Lower Southern Region, 30% from the Eastern Region, 25% from the Upper Southern Region and 12% from the Central Region). Although shrimp farmers were able to better cope and deal with shrimp diseases, climate variability and unattractive shrimp prices had affected the shrimp production. As a result, shrimp production remained at the same level. Moreover, since the global shrimp production had increased, it affected domestic shrimp prices and competitiveness of Thai shrimp products in the world market. Nonetheless, it is projected that in 2020, Thailand's shrimp production would increase by 20% or 350,000-400,000 tons approximately.

Regarding Thailand's shrimp farming in overall, shrimp farmers still encounter white spot disease and white feces syndrome which cause damages to shrimp farms in major farming areas. Therefore, shrimp farmers cannot continually make progress in shrimp culture. There are hidden costs due to damages and shrimps that do not grow up fully. Therefore, in this year, many shrimp farms have reduced density of shrimp populations in ponds for about 20-30% to lower disease risk. Moreover, there are reports on continuous outbreaks of EHP as well. Nonetheless, it is assured that the situation next year would be better as shrimp farmers have gained knowledge and understanding, adapt themselves thereto, adjust shrimp culture patterns and are in unity. Importantly, all sectors have fully supported Thai shrimp industry.

Thailand's export volume of shrimp for 2019 was 164,682 tons with the value of Baht 48,404 million. It decreased by 6% and by 13% compared those of the same period in 2018. Demand for shrimp in the world market has increased continuously because shrimp is white meat full of protein and nutritional benefits. Moreover, productivity derived from capture of marine animals is likely to decrease continuously while the world population has been rising constantly. Presently, although many countries are producing shrimp, major markets such as USA, EU, Japan and China still trust and rely that Thai shrimp is superior in quality, safety and credibility. A major factor is Thailand's shrimp raising capability that can keep ahead of the competition in the world market in terms of quantity, quality and appropriate costs. Thailand's baby shrimps have been recognized that they are of high quality, fast growing species, strong, disease-free, residue-free and traceable.

2.3 Environmental and Safety Management

The Company has realized that agroindustry and food business must take into account environmental impacts. Therefore, the Company has placed importance on determining its **vision, missions and policies on safety, occupational health, environment and energy (SHE&En)** in order to apply them as management frameworks in all countries in which the Company has invested. The Company has focused on carrying out activities in conformity with the laws, regulations and agreements together with environmental-friendly and social-friendly business operations by using resources worthily and most efficiently, applying innovation and technologies to mitigate the environmental impacts, protecting and promoting safety of employees and stakeholders, including creating cooperation with contractors, suppliers and major business partners for SHE&En development throughout the supply chain.

The Company has developed **Safety, Occupational Health, Environment and Energy Standard** or "CPF SHE&En Standard" as a key mechanism for effective management and development of environmental quality. The CPF SHE&En Standard has been verified and certified by Lloyd's Register International (Thailand) Ltd. which is the institute having knowledge, expertise and experience in standard verification and certification and providing services to many leading companies to ensure that the standards are in conformity with requirements of relevant international standards including ISO14001:2015 or environmental management systems, ISO45001:2018 or occupational health and safety management systems, and ISO50001:2018 or energy management systems, all of which shall increase stakeholders' confidence levels on the Company's safety, occupational health, environment and energy management. The standard verification and certification cover principles as follows:

1. Environmental impacts and safety assessments,
2. Determination of measures controlling processes that may cause impacts on the environment and danger to operators, and the implementations of those measures,
3. Provision of tracking system of the operating results on the environment and compliance with the laws,
4. Development of management procedures on complaints and conflicts regarding SHE&En crisis, all of which are received from both internal and external stakeholders, to prevent and solve problems transparently and effectively as well as to enable continuous improvement.

Furthermore, the Company has organized trainings for its personnel to ensure their knowledge, understanding and awareness on SHE&En implementations which lead to the corporate compliance with the policy and SHE&En Standard. The Company also determined that all units in Thailand shall be annually assessed through audit and certification processes on standard implementations conducted by the third party audit. The results on CPF SHE&En Standard implementations are consistently and continuously reported to the CPF SHE&En Management Committee or CPF SHE&En MC's meetings for proper and immediate development of the Company's management.

To measure the progresses and effectiveness of the management of safety, occupational health, environment and energy that are conducted by various departments under the supervision of the Company, both internally and externally, the Company has set up outcome indicators or CPF SHE&En and has developed the reporting process and data processing through computer systems. These enable the executives in the departmental levels and the business lines, including the Company as a whole on tracking data in order to use it for managing the businesses in accordance with the Company's policies and goals.

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

(1) Air Pollution Management

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

The Company's animal husbandry business has managed odors by selecting locations off community areas and densely populated animal husbandry areas as well as using the evaporative cooling system. Meanwhile, in its poultry husbandry business, the Company has also used rice husks on top of the ground of animal husbandry buildings which would be advantageous to the growth of animals and would also help eliminate odors. In addition, the Company has the policy to grow trees in areas between animal husbandry buildings and other buildings in farms to help absorb carbon dioxide and to maximize the use of areas.

In 2019, the Company transformed patterns of layer chicken husbandry into complex in order to improve the management efficiency in its businesses in Thailand. In each cycle of chicken husbandry, chicken manures from farms in the complex are gathered and used for producing biogas instead of being piled up in the provided areas for disposal outside the farms, which caused problems of odors and pollution in the environment both within and outside the farms. Biogas produced is utilized as fuel for generating electricity to be used within the farms. In addition, chicken manures after the biogas production were used for producing fertilizer. These recycling activities were regarded as prototypes of energy self-reliance of animal husbandry business.

The Company is committed to mitigating climate change by reducing use of fossil fuels which is one among reasons that cause greenhouse gas. Proportion of renewable energy has been increased, for example, CPF Solar Rooftop project has been implemented in order to generate renewable energy for using in various activities. The Company also initiates "CPF Coal Free" project with the aim to reducing greenhouse gas emissions by ending the use of coal as fuel in all departments.

(2) Water Management

The Company has implemented the water management by improving its operations to ensure that water is used efficiently. The water management includes using recirculating aquaculture system and organizing treatment of wastewater derived from the production processes, whereas efficient wastewater treatment system is used to ensure that quality of treated wastewater meets the requirements of the laws before being discharged to public watercourse.

For the pig farms using large quantity of water, the Company has provided the wastewater treatment system which is proper to the weather condition such as anaerobic wastewater treatment system to be used in farms located in tropical topographic condition. In addition to efficient treatment of wastewater, the system also supports the production of biogas which can be used as fuel for electricity generation in farms instead of purchasing electricity from power producers. Moreover, treated wastewater after biogas production that meets the requirements of the laws can be used to reduce effects of water scarcity in surrounding communities, whereas liquid organic fertilizers are given to the communities for agricultural purposes such as growing corn or cane, etc.

(3) Waste Management

The majority of wastes from the production processes are organic substances which could be used for other purposes directly and indirectly such as the use as animal feeds, the use for production of fertilizers and soil quality improvement materials, etc. The Company has applied the 4Rs waste management principles to activities in all its business lines, for example, reducing wastes at sources in order to decrease the quantity of wastes generated, particularly plastic wastes, by adjusting its patterns of purchasing of chemicals used in recycled packages or larger packages. In its businesses in Thailand, Vietnam, Laos, Cambodia, the Company has reduced the use of plastic bags in animal feed production factories by packing goods in big bags and in silos instead. Moreover, the Company has promoted the reuse of wastes, whereas



plastic containers in its instant meal production factories in Thailand, USA and Belgium are reused. The Company has also recycled deposits from the wastewater treatment system (which were formerly disposed of by means of landfill) for use as compost. The recycling of wastes not only mitigated the environmental impacts from the landfills, but also reduced expense of waste disposal. The Company has also transferred cooking oil left from food frying processes in its domestic and overseas food production factories to biodiesel producers for being used as precursor, etc.

(4) Energy Management

The Company has given great importance to the effective use of energy throughout its integrated production process by improving tools, machines and equipment, particularly in the large-scale air-conditioning system and in the cooling system which are significant sources of electric energy consumption. The Company has also used renewable energy to mitigate the environmental impacts, for instance, the use of solar energy for electricity generation helps reduce its expense in purchasing electricity from outside sources and also helps reduce greenhouse gas emissions.

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

3. Risk Factors

Businesses today are facing challenges due to changing stakeholder requirements. CPF is confident that placing importance on enterprise risk management is a key factor enabling the Company to achieve its business goals, supporting promptness of adaptation to changes, accommodating complicated and severe risk factors that are difficult to predict, and creating value for stakeholders appropriately both in short term and long term. However, with regard to the risk management, there may be some risks that are beyond control or unable to be handled. As a result, such risks may affect business performance.

Risk Management Culture

The Company has focused on cultivating its risk management culture through a wide range of operations with the aim of creating employee awareness on this matter in every level. In overview, the Company has taken following actions:

- determining that the risk management is one among strategies on which all business units must place emphasis and implementation;
- promulgating the Risk Management Policy and communicating the policy to its personnel throughout the corporate;
- setting up risk management framework and integrating principles of risk management with its internal work processes to raise awareness on uncertainty in the area of risk management and to promote the risk management as part of implementation of preparedness for future events;
- appointing the Risk Management Sub-committee and the Risk Management Unit as well as identifying roles and responsibilities of committees and executives in each level such as the Board of Directors, the Executive Committee, the Management Committee, the Risk Management Sub-committee, the Risk Management Unit and the Internal Audit Unit, as well as the employees at every level;
- determining the corporate risk appetite;
- organizing risk trainings with both external and internal units to ensure that the executives understand and are able to assess risks that may affect goal achievement or operational strategies;
- imposing Key Risk Indicators (KRIs) as an early warning system.

CPF Risk Management Framework

The Company has developed its enterprise risk management system throughout the corporate in conformity with COSO (the Committee of Sponsoring Organizations of the Treadway Commission), the international standards, in terms of risk-based supervision, risk culture, determinations of strategies and objectives, identification of risk factors associated with strategies and performances, risk assessment and management, monitoring and reviewing risk levels in case of significant environmental changes. The Company has also conducted risk report and communication systematically and continuously. Every process is applying the risk appetite as a critical factor for the risk management.

Being supervised by the Risk Management Sub-committee, the aforementioned operations were carried out in cooperation with all related units, which are risk owners, in compliance with designated risk management guidelines. The Company determines that the risk assessment shall be conducted on a 6-month basis or when facing significant environmental changes. The assessment results thereof shall be reported to the Executive Committee, and the Audit Committee consecutively. All risks shall be informed to the Management Committee and shall be managed according to the risk management measures determined. Moreover, the Risk Management Sub-committee shall follow up the risks and progresses on the mitigation actions, all of which are monitored in meetings arranged on a quarterly basis.

Significant Risks and Risk Management Strategies

1. Emerging Risks

1.1 Disruptive Innovation

In the past, technological changes might gradually occur. However, technologies have been advanced and changed rapidly while growing up exponentially, for instance, artificial intelligence (AI), biotechnology, and robot, etc. These breakthrough technologies result in changes of views, needs, behaviours and lifestyles of people worldwide. Consequently, the Company's business operations including business models, products and services may be affected by such changes.

Risk Management

The Company has placed emphasis on technology development for the purpose of improving business capacity, reducing production cost and diversifying products and services to meet consumer requirements. Hence, the Company has implemented task as follows:

- fostering the corporate culture of "Innovativeness" to encourage creative thinking and continued development through the project entitled "Being Satisfied for Just One Day, the Series";
- promoting workplace ambience that stimulates thoughts, experiments and knowledge exchanges;
- developing employees to ensure their understanding on digital transformation through training courses in order to extend the ideas;
- improving work processes by applying technologies with the aim of increasing work efficiency, for instance, using robotic process automation (RPA) on repetitious tasks, which helps reduce error and boost higher productivity when comparing with works performed by experts;
- organizing special projects which facilitate talented employees at all levels to participate in developing new businesses and conducting experiments to get outcome-based business models before business launches;
- establishing the Food Research and Development Center to conduct researches and developments as well as further extend research results to products;
- visiting and learning from technology companies to ensure understanding which can be applied for business;
- developing new bodies of knowledge together with external experts.

1.2 Cyber Risk

Presently, "information" is a key factor for growing a successful business. Thus, the Company has collected the information relating to markets, customers, consumers and businesses data in order to prepare Big Data that enables trend analysis and direction setting. However, to develop Big Data, it requires user-friendly as well as secure information technology to avoid errors or being attacked by intruders, all of which may affect the Company's business operations, credibility and reputation, or lead to lawsuits against businesses.

Risk Management

The Company has placed value on information management by conducting various activities to ensure that the information being maintained by the Company has been used, stored and disseminated accurately and appropriately. These activities include:

- promulgating the policy and standard on information security;
- selecting and developing work system by considering system security based on international standards;
- classifying the information of each unit and organizing trainings on information classification principles and practice for being applied since the employees' first days of work, including revisit knowledge via online system to create awareness on impact of improper conduct;
- assessing efficiency and effectiveness of information technology systems in accordance with the international standards and considering additional management measures for the systems, that maintaining important information of which efficiency and effectiveness are lower than the international standards;

- monitoring network access by non-related parties continuously and verifying security systems together with external consulting companies;
- communicating appropriate guidelines relating to system usage, information management and virus or improper email detection to the Company's employees;
- organizing war game for the executives to make decisions, including running phishing campaign;
- developing contingency plans to withstand any eventualities affecting information security.

2. ESG Risks

2.1 Climate Variability

Rising global temperatures, climate variability, rapid seasonal changes, fast-melting glaciers and sea level rise are caused by global warming. These occurrences affect soil quantity and fertility, temperatures of and balance between fresh water and sea water, frequencies of wildfires and heat waves, and natural disasters, etc. Consequently, global warming has had observable effects and is considered a threat to manage efficiency of supply chain management in terms of cost and quantity of goods delivered.

Risk Management

Global warming has become global issue that is expected to be managed while the information related to the issue is required to be disclosed. Therefore, the Company has studied and operated in accordance with ratification of the Paris Agreement and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Understanding the impact of change, the Company has been developing its control system and reducing greenhouse gas emissions in order to drive the business towards sustainability, with details as follows:

- setting long-term goals of reducing greenhouse gas emissions and implementing related tasks through a wide range of projects;
- assessing the effects of climate change in accordance with the TCFD recommendations and disclosing the information to Carbon Disclosure Project (CDP) and on the Company's website;
- establishing stable procurement of agricultural raw materials by analyzing balance between demand and supply, managing raw material inventory, strengthening capabilities of agricultural raw material suppliers and conducting research and development in order to study intensively on renewable raw materials;
- improving production processes to ensure optimal utilization of resources in accordance with standards of safety, health, environment and energy, as well as monitoring performances through indicators;
- developing low carbon products such as the products being certified with carbon footprint labels and carbon or water footprint reduction labels, etc.;
- developing sustainable packaging such as bulk feed tank for containing animal feed, Q-pass tank for containing shrimps larvae instead of using plastic bags, and polylactic acid (PLA) packaging produced from plants which is biodegradable, including launching a campaign to stop using plastic bags through the project called "Say No to Plastic Bags When Buying Only Few Items" at CP Fresh Mart shops.

2.2 Quantity and Adequacy of Water

"Water" is the Company's key factor in production of goods which include animal husbandry, aquaculture and food production. However, water crisis in terms of quality and quantity have become crisis that we often encounter nowadays. The water crisis affect widely on community life, occupations and industries. Thus, water scarcity is a challenging situation that the Company must manage in order to strike a balance between business, community and society.

Risk Management

Realizing that drought conditions are growing worse, the Company has determined water management guidelines to reduce potential impacts as follows:

- setting long-term goals of reducing water withdrawal from external source;
- selecting establishment locations on the basis of considering risks related to essential utilities;

- estimating quantity of water needed in order to set water use plan as well as to reserve water efficiently;
- assessing adequacy of water in each area by using Aqueduct3.0 provided by World Resources Institute, and setting water risk management plans for implementing at high-risk areas;
- joining community-listening forums to listen to their concerns regarding uses of water and apply information received to set water risk management plans;
- collecting water consumption, determining risk indicators with the aim of reducing quantities of used water, for example, daily water use per animal, water withdrawal per production unit, etc.;
- conducting research and development on animal husbandry and production technologies in order to reduce quantity of water use or maximize water-use efficiency, for example, developing air cooling system instead of water cooling;
- growing, conserving and restoring upstream forest through projects implemented at the Company, community and national levels.

2.3 Human Rights in the Supply Chain

Respecting dignity, fundamental rights and freedoms of others and treating people equally are basic ethical principles for people working and living together. The Company has placed value on these issues throughout its supply chain with the aim of increasing business opportunities and reducing risk of litigation and trade barrier.

Risk Management

Respecting human rights through the supply chain is considered one of sustainability goals the Company has expected. Therefore, the Company is committed to providing stakeholders knowledge and understanding to ensure that all sectors have complied with international standards, the Requirements of UN Global Compact, UN Guiding Principle on Business and Human Rights, and the Requirements of the International Labour Organization, all of which are implemented with details as follows:

- demonstrating commitment to respect of human rights through the policies such as the Human Rights Policy, the Good Corporate Governance Policy, the Sustainable Sourcing Policy, the Safety, Health, Environment and Energy Policy, and the Employment and Labour Management Policy;
- improving guidelines and procedures that are in line with the policies imposed, for example, Supplier Guiding Principle for business partners;
- developing human rights due diligence processes which include its internal process and business partners' processes;
- organizing trainings to provide knowledge to employees and workers on human rights, Thai labour law, and occupation health and safety in the workplace;
- enhancing the complaint management or whistleblowing procedures when encountering any behavior which violate human rights;
- collaborating with outside agencies on human rights and labour, disclosing information to public, for instance, cooperating with the Labour Rights Promotion Network (LPN) to establish Labour Voice Hotlines by LPN Center which serves all employees as a channel for expressing opinions, suggestions and complaints or requesting for assistances through non-governmental organizations (NGOs).

2.4 Occupational Health and Safety Risks

Safety and occupational health are fundamental and important factors about which the Company has concerned. Thus, the Company has developed safe and secure workplaces with appropriate environments to meet requirements of employees and stakeholders as well as to be in line with related laws. These are challenges that the Company must undertake in order to maintain its current workforce to continue working happily in hygienic and safety workplaces.

Risk Management

To promote employee well-being, the Company has placed emphasis on providing the employees good and safety work environments by:

- promulgating the Safety, Health, Environment and Energy Policy, including reviewing its performances on a yearly basis in order to improve safety measures and prevention preparedness;
- Cultivating culture and awareness of workplace safety through various kinds of internal communication;
- organizing programs and training courses for employees at all levels such as “5 Basic Workplace Hazards and Accidents” in order to provide employees knowledge and understanding as well as to act when there is an accident;
- designing and constructing secure and safe buildings in accordance with the standards prescribed by laws, including preparing appropriate fire prevention system;
- improving work procedures which prioritize employee safety;
- determining contingency plans, emergency response teams and equipment that are ready to use;
- setting long-term goals on reducing lost-time injuries frequency rate.

2.5 Corruption

Providing any benefit to public official in order that such official may carry out certain action that is beneficial to business is considered an offence under the Organic Act on Anti-Corruption. Accordingly, the Company has placed importance on procedures applied for contacting the government agencies in order to avoid unlawful conduct which may result in reputation damage and being penalized.

Risk Management

Conducting business in a fair, transparent and verifiable manner is considered one of the Company’s basic business principles which creates value, balances stakeholder demands, and leads to sustainable business practices. Therefore, the Company has proceeded as follows:

- signing the Declaration of Intention of the Private Sector Collective Action Coalition against Corruption and requesting for being accredited accordingly;
- imposing the policies and procedures such as the Anti-corruption Policy, the Good Corporate Governance Policy, criteria and guidelines for receiving and offering gifts, as well as hospitality payments and charitable donations, etc.;
- cultivating employee integrity and honesty, following up on employee conduct and set it as a part of individual employee performance evaluations;
- creating corruption-free atmosphere and work environment that is not conducive to corruption;
- improving employee handbook and encouraging employees to study and strictly comply with it;
- integrating the principles of good governance with work processes, monitoring systems, and auditing works carefully and adequately;
- identifying scope of work, roles, duties and responsibilities of each unit that has to coordinate with the government agencies, state enterprises or regulatory bodies, including studying work processes of the agencies being contacted in order to set appropriate work plans;
- assessing risks may arise due to failure to comply with regulations of the government agencies as well as determining additional management measures;
- communicating appropriate guideline through the Company’s internal channels to embed awareness, including reminding and encouraging employees to conduct themselves in alignment with the Company’s intentions during gift giving and receiving seasons, etc.;
- providing channels for whistleblowing, complaints or suggestions through the Company’s website, notifications made directly to the Internal Audit Unit via email and telephone communications, etc., including applying process of investigation undertaken by the Committee.

3. Strategic Risks

3.1 Changing Customer Behaviours and Entering an Aging Society

Technological advances in the present offer more rapid and convenient access to product information as well as product buying and paying methods. For instance, product feedback are directly shared by people who have had experiences on such product, presentations of products at accessible prices are made among specific consumer groups, online or social shopping with home delivery service and payment on delivery are available, etc. It is noticeable that consumers are able to access to the information and shop anywhere at any time. Thus, the Company needs to adapt its strategies and business models in accordance with changing customer behaviours.

In addition, medical advances, population well-being and nutrient-dense foods have caused decline of mortality. People lives longer causing the world entering to aging society. Some countries have already entered the aged society. Therefore, the Company's challenge is to develop products to meet customer requirements.

Risk Management

Although human behavior and population demographic will be changing, the Company keeps focusing on creating products and services that meet customer requirements. Thus, the Company has studied such changes continuously in order to adapt its strategies and operational plans, with details as follows:

- conducting research and development with experts on food innovations to ensure that we are in line with changing trends in human behavior and population demographic;
- developing products to meet requirements of each consumer group, for instance, healthy food under SMART brand and Benja chicken under U Farm brand for organic food consumers;
- adding marketing communication channels such as online media and social media;
- increasing distribution and service channels to access to more consumers, for example, presenting products at target customers' places, selling products on a website, providing home delivery services, etc.

3.2 Investment and Performance

Expansion of overseas investment in relevant and connected to existing business is a key strategy which the Company has applied for growing its business. During the past period, the Company had acquired many business projects. As a result, the Company is able to grow upstream and downstream businesses, diversify products, extend distribution markets and reduce trade barriers. However, the following challenges are to efficiently integrate those newly acquired businesses with existing businesses and to follow up on their performances in order to generate shareholder return as anticipated.

Risk Management

The Company has placed importance on considering investing in various projects, especially by making merger and acquisitions. Thus, the Company determines its operating guidelines to ensure expected return on investment, with detail as follows:

- before making investing decision: considering investment objectives and appropriateness of the business project to be acquired, studying laws and business environment in a country in which the Company is going to invest, preparing due diligence, including establishing a committee to scrutinize the business project according to criteria, conditions and concordance with the Company's business;
- after making investing decision: monitoring the project performance through indicators. In the event that the project performance does not meet target, it would be followed up as special case, whereas the Management must present problems being found, risk analysis and management actions.

4. Operational Risks

4.1 Product Quality and Safety

Health care and healthy eating for disease prevention have become more popular. Consumers have paid more attention on health problems caused by eating unhygienic, contaminated food or food containing pesticide residues. Such

health trends have driven the Company to commit to producing goods that meet consumer requirements in terms of taste, quality, safety and nutrition facts prescribed by laws of destination countries.

Risk Management

Aiming to improve the quality and safety of products throughout its processes, the Company has conducted as follows:

- promulgating the Global vision on Antimicrobials Use in Animals, the Quality Policy and the Food Traceability Policy, including having such policies applied as operational frameworks throughout the supply chain;
- cooperating with experts in different fields to conduct research and development on feed innovations, animal husbandry and production food for human consumption, all of which are made by considering quality, safety, consumer requirements and legal compliance;
- developing foods that are suitable for nutrition wellness and nutritional needs for different life stages and physical conditions under CPF Healthier Choice Principle;
- enhancing animal welfare so that farm animals can behave naturally while living in independent animal housing;
- applying international quality standards as well as aligning CPF Food Standard throughout the supply chain;
- developing Key Risk Indicators (KRIs) as an early warning sign on product quality and safety risk;
- developing digital traceability system via QR codes on products;
- listening to consumer opinions and receiving consumer complaints through various channels, including setting response time based on severity of situation;
- communicating clear and adequate product information through media and product labels;
- developing and practicing the Product Recall Plan for supporting in case of experiencing critical issues in products.

4.2 Animal Epidemics / Animal-to-Human Epidemics

Presently, we are encountering animal epidemics worldwide, for instance, African swine fever, avian influenza, early mortality syndrome (EMS) and enterocytozoon hepatopenaei (EHP), etc. Some of these epidemics have become local diseases and some kinds of disease have turned out to be emerging epidemics. There may be some diseases that can be passed to humans. These epidemics can affect animal production efficiency, consumer confidence and the Company's performance.

Risk Management

Being in good health is a key factor enabling animals to have stronger immune. Thus, the Company has focused on creating appropriate environments and good animal breeds by:

- improving animal breeds continuously to ensure disease resistance of farm animals;
- applying biosecurity system to prevent spread of disease, including strictly complying with biosecurity practices;
- feeding animals with quality feed that are appropriate for each stage of animal life cycles;
- designing animal housing that allows animals to live independently to relieve stress in animals and ensure their good health;
- developing a warning system for disease outbreaks, which enables workers to increase preventive measures in a timely manner;
- following up on news regarding diseases as well as studying and researching intensively on factors that cause diseases;
- cooperating with agencies in the public sector and the industrial sector in order to provide opinions and support various operations;
- developing and practicing crisis management plan to cope with epidemics situation.

4.3 Efficiency of Supply Chain Management

The United Nations predicts that the world population will increase steadily and it will reach 9 - 10 billion people in the next 30 years. Increase of population means increase of demand for food as well. Thus, to enhance global food production

system, supply chain efficiency must be improved in order to ensure preparedness for food demand. Since the Company is a food manufacturer and has distributed foods worldwide, the Company has to focus on these matters in order to supply the world population to have quality foods with sufficient quantities at appropriate prices.

Risk Management

The Company's goals for supply chain management are having the effective and efficient supply chain as well as being friendly to environmental, social and community. The Company has operated tasks in a variety of dimensions as follows:

- Cooperation with farmers and business partners: sustainable sourcing is the policy to which the Company has adhered in order to create sustainable sources of raw materials. Moreover, the Company has provided knowledge on cultivation to farmers in order to increase productivity and has cooperated with the government sector on propelling sustainable seafood chains.
- Internal management in a capacity as manufacturer: the Company has improved its production efficiencies of feed, animals and foods by setting and linking work plans together throughout its value chain. Under the concept of Smart Farm, Smart Factory, the Company has applied technologies to increase capabilities, reduce costs, and linked the information on production and distribution of goods for managements. In addition, the Company has placed importance on environmental care and consumer care by developing health conscious products and designing more environmentally friendly packaging.
- Distribution of goods and logistics: the Company has applied technologies to support its selling. Their functions include gathering knowledge on goods which sale officers can study via online system, recording customer information, receiving orders, tracking delivery status of goods, including acknowledging receipt of payment, all of which result in speedy services and enhance sales efficiency.

4.4 Volatility of Commodity Prices

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

Prices of raw materials used in the production of animal feeds are the key factor affecting livestock production costs since over than 60% of the animal husbandry costs are from animal feeds. Therefore, the Company has searched for good quality raw materials at appropriate prices worldwide for being used in the production processes. However, as the government sector has applied the policy of restricting imports and collects taxes on corn, soybean meal and fish meal, all of which are main raw materials, prices of raw materials used in the production of animal feeds increase accordingly. Moreover, Thai baht appreciation is one among the factors affecting prices of such raw materials. Consequently, competitiveness of the products distributed in oversea market may be affected as well.

During 2018-2019, the average prices of raw materials used in the domestic production of animal feeds were as follows:

Unit: (Baht/Kilogram)

Types of Raw Material	Domestic Average Prices	
	2018	2019
Corn	9.8	9.2
Soybean meal	16.5	14.7
Fish meal	41.0	28.4

Risk Management

The Company has balanced the uses of domestic raw materials and the raw materials imported from foreign countries with the aim of producing excellent quality animal feeds at competitive prices as well as being able to support farmers in accordance with the government sector's policies. The Company therefore determines operational guidelines as follows:

- imposing the policy on purchasing raw materials from domestic sources as a priority, especially purchasing from the areas in which the animal feeds factories are located in order to support local farmers and reduce transportation costs;

- conducting research on renewable raw materials in order to use them as alternatives as well as to reduce risks caused by increasing prices of main and important raw materials;
- developing experts on purchasing of animal feed raw materials, including enhancing a system used for forecasting quantities of raw materials available worldwide;
- having oversea networks collect information on the animal feed raw materials production comprising quantities, qualities and harvest times in order to set plans for purchasing raw materials from various sources;
- planning accurate demand on each kind of raw material in order to set up purchase plan;
- centralizing procurements of major raw materials of the affiliated companies worldwide to ensure appropriate and competitive procurement;
- purchasing raw materials in advance, especially during harvest seasons.

4.4.2 Volatility of Prices of Live Animals and Meat Products

According to the information given by the Department of Livestock Development, meat product consumption has increased continuously. Nonetheless, we may experience situations when product quantity demanded is not consistent with supply. Appropriate production quantity therefore is a key to maintain price stability. However, the Company cannot control supply and demand because entrepreneurs may improve their animal husbandry productivity or expand their businesses, all of which result in an increase in supply, while consumer requirements are depended on their behaviours, including types and cuts of meat required, etc.

Moreover, there are other factors affecting the quantities of products sold in each area, for instance, animal epidemics, being unable to export products to foreign countries so that they have to be distributed domestically, and factors related to foreign exchange rates, etc. According to these factors, the Company has to manage livestock and meat production appropriately in order to reduce impacts on the Company's performance and growth targets.

Risk Management

Presently, the Company's businesses include distributing live animals, meats, processed meats and ready meals. The Company has carried out operations management to reduce price volatility as follows:

- analyzing historical data and considering both long-term and short-term demand trends of livestock and cuts of meat. The data related to long-term trends will be used as guidelines for setting business plans while the data related to short-term trends will be used for setting plans on animal husbandry and production;
- propelling the sales of processed meat products and ready meals, focusing on product differentiation in terms of quality, taste and value with analyzing markets and consumer trends as well as considering manufacturing and distribution risks and opportunities, including conducting trial production and market test for further production;
- analyzing the environments of various countries in order to find new target customers or countries, including promoting domestic consumption;
- preparing backup plan to withstand price volatility with the aim of reducing price impacts while maintaining product quality, for example, increasing production quantities of processed meat products and ready meals, and applying additional marketing plans exclusively for the products that are being affected, etc.

4.5 Personnel

As business environment and technologies are changing rapidly, competent persons who have knowledge about new technologies and are ready to adapt to changes as well as able to create new things shall definitely become important parts in driving growth and business competitiveness. Therefore, the Company has managed its human resource to keep pace with the changing world, respond to its business operations and conform to lifestyles of people today, all of which are able to reduce impacts caused by shortage of qualified employees.

Risk Management

Human resource is a major force shaping business advantages and furthering business expansions. Thus, the Company is committed to developing and nurturing its employees to work together happily, to know career paths as well as being given the opportunities to show abilities. The Company has implemented tasks as follows:

- recruiting and selecting persons who are fit for the jobs and corporate culture;
- promoting a culture of innovation through creating work ambience and providing opportunities for employees to present new ideas and implementing such ideas;
- improving work processes by using technologies to reduce steps and quantities of works;
- developing employees' capabilities and skills through trainings and seminars, on the job training, online training and visiting successful companies domestically and internationally;
- selecting talented employees to participate in various projects both at the Company and national levels in order to create development opportunities for the employees and businesses;
- providing employee welfare, career paths and fringe benefits that are in line with job grade and functions assigned;
- initiating opportunities for opinion sharing in order to create workplace happiness and corporate engagement.

5. Volatility of Financial Market

During 2019, the global economy had continued to slow down due to an ongoing trade war between the United States and China, including geopolitical issues, especially Brexit, and worrying about a recession. Each country continued to ease its monetary policy to sustain economic growth. The Federal Reserve Bank cut interest rates three times. The Bank of Thailand cut interest rates two times. These factors resulted in fluctuation of Thai Baht exchange rates and Thai Baht appreciation against the US Dollar. In the meantime, from the beginning of the year, funding costs in financial markets had been dropped gradually. Therefore, the Company has considered the appropriateness of the management of exchange rates and interest rates since the majority of the Company's revenue was in foreign currencies, including revenue from overseas businesses, revenue from export of goods of businesses in Thailand, as well as dividends from investment, etc. In addition to its revenue, the Company also had its expenditure in foreign currencies incurred from the purchasing of raw materials, import of supplies, machines and equipments, including expenditure for foreign investment while some parts of loans were in foreign currencies. Thus, the Company needed to manage its revenue and expenditure properly, including managing the cost of borrowing to reduce the above-mentioned impacts. In 2019, CPF and its subsidiaries in Thailand had the total value of export of goods, amounted to Baht 32,056 million or equal to 6% of the total sales revenue, and had the value of import of raw materials amounted to Baht 22,276 million or equal to 5% of the total cost of sale.

Regarding the management of interest burden, as of December 31, 2019, the Company had the net debt-to-equity ratio^{/16} of 1.33 times; whereas, in the total amount of debts, some parts thereof were incurred from the borrowing from financial institutions and issuing of financial instruments, all of which resulted in expenses in a form of an interest expense. It was predicted that the interest rates would continue to fluctuate according to the global economic conditions and the economy of Thailand. Therefore, the Company has to consider funding alternatives, compensation payout patterns or periods required for funding in order to manage interest expense at a proper level and in accordance with the Company's policy.

Risk Management

The Company set the Accounting and Finance Department to be the main unit responsible for financial management and planning, as well as giving advice to divisions of work relating to the receipt of and expenditure in foreign currencies. Moreover, the Company has determined its policy on foreign exchange risk management with emphasis on non-profit making, including diversification of risks from the receipt of and expenditure in foreign currencies to multiple international currencies, as well as balances revenue and expenditure in foreign currencies (natural hedge). Regarding the management of interest rates, the Company would borrow money mostly with the fixed interest rates, which enable the Company to realize the

^{/16} calculated based on the specified Terms and Condition of debenture issuers and holders of CPF debenture No. 2/2013 and debentures issued thereafter.
Net debt = Total interest-bearing liabilities excluded liabilities under financial lease agreements - Cash and cash equivalents and current investments



expenses actually incurred. However, the Company also borrowed money with the floating interest rates. As of December 31, 2019, the Company's business loans with the floating interest rates amounted Baht 54,609 million or equal to 16% of the total amount of loans. In case, the interest rates increased by 1%, the Company would have additional burden of interest expense amounted to Baht 546 million. Moreover, the Company has also determined its policy on the debt-to-equity ratio in accordance with the consolidated financial statements and has strictly complied with the said policy. The Company has also placed emphasis on prudent decision-making, and therefore assigned the Accounting and Finance Department to monitor the interest rates and to collect and analyze data from reliable sources; provided that the Committee or authorized person shall be obliged to make decision on any alternatives; and such obligations have been clearly determined in the financial policies and procedures.

Although the Company has determined its management framework on financial volatility, in practice, the Company's management measures may not reduce the financial volatility to its acceptable level. Therefore, to manage volatility of exchange rates and interest rates, the Company may use financial derivatives, whereas the use of these financial instruments must be undertaken by the responsible person and approved by the authorized person only.

6. Legal Risks and Trade Barriers

Risks related to committing act of violence against the laws and the regulations of the regulatory body, which is caused by an issuance of new legislation or regulation, change of law or unclear legislation, including employee unawareness or error, may affect the Company's reputation, as well as leading to a penalty and a loss of business opportunity.

Additionally, the Company is also encountering trade barriers comprising both tariff barriers and non-tariff barriers. Therefore, the Company may incur higher expenses on managing the products throughout the supply chain or the Company's products may not be able to compete in the global market.

Risk Management

Complying with the laws and the regulations of the regulatory body is considered a fundamental practice of the Company's employees. Moreover, the Company has developed a wide range of work systems to ensure its business operation, with details as follows:

- establishing central units specializing in specific laws, for instance, Compliance Department, Department of Safety, Health, Environment and Energy, Regulatory Affair Department, Quality Assurance Department, etc., which shall be obliged to follow up, study, communicate, and give advice related laws to the executives and units undertaking relevant tasks directly;
- following up on the issuances of new laws or changes of law in order to amend the work procedures accordingly;
- preparing compliance data warehouse by collecting the laws and regulations, the Company's policies and procedures, key contracts, licenses, including standards certificates by which the Company's has been accredited;
- assessing risks may occur due to non-conformity, communicating and following up continuously on implementations of legislations, for instance, the Trade Competition Act. B.E. 2560 (2017) and the Personal Data Protection Act B.E. 2562 (2019), etc., in order to use evaluation results for determining mitigation actions;
- coordinating with external consultants in order to have assistance on operational planning and to get in-depth opinions;
- monitoring and analyzing situations that are likely to affect the Company's business operation in order to set up appropriate plans to accommodate potential impacts.

7. Corporate Image and Reputational Risks

Today's consumers prefer to use social media as channels for communicating and exchanging opinions on products and services, including product brands and organizations. Thus, if there is any negative information or event disclosed through media, it can be spreaded widely and rapidly as well as affect the Company's image and reputation.

*Risk Management*

The Company aims to conduct sustainable business and be responsible for social, community and environment. Thus, the Company has focused on developing its human resources and improving its internal processes to ensure its conformity to the laws, including communicating issues relevant to the stakeholders continuously. The Company has conducted activities as follows:

- emphasizing that all employees shall perform their duties in an ethical manner and maintain integrity;
- designing and developing work processes that are in line with the law and appropriate for today's business operations;
- improving the internal communication both normal situations and unusual events;
- communicating the Company's guidelines for business conduct continuously through various channels in order to create awareness and understanding;
- providing channels to receive stakeholders' opinions, complaints, suggestions and feedback on products and services, including operational guidance, as well as designing monitoring process and assigning responsible unit accordingly;
- conducting stakeholder expectation surveys and analyzing stakeholder opinions and satisfaction continuously in order to use analysis results for planning and improving operations;
- establishing the unit and process to monitor news and information on social media, notifying the relevant executives for acknowledgement and responding to the news.

8. Risks from CPF Major Shareholders Holding Shares of More Than 25% of the Total Issued Shares

As of March 9, 2020, Charoen Pokphand Group Co., Ltd., and its subsidiaries, represented CPF shares equal to 48.42% of the total issued shares of CPF; as a result, the agenda required by laws or regulations to be passed by at least three-fourth of the total votes of shareholders attending the meeting and having the rights to vote, may not be passed by resolutions, in case, CPG and its subsidiaries abstained their votes or voted against the said agenda.

Risk Management

The Company and the Board of Directors have adhered to the principles of equal and fair treatment to all shareholders and have taken account of benefits to the Company and all shareholders, as per the good governance policy as promulgated by the Company and as per the prescribed procedures and levels of authorities for approval of the Company's operation. In case, any entry of transaction shall be approved by resolution of the shareholders' meeting, such agenda shall be screened by the top management of the Company before the Company's Secretary shall include it in the agenda of the Board of Directors' meeting for consideration and giving of opinions thereon for the passing of resolutions of the shareholders' meeting.

Provided that, in the invitation to the shareholders' meeting, the opinions of the Board of Directors shall be properly and adequately specified so that all shareholders shall be informed of directors' opinions on such transactions and such opinions shall be used as basic data for decision-making; and with such operational guidelines, the Company is confident that the major shareholders shall cast their votes in the same directions with opinions of the Board of Directors in each agenda of the meeting; moreover, in case, the Company has entered the related transactions, such related transactions shall be approved by the shareholders' meeting; and shareholders who are stakeholders or the related parties under the related announcement of the regulatory authorities shall not be entitled to cast their votes in such agenda.

Nonetheless, there may be other risk factors that the Company has not yet acknowledged or has considered them as insignificant risk factors. Therefore, to invest in the Company's securities, investors shall consider other risk factors as well.



4. General Information

4.1 Company Information

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

4.2 Companies which CPF holds more than 10%

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

4.3 References

(1) Share Registrar

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

(2) Bond Registrar and Bondholders' Representative

CPF debentures No. 2/2012 Series 2 due 2022 and Series 3 due 2032

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

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

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

Bond registrar and Securities Service Department, Bangkok Bank Plc.
Bondholders' representative Treethip Building, 1st floor, Silom road, Silom, Bangrak, Bangkok 10500 Thailand
Telephone number 66-2-636-5696 Facsimile number 66-2-230-1893

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

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

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

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

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

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

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

Bond registrar Registrar 1, Siam commercial Bank Plc.,
15th floor, North Wing, G Tower Grand Rama 9
9 Rama 9 road, Huaykwang, Bangkok 10310 Thailand
Telephone number 66-2-128-2324-9 Facsimile number 66-2-128-4625
Bondholders' representative Custodian and Escrow Representative Department, Krung Thai Bank Plc.
35 Sukhumvit road, Klongtoey Nuer,
Watthana, Bangkok 10110 Thailand
Telephone number 66-2-298-0821 Facsimile number 66-2-298-0835

CPF debentures No. 1/2018 Series 1 due 2025 and Series 2 due 2028, No. 2/2018 Series 1 due 2020, Series 2 due 2022, Series 3 due 2024, Series 4 due 2028 and Series 5 due 2030

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

(3) Auditor for the Year 2019

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

KPMG Phoomchai Audit Ltd.

Empire Tower, 48th-50th floor
1 South Sathorn road, Sathorn, Bangkok 10120 Thailand
Telephone number 66-2-677-2000 Facsimile number 66-2-677-2222

4.4 Other Information

- None -



Charoen Pokphand Foods Public Company Limited

Part 2
Management and Corporate Governance



5. Securities and Shareholders Information

5.1 Registered and Paid-up Capital as of December 31, 2019

CPF has one class of shares which is ordinary share entered the holder's name and shall be of equal par value, Baht 1 per share.

Registered Capital : Baht 9,291,530,318 comprising of 9,291,530,318 shares

Paid-up Capital : Baht 8,611,242,385 comprising of 8,611,242,385 shares

5.2 Shareholders

5.2.1 Top ten major shareholders, number of shares and holding percentage as of March 9, 2020, the latest record date.

	Names	No. of Shares	% Shareholding
1.	CPG Group ⁽¹⁾ comprises:	4,596,760,804	53.38%
	1.1 CPG ⁽²⁾	2,154,815,835	25.02%
	1.2 Jumbo Kingdom Ventures Limited ⁽³⁾	920,843,330	10.69%
	1.3 Charoen Pokphand Holding Co., Ltd. ⁽⁴⁾	778,660,460	9.04%
	1.4 Orient Success International Limited ⁽³⁾	120,814,159	1.40%
	1.5 Worth Access Trading Limited ⁽³⁾	117,342,300	1.36%
	1.6 C.P. Holding (Thailand) Co., Ltd. ⁽³⁾	40,500,000	0.47%
	1.7 Creative Light Investments Limited ⁽³⁾	38,000,000	0.44%
	1.8 CPF (Thailand) Plc. ⁽⁵⁾	249,522,720	2.90%
	1.9 Bangkok Produce Merchandising Plc. ⁽⁶⁾	99,462,000	1.17%
	1.10 Plenty Type Ltd. ⁽⁷⁾	76,800,000	0.89%
2.	Thai NVDR Co., Ltd. ⁽⁸⁾	824,682,010	9.58%
3.	GIC PRIVATE LIMITED ⁽⁹⁾	308,208,340	3.58%
4.	Social Security Office ⁽¹⁰⁾	214,634,500	2.49%
5.	STATE STREET EUROPE LIMITED ⁽⁹⁾	199,408,696	2.32%
6.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED ⁽⁹⁾	134,634,552	1.56%
7.	Mr. Prinya Tieworn	56,121,400	0.65%
8.	BNY MELLON NOMINEES LIMITED ⁽¹¹⁾	40,954,217	0.48%
9.	MORGAN STANLEY & CO. INTERNATIONAL PLC ⁽¹¹⁾	30,160,200	0.35%
10.	CACEIS BANK, LUXEMBOURG BRANCH ⁽¹¹⁾	29,445,777	0.34%

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

Note

- ⁽¹⁾ CPG Group is a reporting group to be in compliance with Section 246 and Section 247 of the Securities and Exchange Act of 2535 (as amended)
- ⁽²⁾ Engaging in investment business as well as importing and distribution of chemical products and providing technical services. Top ten major shareholders of Charoen Pokphand Group Co., Ltd. ("CPG") and % shareholding of such persons are as follows: Sumejjaravanon Co., Ltd. 12.96%, Mrs. Somurai Jaruphrit 8.42%, Mr. Dhanin Chearavanont 6.48%, Mr. Nakul Chiaravanont 6.00%, C.P. Holding (Thailand) Co., Ltd. 4.47%, Mr. Phongthep Chiaravanont 4.26%, Mr. Manas Chiaravanont 4.22%, Mrs. Somsri Lumsam 4.21%, Mr. Nopadol Chiaravanont and Mrs. Nuchanart Chiaravanont 3.00% each.
- ⁽³⁾ CPG's indirect subsidiary, engaging in investment business
- ⁽⁴⁾ CPG's direct subsidiary, engaging in investment business
- ⁽⁵⁾ CPF's direct subsidiary, engaging in agro-industrial and integrated food business
- ⁽⁶⁾ CPF's direct subsidiary, engaging in animal feed raw material distribution
- ⁽⁷⁾ CPF's indirect subsidiary, engaging in investment business
- ⁽⁸⁾ A Thai company, contact information: 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand, Thai NVDR Co., Ltd. issues Non-Voting Depository Receipt (NVDR) and offers to investors. NVDR investors are entitled to receive all financial benefits as if they invest in ordinary shares. However, NVDRs generally are not allowed to participate and vote in shareholders' meetings except only in the case where the company wishes to delist itself from the SET.
- ⁽⁹⁾ A foreign company, contact information: Standard Chartered Bank (Thai) Plc., Securities Services, Zone B, Sathorn Nakorn Tower, 14th Floor, North Sathorn Road, Silom, Bangkok 10500, Thailand
- ⁽¹⁰⁾ A Thai government department, contact information: Siam Commercial Bank Plc., Markets Operations Division, 9 G Tower, 17th Floor, North Wing, Rama 9 Road, Huay Kwang, Bangkok 10310, Thailand
- ⁽¹¹⁾ A foreign company, contact information: 968 HSBC Building, 5th Floor, Rama 4 Road, Bangrak, Bangkok 10500, Thailand

**Foreign Holding Limit**

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

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

As of March 9, 2020, the latest record date, there were 29.06% of CPF issued shares held by foreign investors.

5.2.2 Shareholders' agreement between CPF and its major shareholder with effect to securities offering and issuance or management power of CPF

-None-

5.3 Other SecuritiesDebentures

As of December 31, 2019, there were 22 CPF outstanding debentures, totaling principal of Baht 107,500 million as follows:

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

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



- (2) Debentures of Charoen Pokphand Foods Plc. #1/2011 Series 3 due 2041 with debentureholders' early redemption right
- | | |
|----------------------------------|---|
| Type of debenture | : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate and debentureholders have early redemption right at the end of Year 15 th |
| Tenor | : 30 years from the issuing date |
| Issue size | : Baht 4,000,000,000 |
| Issuing amount | : 4,000,000 units |
| Face value per unit | : Baht 1,000 |
| Offering price per unit | : Baht 1,000 |
| Issuing date | : August 19, 2011 |
| Maturity date | : August 19, 2041 |
| Interest | : 5.42% p.a. |
| Interest payment date | : Semi-annually on every February 19 and August 19 of each year during the term of the debenture. The first interest payment date was February 19, 2012. |
| Outstanding amount | : Baht 4,000,000,000 |
| Latest credit rating | : "A+" by TRIS Rating Co., Ltd. |
| Registrar | : Bangkok Bank Plc. |
| Debentureholders' representative | : Bangkok Bank Plc. |
| Secondary market | : Thai Bond Market Association |
- (3) Debentures of Charoen Pokphand Foods Plc. #2/2011 due 2041 with debentureholders' early redemption right
- | | |
|----------------------------------|---|
| Type of debenture | : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate and debentureholders have early redemption right at the end of Year 15 th |
| Tenor | : 30 years from the issuing date |
| Issue size | : Baht 6,000,000,000 |
| Issuing amount | : 6,000,000 units |
| Face value per unit | : Baht 1,000 |
| Offering price per unit | : Baht 1,000 |
| Issuing date | : December 21, 2011 |
| Maturity date | : December 21, 2041 |
| Interest | : 5.42% p.a. |
| Interest payment date | : Semi-annually on every June 21 and December 21 of each year during the term of the debenture. The first interest payment date was June 21, 2012. |
| Outstanding amount | : Baht 6,000,000,000 |
| Latest credit rating | : "A+" by TRIS Rating Co., Ltd. |
| Registrar | : Bangkok Bank Plc. |
| Debentureholders' representative | : Bangkok Bank Plc. |
| Secondary market | : Thai Bond Market Association |
- (4) Debentures of Charoen Pokphand Foods Plc. #2/2012 Series 2 due 2022
- | | |
|-------------------|--|
| Type of debenture | : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate |
| Tenor | : 10 years from the issuing date |
| Issue size | : Baht 4,000,000,000 |



Issuing amount	: 4,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 3, 2012
Maturity date	: August 3, 2022
Interest	: Year 1 - 4 4.40% p.a. Year 5 - 9 5.00% p.a. Year 10 6.00% p.a.
Interest payment date	: Semi-annually on every February 3 and August 3 of each year during the term of the debenture. The first interest payment date was February 3, 2013.
Outstanding amount	: Baht 4,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Debentureholders' representative	: Bank of Ayudhya Plc.
Secondary market	: Thai Bond Market Association

(5) Debentures of Charoen Pokphand Foods Plc. #2/2012 Series 3 due 2032

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 20 years from the issuing date
Issue size	: Baht 5,000,000,000
Issuing amount	: 5,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 3, 2012
Maturity date	: August 3, 2032
Interest	: 5.30% p.a.
Interest payment date	: Semi-annually on every February 3 and August 3 of each year during the term of the debenture. The first interest payment date was February 3, 2013.
Outstanding amount	: Baht 5,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Debentureholders' representative	: Bank of Ayudhya Plc.
Secondary market	: Thai Bond Market Association

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

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 8 years from the issuing date
Issue size	: Baht 5,500,000,000
Issuing amount	: 5,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 2, 2013
Maturity date	: August 2, 2021
Interest	: 4.90% p.a.



- Interest payment date : Semi-annually on every February 2 and August 2 of each year during the term of the debenture. The first interest payment date was February 2, 2014.
- Outstanding amount : Baht 5,500,000,000
- Latest credit rating : "A+" by TRIS Rating Co., Ltd.
- Registrar : TMB Bank Plc.
- Secondary market : Thai Bond Market Association
- (7) Debentures of Charoen Pokphand Foods Plc. #1/2015 Series 1 due 2020
- Type of debenture : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
- Tenor : 5 years from the issuing date
- Issue size : Baht 6,500,000,000
- Issuing amount : 6,500,000 units
- Face value per unit : Baht 1,000
- Offering price per unit : Baht 1,000
- Issuing date : May 13, 2015
- Maturity date : May 13, 2020
- Interest : 3.21% p.a.
- Interest payment date : Semi-annually on every May 13 and November 13 of each year during the term of the debenture. The first interest payment date was November 13, 2015.
- Outstanding amount : Baht 6,500,000,000
- Latest credit rating : "A+" by TRIS Rating Co., Ltd.
- Registrar : Bank of Ayudhya Plc.
- Debentureholders' representative : Bank of Ayudhya Plc.
- Secondary market : Thai Bond Market Association
- (8) Debentures of Charoen Pokphand Foods Plc. #1/2015 Series 2 due 2023
- Type of debenture : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
- Tenor : 8 years from the issuing date
- Issue size : Baht 5,500,000,000
- Issuing amount : 5,500,000 units
- Face value per unit : Baht 1,000
- Offering price per unit : Baht 1,000
- Issuing date : May 13, 2015
- Maturity date : May 13, 2023
- Interest : 3.98% p.a.
- Interest payment date : Semi-annually on every May 13 and November 13 of each year during the term of the debenture. The first interest payment date was November 13, 2015.
- Outstanding amount : Baht 5,500,000,000
- Latest credit rating : "A+" by TRIS Rating Co., Ltd.
- Registrar : Bank of Ayudhya Plc.
- Debentureholders' representative : Bank of Ayudhya Plc.
- Secondary market : Thai Bond Market Association



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

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

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

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

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

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 12 years from the issuing date
Issue size	: Baht 2,000,000,000
Issuing amount	: 2,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: July 29, 2015
Maturity date	: July 29, 2027



Interest	: 4.51% p.a.
Interest payment date	: Semi-annually on every January 29 and July 29 of each year during the term of the debenture. The first interest payment date was January 29, 2016.
Outstanding amount	: Baht 2,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Plc.
Secondary market	: Thai Bond Market Association

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

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 4 years from the issuing date
Issue size	: Baht 3,060,000,000
Issuing amount	: 3,060,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: April 12, 2016
Maturity date	: April 12, 2020
Interest	: 2.28% p.a.
Interest payment date	: Semi-annually on every April 12 and October 12 of each year during the term of the debenture. The first interest payment date was October 12, 2016.
Outstanding amount	: Baht 3,060,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

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

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



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

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

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

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



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

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 7 years from the issuing date
Issue size	: Baht 5,460,000,000
Issuing amount	: 5,460,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: January 24, 2018
Maturity date	: January 24, 2025
Interest	: 3.05% p.a.
Interest payment date	: Semi-annually on every January 24 and July 24 of each year during the term of the debenture. The first interest payment date was July 24, 2018.
Outstanding amount	: Baht 5,460,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Debentureholders' representative	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

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

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 10 years from the issuing date
Issue size	: Baht 6,540,000,000
Issuing amount	: 6,540,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: January 24, 2018
Maturity date	: January 24, 2028
Interest	: 3.60% p.a.
Interest payment date	: Semi-annually on every January 24 and July 24 of each year during the term of the debenture. The first interest payment date was July 24, 2018.
Outstanding amount	: Baht 6,540,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Debentureholders' representative	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

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

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 2 years from the issuing date
Issue size	: Baht 6,700,000,000
Issuing amount	: 6,700,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000



Issuing date	: November 15, 2018
Maturity date	: November 15, 2020
Interest	: 2.74% p.a.
Interest payment date	: Semi-annually on every May 15 and November 15 of each year during the term of the debenture. The first interest payment date was May 15, 2019.
Outstanding amount	: Baht 6,700,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Debentureholders' representative	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

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

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

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

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



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

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

Type of debenture : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor : 10 years from the issuing date
Issue size : Baht 3,200,000,000
Issuing amount : 3,200,000 units
Face value per unit : Baht 1,000
Offering price per unit : Baht 1,000
Issuing date : November 15, 2018
Maturity date : November 15, 2028
Interest : 4.41% p.a.
Interest payment date : Semi-annually on every May 15 and November 15 of each year during the term of the debenture. The first interest payment date was May 15, 2019.
Outstanding amount : Baht 3,200,000,000
Latest credit rating : "A+" by TRIS Rating Co., Ltd.
Registrar : Siam Commercial Bank Plc.
Debentureholders' representative : Siam Commercial Bank Plc.
Secondary market : Thai Bond Market Association

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

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

Bills of Exchange

As of December 31, 2019, CPF had outstanding bills of exchange totaling Baht 16,339 million.



5.4 Dividend Policy

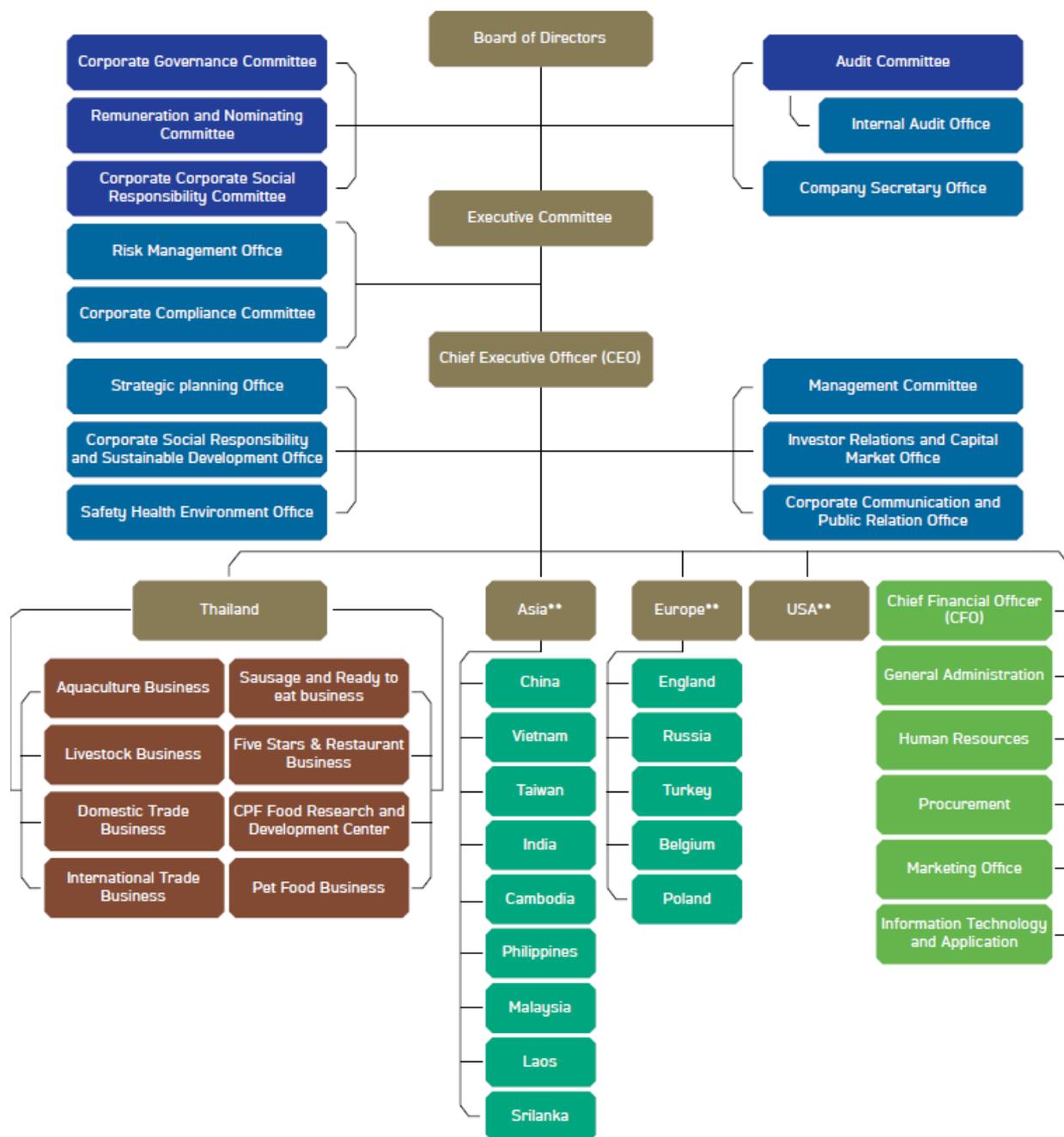
CPF has a policy to pay dividends to shareholders twice a year. The total dividend paid each year will not be less than 30% of net income (which is attributable to equity holders of CPF). The dividend payments may be subject to change, depending on such variables as the Company's operations results, its financial position, future projects and prevailing economic conditions at the time.

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

For subsidiaries that are listed in foreign stock exchanges, the dividend payment will be depend upon the Board of Directors' meeting or Shareholders' meeting resolution (as the case may be). For subsidiaries that are non-listed companies, the dividend payment will depend upon such issues as their future investment plans, their financial structure and liquidity. In the fiscal year ended December 31, 2019, CPF's dividend income from subsidiaries totaled Baht 11,517 million, of which Baht 169 million was from subsidiary that are listed in foreign stock exchanges and Baht 11,348 million was from subsidiary that are non-listed company.

6. Management¹⁷

6.1 The Company's management structure as of December 31, 2019



Note: **Country in which the Company has operating subsidiary

¹⁷ The "Company" mentioned in item 6.1- 6.4 in Part 2 means Charoen Pokphand Foods Plc. or CPF

6.1.1 Board of Directors

As of December 31, 2019, CPF's Board of Directors consisted of the following 15 directors:

Name	Surname	Position
1. Mr. Soopakij	Chearavanont	Chairman ⁽¹⁾
2. Mr. Chingchai	Lohawatanakul	Vice Chairman ⁽¹⁾
3. Mr. Adirek	Sripatak	Vice Chairman ⁽¹⁾
4. Mr. Phongthep	Chiaravanont	Vice Chairman ⁽¹⁾
5. Mr. Suphachai	Chearavanont	Vice Chairman ⁽¹⁾
6. Mr. Rungson	Sriworasat	Director ⁽²⁾
7. Professor Dr. Pongsak	Angkasith	Director ⁽²⁾
8. Pol. Gen. Phatcharavat	Wongsuwan	Director ⁽²⁾
9. Mrs. Vatchari	Vimooktayon	Director ⁽²⁾
10. Mr. Vinai	Vittavasgarnvej	Director ⁽²⁾
11. Mr. Pong	Visedpaitoon	Director ⁽¹⁾
12. Mrs. Arunee	Watcharananan	Director ⁽¹⁾
13. Mr. Sooksunt	Jiumjaiswanglerg	Director ⁽¹⁾
14. Mr. Sukhawatt	Dansersuk	Director ⁽¹⁾
15. Mr. Prasit	Boondoungprasert	Director ⁽¹⁾

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

⁽²⁾ Independent director

Mrs. Kobboon Srichai is the Company Secretary.

Composition of the Board of Directors

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

As of December 31, 2019, the Company's Board of Directors comprised five independent directors (equal to 1/3 of the total number of directors), six executive directors and four non-executive directors. The Board of Directors appoints the Chairman and Vice Chairman. The Chairman conducts Board of Directors' meetings, except in cases where the Chairman may lack sufficient independence, or where there is an agenda with which the Chairman has a conflict of interest. In such cases, an independent director shall preside as the Chairman of the meeting.

Roles and Responsibilities of the Board of Directors

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

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

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

The Roles and Responsibilities of Chairman of the Board of Directors

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

The Roles and Responsibilities of the Board of Directors

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

6.1.2 Audit Committee

CPF's Audit Committee has been appointed by the Board of Directors. The current Audit Committee term is for a period of three years which expires on December 23, 2020. As of December 31, 2019, the members of the Audit Committee are the following four independent directors:



Name	Surname	Position
1. Mr. Rungson	Sriworasat	Chairman of the Audit Committee
2. Professor Dr. Pongsak	Angkasith	Member of the Audit Committee
3. Mrs. Vatchari	Vimooktayon	Member of the Audit Committee
4. Mr. Vinai	Vittavasarnvej	Member of the Audit Committee

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

Mr. Rungson Sriworasat, Mrs. Vatchari Vimooktayon and Mr. Vinai Vittavasarnvej, three members of the Audit Committee, have excellent knowledge, understanding and experience in matters of accounting and finance, as well as changing financial regulations which require changes in the nature of the financial report. The Audit Committee can seek advice from an independent specialist if necessary.

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

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

Roles and Responsibilities of the Audit Committee

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

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

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

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

6.1.3 Remuneration and Nominating Committee

CPF's Remuneration and Nominating Committee was appointed by the Board of Directors. The current Remuneration and Nominating Committee term is for a period of three years, which will expire on April 1, 2021. Its main duties are to select qualified individuals with the relevant knowledge, ability and experience to assume positions on the Board of Directors and to establish a remuneration framework to be submitted to the Board of Directors for consideration.

As of December 31, 2019, the Remuneration and Nominating Committee comprises four members: two members are independent directors, one member is non-executive director and the remaining is an executive director, as follows:

Name	Surname	Position
1. Pol. Gen. Phatcharavat	Wongsuwan	Chairman of the Remuneration and Nominating Committee
2. Mr. Suphachai	Chearavanont	Vice Chairman of the Remuneration and Nominating Committee
3. Professor Dr. Pongsak	Angkasith	Member of the Remuneration and Nominating Committee
4. Mr. Adirek	Sripratak	Member of the Remuneration and Nominating Committee

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

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

Roles and Responsibilities of the Remuneration and Nominating Committee

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

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

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

6.1.4 Corporate Governance Committee

The current CPF's Corporate Governance Committee term is for a period of three years, which will expire on January 16, 2022. As of December 31, 2019, the Corporate Governance Committee comprises three members: two members are independent directors, and the remaining is an executive director, as follows:

Name	Surname	Position
1. Mr. Rungson	Sriworasat	Chairman of the Corporate Governance Committee
2. Mr. Vinai	Vittavasgarvej	Member of the Corporate Governance Committee
3. Mr. Adirek	Sripatak	Member of the Corporate Governance Committee

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

Roles and Responsibilities of the Corporate Governance Committee

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

6.1.5 The Corporate Social Responsibility and Sustainable Development Committee

The current CPF's Corporate Social Responsibility and Sustainable Development Committee term is for a period of three years, which will expire on November 16, 2021. As of December 31, 2019, the Corporate Social Responsibility and Sustainable Development Committee comprises four members: two members are independent directors, one member is non-executive director and the remaining member is executive director, as follows:

Name	Surname	Position
1. Professor Dr. Pongsak	Angkasith	Chairman of the Corporate Social Responsibility and Sustainable Development Committee
2. Pol. Gen. Phatcharavat	Wongsuwan	Member of the Corporate Social Responsibility and Sustainable Development Committee
3. Mr. Adirek	Sripatak	Member of the Corporate Social Responsibility and Sustainable Development Committee
4. Mr. Suphachai	Chearavanont	Member of the Corporate Social Responsibility and Sustainable Development Committee

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

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

- (1) To establish and propose the social responsibility and sustainable development policy and direction to the Board of Directors for its approval;



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

Directors' Attendance at the Meetings in 2019

Name	Surname	Number of Attendances				
		Board of Directors	Audit Committee	Remuneration and Nominating Committee	Corporate Governance Committee	Corporate Social Responsibility and Sustainable Development Committee
1. Mr. Soopakij	Chearavanont ⁽¹⁾	5/5				
2. Mr. Chingchai	Lohawatanakul	7/7				
3. Mr. Adirek	Sripratak ⁽²⁾	7/7		0/0	2/2	2/2
4. Mr. Phongthep	Chiaravanont	7/7				
5. Mr. Supachai	Chearavanont ⁽³⁾	4/4		0/0		0/1
6. Mr. Rungson	Sriworasat	7/7	9/9		2/2	
7. Professor Dr. Pongsak	Angkasith	7/7	9/9	2/2		2/2
8. Pol. Gen. Phatcharavat	Wongsuwan ⁽⁴⁾	4/7 ⁽⁵⁾		2/2		0/1 ⁽⁵⁾
9. Mrs. Vatchari	Vimooktayon ⁽⁶⁾	6/6	7/7			
10. Mr. Vinai	Vittavasgamvej ⁽⁷⁾	5/5	5/5		1/1	
11. Mr. Pong	Visedpaitoon	7/7				
12. Mrs. Arunee	Watcharananan	7/7				
13. Mr. Sooksunt	Jiumjaiswanglerg ⁽⁸⁾	7/7				1/1
14. Mr. Sukhawat	Darnsermsuk ⁽⁹⁾	7/7				0/1
15. Mr. Prasit	Boondoungprasert ⁽¹⁰⁾	4/4				
16. Mr. Dhanin	Chearavanont ⁽¹¹⁾	1/2				
17. Mr. Prasert	Poongkumam ⁽¹²⁾	2/2		1/1		
18. Mr. Min	Tianworn ⁽¹³⁾	1/2				
19. Dr. Chaiyawat	Wibulswasdi ⁽¹³⁾	2/2	3/3		2/2	1/1

Remark ⁽¹⁾ Appointed to be director, effective from April 24, 2019

⁽²⁾ Appointed to be member of Remuneration and Nominating Committee, effective from May 10, 2019

⁽³⁾ Appointed to be director, effective from May 10, 2019 and vice chairman of Remuneration and Nominating Committee and member of Corporate Social Responsibility and Sustainable Development Committee, effective from June 12, 2019

⁽⁴⁾ Appointed to be member of Corporate Social Responsibility and Sustainable Development Committee, effective from May 10, 2019

⁽⁵⁾ Absent from the meeting in November and December 2019 due to car accident in August 2019

⁽⁶⁾ Appointed to be director and member of Audit Committee, effective from February 18, 2019

⁽⁷⁾ Appointed to be director, effective from April 24, 2019 and member of Audit Committee and member of Corporate Governance, effective from May 10, 2019

⁽⁸⁾ Resigned from the membership of Corporate Social Responsibility and Sustainable Development Committee, effective from June 1, 2019

⁽⁹⁾ Resigned from the membership of Corporate Social Responsibility and Sustainable Development Committee, effective from May 1, 2019

⁽¹⁰⁾ Appointed to be director, effective from May 10, 2019

⁽¹¹⁾ Resigned from the directorship, effective from April 24, 2019

⁽¹²⁾ Resigned from the directorship, effective from April 30, 2019

⁽¹³⁾ Retired from the directorship by rotation at the Annual General Shareholders's Meeting No. 1/2019 (April 24, 2019)

In addition to the above meetings, non-executive directors held 1 meeting, during 2019, to discuss matters relating to the Company's overall management, without any management personnel in such meeting.

6.1.6 Executive Committee

Executive Committee, appointed by the Board of Directors, has the duty to supervise and oversee the management to ensure that the businesses are efficiently and effectively conducted according to the Company policy and the objectives. As of January 15, 2020, the members of CPF's Executive Committee are as follows:

Name	Surname	Position
1. Mr. Adirek	Sripatak	Chairman of the Executive Committee
2. Mr. Sooksunt	Jiumjaiswanglerg	Vice Chairman of the Executive Director
3. Mr. Sukhawat	Darnsermsuk	Vice Chairman of the Executive Director
4. Mrs. Arunee	Watcharananan	Vice Chairperson of the Executive Director
5. Mr. Prasit	Boondoungprasert	Executive Director
6. Dr. Sujint	Thammasart, D.V.M.	Executive Director
7. Mr. Paisan	Chirakitcharearn	Executive Director
8. Mr. Siripong	Aroonratana	Executive Director
9. Mr. Voravit	Janthanakul	Executive Director
10. Mrs. Kobboon	Srichai	Executive Director

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

Authorities of the Executive Committee¹⁸:

The Executive Committee has authorities to approve the following matters

- (1) The establishment of new subsidiaries with registered capital not more than Baht 800 million;
- (2) The acquisition by CPF or subsidiaries
 - (a) Purchase or acquisition of investment in shares or equity of any juristic person, where the value is not exceed Baht 800 million except any matters that are required by law, or relevant regulations, to be approved by the Board of Directors, or at a shareholders' meeting of CPF or its subsidiaries;
 - (b) Merger or acquisition in terms of assets acquisition where the value is not exceed Baht 800 million;
 - (c) Investment or shareholding restructuring within the group by means of sale and purchase of shares or businesses or merger within the group;
- (3) Capital Expenditure
 - (a) Capital expenditure of CPF or subsidiaries, where the value of the project is more than Baht 100 million but not exceed Baht 800 million;
 - (b) Capital expenditure of CPF or subsidiaries already approved, where the value of the project is more than Baht 100 million but not exceed Baht 800 million and the expenditure is 10% over the approved budget
 - (c) The transactions requiring registration with Land Office, i.e.
 - (c1) Purchase or be transferred immovable properties according to the capital expenditure approved by the Board of Directors or Executive Committee, as the case may be;
 - (c2) Sell or transfer immovable properties as approved by the Board of Directors or Executive Committee, as the case may be;
 - (c3) Lease or let immovable properties which is ordinary course of business or supporting ordinary course of business;
- (4) Treasury and Accounting
 - (a) Accept trade finance / working capital facilities between CPF and commercial banks;
 - (b) Provide or accept long-term financial assistance between CPF and its subsidiaries;
 - (c) Sell or write-off any fixed assets of CPF or its subsidiaries, where the book value of such fixed assets is more than Baht 100 million but not exceed Baht 800 million;

¹⁸ Approved by the Board of Directors' meeting No. 7/2019, dated December 13, 2019.

- (5) Personnel
 - (a) Appointment of directors of subsidiaries and associates, according to the principles approved by the Board of Directors
 - (b) Human resource development plan and succession plan, appointment and rotation, performance assessment criteria, determination and adjustment of salary and other benefit of Chief Operating Officer and Head of Business Unit level;
- (6) Governance
 - (a) Annual compliance plan for the group;
 - (b) The issue of consolidated and separate financial statement for the year and quarter of CPF;
 - (c) The appointment of representative to attend shareholders' meeting of direct subsidiaries.

*Primary Responsibilities of the Executive Committee*¹⁹:

- (1) To scrutinize the following matters before they are submitted to the Board of Directors of CPF or subsidiaries or sub-committees (as the case may be) for approval
 - (a) Corporate strategies, goals & long-term business plan and annual budgets of the group;
 - (b) Purchase or acquisition of investment in shares or equity of any juristic person, where the value is more than Baht 800 million except any matters that are required by law, or relevant regulations, to be approved by the Board of Directors, or at a shareholders' meeting of CPF or its subsidiaries;
 - (c) Merger or acquisition in terms of assets acquisition where the value is more than Baht 800 million;
 - (d) The capital expenditure of CPF or its subsidiaries, where the value of the project is more than Baht 800 million;
 - (e) Sell or write-off any fixed assets of CPF or its subsidiaries, where the book value of such fixed assets is more than Baht 800 million;
 - (f) Propose the qualified person to be appointed as the CEO of CPF;
 - (g) Annual risk management plan for the group;
- (2) To monitor the the following matters performed by management team
 - (a) The performance according to the goal, long-term business plan and annual budget of CPF or its subsidiaries ;
 - (b) The progress of investment project and its actual performance compared to the budget of each project;
 - (c) The progress of human resources development plan;
- (3) To conduct an annual evaluation of the performance of the top management;
- (4) To report matters which approved by Executive Committee as assigned by the Board of Directors;
- (5) To perform any other tasks as requested by the Board of Directors.

6.2 Executives

As of March 1, 2020, CPF's executives in accordance with the definition stipulated in Notification of the Securities and Exchange Commission No. Kor Chor. 17/2551 Re: Definition under Notifications relating to Issuance and Offering of Securities comprises the following:

1.	Mr. Prasit Boondoungprasert	Chief Executive Officer (CEO)
2.	Mr. Siripong Aroonratana	Chief Operating Officer - Livestock Business Chief Operating Officer – Sausage and Ready-to-eat Business Acting Executive Vice President - Chicken Business
3.	Dr. Sujint Thammasart, D.V.M.	Chief Operating Officer - Aquaculture Business
4.	Mr. Sathit Sangkanarubordee	Chief Operating Officer – Five Stars and Restaurant Business
5.	Mr. Paisan Chirakitcharern	Chief Financial Officer

¹⁹ Approved by the Board of Directors' meeting No. 7/2019, dated December 13, 2019.



Additionally, there are executives responsible for each business or unit as follows:

- | | | |
|-----------------------|-------------------|--|
| 1. Mr. Rewat | Hathaisattayapong | Executive Vice President - Livestock Feed Business |
| 2. Mr. Somporn | Jermpong | Executive Vice President - Pig Business |
| 3. Mr. Narerk | Mangkeo | Executive Vice President – Instant Food Business |
| 4. Mr. Sujarit | Mayalarp | Executive Vice President - Domestic Trade Business |
| 5. Mr. Anat | Julintron | Executive Vice President - International Trade Business |
| 6. Mr. Somkid | Wannalukkhee | Senior Vice President - Egg Business |
| 7. Mr. Tanapol | Sagulwiwat | Senior Vice President - Duck Business |
| 8. Dr. Ming Dang Chen | | Executive Vice President - Aquatic Research and Development |
| 9. Mr. Pairoj | Apiruknosit | Executive Vice President - Aqua Integrated Business Thailand Area |
| 10. Mr. Premsak | Wanuchsoontorn | Executive Vice President - Shrimp Hatchery Business |
| 11. Mr. Robins | Mcintosh | Executive Vice President - Aquatic Breeding Business |
| 12. Mr. Voravit | Janthanakul | Executive Vice President - General Administration Unit |
| 13. Mr. Praderm | Chotisuparach | Executive Vice President - Information Technology and Application Unit |
| 14. Dr. Sommai | Tachasirinugune | Executive Vice President - Research and Development Unit and
Acting Executive Vice President - Quality Assurance Unit |
| 15. Mr. Virote | Kumpeera | Executive Vice President - Agro-Industry Technology and Innovation Unit |
| 16. Mr. Anurat | Suthamnirun | Executive Vice President - Food Processing Technology and Engineering Unit |
| 17. Mr. Nattawat | Chunhawuttiyanon | Executive Vice President - Investment and Business Development Unit |
| 18. Mr. Viboon | Supakarapongkul | Executive Vice President - Procurement Unit |
| 19. Mr. Parisotat | Punnabhum | Executive Vice President - Human Resource Unit |

Executives who are responsible for International area comprises the following:

- | | | |
|---------------------------------|---------------|------------------|
| 1. Mr. Bai | Shanlin | China |
| 2. Mr. Montri | Suwanposri | Vietnam |
| 3. Mr. Jim | Middleton | United Kingdom |
| 4. Mr. Thong | Chotirat | Taiwan |
| 5. Mr. Tep | Tepsatit | India |
| 6. Mr. Wichit | Kongkheaw | India |
| 7. Mr. Thomas | Smith | United States |
| 8. Mr. Preeda | Chunwong | Cambodia |
| 9. Mr. Thomas | Norgaard | Russia |
| 10. Mr. Buree | Srina | Russia |
| 11. Mr. Paradon | Jinkunthong | Turkey |
| 12. Mr. Sakol | Cheevakoset | The Phillippines |
| 13. Mr. Udomsak | Aksornphakdee | The Phillippines |
| 14. Mr. Santipharp | Seesuwanship | Malaysia |
| 15. Mr. Wirat | Phothiphan | Malaysia |
| 16. Mr. Thamnong | Pholthongmak | Laos |
| 17. Mr. Michael | Tops | Belgium |
| 18. Mr. Habeeb Mohamed Ziauddin | | Sri Lanka |
| 19. Mr. Cesar | Lipka | Poland |

Roles and Responsibilities of President

President, who holds the highest management position in the Company, is appointed by the Board of Directors to manage the operations of the Company, so as to achieve the Company's objectives and goals agreed by the Board of Directors. He is responsible for proper governance of the Company with fairness, to achieve maximum benefits for all stakeholders as well as to oversee the disclosure of the Company's general and financial information according to best



practices. In addition, President has authority for carrying out any duties according to the Company's normal operation. However, President does not have authority in the following matters, which outline *'the limitations of the President's authority'*:

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

6.3 Company Secretary

The Board of Directors Meeting, convened on February 18, 2019, passed a resolution to appoint Mrs. Kobboon Srichai to be the Company Secretary, effective from March 1, 2019, due to her experience as well as knowledge and understanding of the Company's businesses. She also possess adequate knowledge concerning finance, legal matters and regulations related to securities laws including other relevant laws to perform her role efficiently. The Company Secretary is responsible for preparing and maintaining the profile of directors, notice for and minutes of the meetings, the Company's Annual Reports, notice and minutes of shareholders meetings as well as maintaining the directors' and executives' report on conflict of interest, and performing other duties as required by the Capital Market Supervisory Board.

6.4 Remuneration of Directors and Executives

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

6.4.1 Remuneration of the Board of Directors

Monetary remuneration The Annual General Shareholders' Meeting No. 1/2019 approved the remuneration for directors as follows:

(1) Monthly remuneration

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

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



(2) Special remuneration

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

The monetary remuneration in 2019 of the Board of Directors amounted to a total of Baht 37.3 million, which included (1) monthly remuneration (2) estimated special remuneration in accordance with the dividend policy of CPF which may be uncertain subject to the dividend payment for the year 2019 to be approved by the Annual General Shareholders' Meeting No. 1/2020.

Other remuneration - None -

In addition, some directors also received remuneration as director of subsidiaries which amounted to Baht 2.5 million. Remuneration of the Audit Committee for 2019 was Baht 12.4 million. Details of these are given in the following table:

Unit : Baht

	Name	Surname	CPF		Subsidiaries	CPF shares value* held by each director / his (her) CPF director remuneration (times)
			Director	Audit Committee	Director	
1.	Mr. Soopakij	Chearavanont	2,565,500	-	-	-
2.	Mr. Chingchai	Lohawatanakul	3,277,500	-	-	203.1
3.	Mr. Adirek	Sripratak	3,277,400	-	436,630	1.21
4.	Mr. Phongthep	Chiaravanont	2,893,967	-	-	10.45
5.	Mr. Suphachai	Chearavanont	1,991,867	-	-	-
6.	Mr. Rungson	Sriworasat	2,184,900	4,933,333	-	-
7.	Professor Dr. Pongsak	Angkasith	2,184,900	2,400,000	-	0.3
8.	Pol. Gen. Phatcharavat	Wongsuwan	2,184,900	-	-	-
9.	Mrs. Vatchari	Vimooktayon	2,216,267	2,073,333	-	-
10.	Mr. Vinai	Vittavastarnvej	1,282,800	1,200,000	-	-
11.	Mr. Pong	Visedpaitoon	2,184,900	-	-	-
12.	Mrs. Arunee	Watcharananan	2,184,900	-	410,000	102.96
13.	Mr. Sooksunt	Jiumjaiswanglerg	2,184,900	-	547,149	-
14.	Mr. Sukhawat	Dansersuk	2,184,900	-	723,204	7.93
15.	Mr. Prasit	Boondoungprasert	1,653,233	-	424,933	-
16.	Mr. Dhanin	Chearavanont	948,900	-	-	-
17.	Mr. Prasert	Pongkumarn	712,000	-	-	-
18.	Mr. Min	Tieanworn	712,000	-	-	-
19.	Dr. Chaiyawat	Wibulswasdi	474,600	1,800,000	-	-

* Calculated from closing price on December 30, 2019

6.4.2 Remuneration of the Executives

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

Monetary remuneration Monetary remuneration in 2019 for 9 executives amounted to a total of Baht 181 million, which included monthly salary and other benefits. Total CPF shares value held by the said executives / total executives' remuneration was 0.07 times.

Other remuneration - None -

6.5 Evaluation of the Board of Directors' performance

CPF directors have to evaluate their performance annually, both whole board and individual evaluation. The evaluation results will be useful for improving the board performance. The results of performance assessment for the year 2019 are summarized as follows:

6.5.1 Evaluation of the performance of the Board as a whole

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

The assessment covers six major areas, i.e. (1) structure of the Board (2) roles and responsibilities of the Board (3) Board meetings (4) duties of director (5) relationship with management and (6) self-development of directors and executive development. The scoring can be classified into 4 levels :

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

The evaluation result of the performance of the Board as a whole for the year 2019 was Excellent. It can be concluded that structure and characteristics of the Board are appropriate for the nature of the Company's business and enable the Board to perform its duty effectively. Meanwhile, the number of meetings and agendas are set appropriately and enable directors to allocate their time to attend every meeting and to perform their duties effectively and efficiently. Directors are able to discuss issues without restraint in board meetings and without conflicts among directors and management. In addition, the Board has also regularly undertaken self-development to enhance their knowledge in various topics that are beneficial to the business operations of the Company.

6.5.2 Evaluation of the performance of individual director

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

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

6.6 Personnel

As of December 31, 2019, CPF had a total of 10,929 employees and workers who received remuneration in 2019 totaling Baht 6,929 million in form of salary, wages and other benefits. Number of employees and workers can be grouped according to the main business units as follows:

Major functions	Number of employees and workers
1. Operation units	10,479
2. Central units	450
Total	10,929

Human Resources Management

Realizing that "employees" are significant resources in driving business and organization towards goal and sustainability, the Company has developed its human resource management on the basis of fair treatment and respect for human rights. To encourage employees of all levels on moving their careers forward, the Company has focused on creating a participatory work environment which provides skills development through continuous learning. This results in "talented employees" who adhere and conform to our corporate values of the "CPF Way". In alignment with the vision of "People Excel-Business Exceeds", the Company has simultaneously strengthened employee bonds and work safety to ensure good work-life balance for employees.

From Vision to Human Resource Management

Based on the vision of “People Excel-Business Exceeds”, the Company has placed importance on entire processes in human resource management including employee attraction, retention, motivation and development. Employees in every job level will gain excellent knowledge, abilities and expertise, all of which are critical factors and forces driving the business to achieve global competitiveness, digital future readiness and sustainable growth.

The Company has conducted human resource preparedness by improving employee abilities to ensure their readiness for business situations. To enhance work efficiency, the employees are therefore equipped with 21st century skills and digital skills. Furthermore, the Company has modernized its human resource management system to eliminate redundancy and respond to human resource services effectively.

Recruiting Talented People

The Company has carried out proactive recruitment continuously by building relationships with labour network, public sector and private sector, including universities in particular. The Company also increases online social networks and recruits high-ranking executives with broad experiences in both domestic and overseas to support its business expansion.

Moreover, through its management trainee program, the Company has recruited high-potential individuals from leading universities in Thailand and other countries. They will be developed to gain knowledge and understandings about CPF’s business overview and be able to adapt themselves appropriately to the corporate culture. After that, these high-potential individuals will be selected through talent management process which includes international recruitment tools such as SHL, TOEIC, and etc. Then, based on comprehensive plans comprising business management, leadership and career path, these high-potential employees will be progressed in accordance with their individual development plans (IDP). The Company has also prepared succession plan for key positions that can impact business operations. Under succession management program, potential employees will be developed in order to gain necessary knowledge and appropriate skills for critical positions in the future.

The Company has conducted personnel development in terms of professional skills through its learning centers as well. In addition, in each country in which the Company has established business operations, the managements and employees’ leadership skills will be sharpened in order that they can be promoted to executive positions (localization) as well as to have essential knowledge and skills for global business management.

Building Strong Corporate Culture

Based on honesty and integrity, the Company has operated its business through “CPF Way” to create common interest. With full cooperation given from high-ranking executives, business management teams, change agent teams and all employees, the corporate culture has been fostered under “**Master 4D Guideline**” process. This tool helps create clear guidelines for propelling and nurturing the corporate culture systematically. As a result, it leads to the creation of CPF DNA which shall drive the Company to achieve its predetermined vision.

To build up trust as well as to lay foundation of sustainable growth, the Company is committed to running the business in a fair, honest and transparent manner with responsibilities to the society and all stakeholder groups in accordance with the Corporate Governance Policy, Code of Conduct and international principles. The “CPF Code of Conduct” has been developed to ensure that its content and guidelines are in line with the current situation. It is widely disseminated via various communication channels such as meetings of each business line, CPF website, CPF Connect, HR Web Portal, new employee orientations and e-learning system. Moreover, the executives are encouraged to serve as role models for the employees.

After signing the Declaration of Intention of the Private Sector Collective Action Coalition against Corruption, the Company has cooperated with the public sector, the private sector and regulatory bodies to establish standards for transparent business operations. The Company was officially accredited on August 18, 2017. The Anti-corruption Policy was then launched in order that the Company’s business units could apply it as an operational framework. The human resources



unit is responsible for disseminating the Anti-corruption Policy to directors, executives and employees for acknowledgement on a regular basis, including promoting policy implementation throughout the organization by following operational guidelines as:

1. The Company's directors, executives and employees of all levels must comply with the Anti-corruption Policy and the CPF Code of Conduct and must not involve with any corruption-related actions, whether directly or indirectly, for the benefits of the Company, themselves, families, friends and acquaintances;
2. The Company's directors, executives and employees of all levels must not omit or neglect any actions of possible corruption related to the Company and must report such actions to their superiors or responsible persons as well as provide full cooperation in investigations. In case of having any questions or concerns, through prescribed channels, they shall consult their superiors or persons responsible for monitoring compliance with the Code of Conduct;
3. The Company shall provide justice and protection to employees who refused to participate in corrupt activities or reported corruption issues related to the Company in accordance with the Company's guidelines for protection of employees or whistleblowers (whistle blowing), although the Company may lose benefits or business opportunities by doing so;
4. In addition to disciplinary action imposed by the Company, a corrupt person who violates the Company's Code of Conduct may also be punished according to the law, if such action is against the law;
5. The Company adheres to and places emphasis on dissemination and distribution of knowledge whilst creating a better understanding with parties having business transactions or interests with the Company to ensure full compliance with the Anti-corruption Policy. The Company also discloses information relating to such policy to public;
6. The Company has communicated its Anti-corruption Policy and channels of whistleblowing, complaints and recommendations within the Company to create knowledge and understanding on the implementation of the Anti-corruption Policy through different methods and platforms such as employee orientations and intranet system, etc.

In addition, the Company has provided fundamental corporate governance and anti-corruption training courses via electronic media (e-learning). 171 persons or 11% of total new employees (1,576 persons), had taken these training courses in 2019, totalling 15,583 persons attended the said course since 2016. The Company has also communicated the Anti-corruption Policy in local languages together with clear implementation plans to overseas operations including Malaysia, Vietnam, and etc. Additionally, the Company shall follow up and further apply this policy to all levels.

Employee Motivation

- Providing fair employee compensation

The Company has the policy to offer remuneration packages and welfares that are competitive in the labour market, particularly the leading industries, to its employees. A basis for consideration of the employee compensation and benefits comprises short-term and long-term operating results, job descriptions, employee work performances and economic indicators including cost of living. The Company has participated in employee benefits surveys on a yearly basis to ensure its competitiveness in the labour market as well.

- Performance management

The Company has placed importance on the performance management. A system of target setting with key performance indicator (KPI) showing work targets in areas such as finance, customer, personnel and sustainability, etc. is applied annually with individual employee. Moreover, conformity to the corporate values (CPF Way) is properly put into use with employees of all levels in order to consider granting rewards to them. Consequently, high-performing employees who have conducted themselves in conformity with the corporate

values and ethics will receive remunerations with significant differences when compared to employees who had poorer performances. As such, it motivates high-performing employees to maintain their performances and encourages them to be role models in performance improvement for other employees.

Human Resource Development

In the digital age, changes have taken place dramatically. While leading to new business models, digital technology also affects values of existing products and services. The organizations therefore must prepare for waves of change in order to maintain their competitiveness and promote continuous sustainable growth. In fact, digital transformation is not only technology preparedness and modern workflows. It includes empowering employees with state-of-the-art knowledge. The development of digital literacy, in particular, shall start from building awareness and understanding of how digital world has changed and impacted business as well as how to use technology as a tool to create competitiveness and to keep pace with changes in the digital world.

The Company has strengthened all business units by implementing skill development through competency-based trainings, promoting core competencies, improving skills, knowledge and modern managerial competencies as well as functional and technical competencies. In the meantime, the Company has simultaneously promoted digital literacy curriculums and sustainability, including reviewing basic knowledge about international standards, laws, rules and regulations that have been changed recently. Additionally, employees' language skills have been reinforced and enhanced through online English programs and placement tests.

Recognizing that human resource development by traditional classroom-based training only may not respond to enhancing employee capabilities at anytime and anywhere, therefore, the 10-20-70 People Development Impact (Knowledge-Relationship-Experience Based) has been applied under adult learning design framework. Principles of blended learning have been used in order to maximize utilization of tools available in existing computer system, namely, e-Learning Platform providing important and necessary courses, e-Testing, and e-Evaluation. Moreover, according to Kirkpatrick principles, the Company has placed emphasis on calculating ROI of major training courses such as Coaching & Feedback, TRIZ, and various action learning programs, etc.

In addition, the Company has focused on developing human resources in terms of functional and technical competencies by establishing Learning Centers (LC) in the country and overseas to continually accommodate human resources development in-depth for key businesses. According to Distributed Administration on Standard Learning Management Platform, Learning Center Development Pack (LCD Pack) was established to be an operational framework which includes 4 main processes namely (1) task analysis, (2) learning intervention design, (3) learning media design and development), and (4) train the trainer. To ensure that the learning center of each business is in alignment with such operational framework and able to create sustainability, it has been monitored and audited by LC Audit regularly on a half-yearly basis.

With regard to leadership development program, executives of business units and human resource unit have mutually supported employees and executives of all levels to participate regularly in a comprehensive leadership development program organized by C.P. Leadership Institute.

Since the Company has placed importance on operating practices based on international standards in order to comply with international business law, the Company is committed to developing its human resources systematically. CPF Training Center Co., Ltd., therefore, has maintained its organizational potentials continuously and has been accredited with the quality standard systems of ISO 9001:2015 and ISO 29990:2010 on counseling service, design and development of non-formal education, training and learning services provided through electronic media by the United Registrar of Systems Ltd. (URS), under accredited bodies of the United Kingdom Accreditation Service (UKAS) of the United Kingdom, which provides accreditation for assessment agencies encompassing industrial sectors worldwide.

**CPF Corporate Compliance and HR Assurance**

The Company has placed emphasis on standards, rules and regulations, all of which are very significant to its business operations. CPF Corporate Compliance Unit therefore has been established to supervise compliance with rules and regulations relating to the Company's business operations.

Additionally, HR Assurance Unit has been set to follow up and ensure that the Company's human resource management processes have been implemented effectively and are able to support the business operations. HR Assurance Unit also creates trust and credibility in human resource management processes, reduces internal human resource risks, and ensures compliance with human resource laws, standards and policies as well as requirements of business customers in order to meet global standards and support the business growth.

Laws	To ensure that the human resource management processes are in accordance with the laws.
Standards adhered by the Company	To ensure that the human resource management processes are in accordance with the United Nations Universal Declaration of Human Rights (UNDHR) and Regulations of International Labour Organization (ILO), including standards adhered by the Company such as the Sustainable Development Goals (SDGs) and UN Global Compact (UNGC).
Corporate Human Resource Policy	To ensure that the human resource management processes conform to the Corporate HR Policy.
Customers' Code of Conduct	To ensure that the human resource management processes are in accordance with Customers' Code of Conduct

The Company announced its appointment of the Committee for Support and Promotion of Thai Labour Standard System (TLS8001-2010). The Committee's roles and responsibilities consist of determining policies and action plans, supporting and promoting the application of Thai Labour Standard System to ensure that the Company's labour management system is functional and equivalent to the international labour standards, for example:

1. All work units shall not have overtime works exceeding the limits prescribed by law;
2. Export business and supply chain shall apply for accreditation under TLS8001-2010 and shall have weekly holidays in accordance with customers' requirements;
3. Aquatic business shall apply for accreditation under TLS8001-2010 for Best Aquaculture Practices (BAP);
4. The Company has supported contract farms (poultry farms) on applying for accreditation under Good Labour Practices (GLP) since 2016 and has been verifying the farms up to present accordingly.

In 2019, there were 132 factories and farms in different business lines that had been accredited under TLS.8001-2010 since 2015.

Respect for Human Rights

The Company recognizes the importance of respect for human rights. Thus, the Company has imposed its Human Rights Policy and Employment and Labour Management Policy as its management guidelines in accordance with the United Nations Universal Declaration of Human Rights (UNDHR) and the International Labour Organization (ILO). The policies have been applied to promote participatory culture and respect for individual differences as well as enhance workplace safety and happiness, all of which result in CPF Home of Happiness and employee organizational commitment.

In 2019, the Company had continuously assessed human rights due diligence throughout its value chain on a timely basis.

- Promotion of participatory culture and respect for individual differences

The Company recognizes values and benefits of applying different ideas, skills and experiences of people as major forces to extend and propel business forward as well as to create innovations and optimize performances. The Company has therefore prescribed policies or operating practices which promote workplace diversity, for instance; Diversity and Inclusion Policy, Employment and Labour Management Policy, Discrimination and Harassment Policy. These policies have been applied to protect employees at every level

and prevent them from being discriminated due to their races, nationalities, ethnicities, skin colours, family origins, religions, social statuses, genders, age, disabilities or infirmities, political thoughts, and marital statuses. To facilitate business operations and employees in accordance with policy-based management, there are approaches to implement as follows:

- Leaders shall be open-minded and listen to others;
- Employees are encouraged to express their ideas creatively;
- To create positive workplace atmosphere and respect one another;
- To apply ethical principles for practices of non-discrimination, equal opportunities for all and appropriate employee compliments.

In 2017, in cooperation with Labour Promotion Network (LPN), the Company signed the Memorandum of Understanding on developing procedure for receiving complaints from employees in accordance with labour practices and creating a positive work environment through Labour Voices Hotlines. As a result, all CPF employees have had channel to give opinions and recommendations as well as to share complaints, all of which are made to LPN Foundation. As a central agency, LPN Foundation undertakes transparent complaint handling and notifies problem occurred to its source, including determining problem solving plan and prevention process.

In 2019, the Company had conducted a survey of awareness of services provided by such LPN Foundation. The survey included interviewing over than 700 employees throughout the Company on issues related to employees' understandings in complaints process and appropriateness of complaint handling procedure. The Company also spent time for more than 60 hours to provide knowledge to over than 800 workers comprising both Thai and foreigners. The knowledge emphasized on issues related to human rights, labour rights, labour laws, workplace health and safety and case studies, including introducing complaints and suggestions channel provided through Labour Voices Hotlines by LPN. These activities enabled the Company to receive sufficient information for improving quality of labor life to ensure that all employees can be happy at work and grow together with the Company in accordance with the Sustainable Development Goals by the United Nations and UN Global Compact.

The Company has also promoted activities to facilitate foreign workers on issues associated with language barriers, for instance, posting notices and providing interpreters for foreign workers in workplaces. Additionally, some workplaces have also given foreign workers opportunities to participate as members in the Welfare Committees in order to gain recommendations from their points of views.

- Workplace safety and happiness enhancement

The Company has placed great importance on providing safe working environment to its employees at all workplaces and has aimed to reduce work-related accidents to achieve zero accidents. The Company is therefore dedicated to disseminating knowledge and creating essential understandings on occupational health and safety to employees of all levels. The Company has therefore announced its Safety Health Environment and Energy Vision, Mission, and Policy, all of which are to be applied as the operating guidelines throughout the organization. In addition, the Company has organized training courses on these matters for employees, which include New Employee Orientation on Occupational Health, Safety and Environment; Creation of Culture on Occupational Health, Safety, Environment and Energy for employees at supervisory, operational and managerial levels, 5 Basic Workplace Hazards and Accidents, and etc.

- Reinforcement of employee engagement

The Company's success of becoming a world-class organization is partly due to its engaged and committed employees. Since the beginning of employment, the employees have been developed through the Company's on-boarding process which enables them to adapt to co-workers. The Company has created and provided friendly work environment and the corporate culture of CPF Way to promote the development of talents, as well as continuous personnel development process and compensations, all of which broaden employees' work experiences and support individuals to live happily throughout their working lives until after their retirements.

7. Corporate Governance

In developing its corporate governance framework, the Company has studied the rules issued by regulatory agencies, namely, the Securities and Exchange Act B.E. 2535 (1992), the Public Limited Companies Act, B.E. 2535 (1992), notifications and regulations issued by the Securities and Exchange Commission and the Stock Exchange of Thailand, including concepts, practices and principles of corporate governance implemented at the national and international levels, all of which has been applied appropriately to the Company's context.



Corporate Governance Code for Listed Company or CG Code 2017 issued by the Securities and Exchange Commission.



Corporate Governance Code prepared by the Thai Institute Of Directors or IOD.



Corporate Governance prepared by the Organisation for Economic Co-operation and Development or OECD.



Self-Evaluation Tool for Countering Bribery developed by the Private Sector Collective Action Coalition against Corruption.



Dow Jones Sustainability Indexes



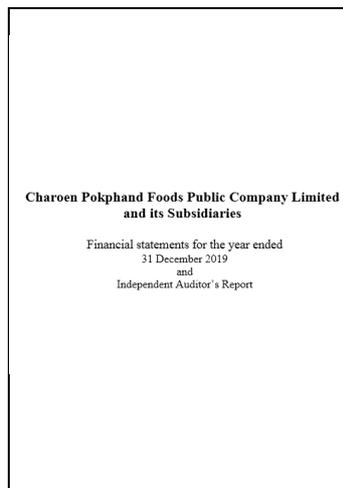
FTSE4Good Index



MSCI ESG

The Corporate Governance Committee is responsible for determining corporate governance scope and policy, providing practices and suggestions relating to corporate governance to the Company's Board of Directors, re-examining with the directors and management regarding compliance with the Corporate Governance Policy, including considering and reviewing the corporate governance practices by comparing them with the international practices as well as giving comments to the Company's Board of Directors for continuous improvement efficiently and effectively.

With regard to financial reporting, the Company prepares its financial statements in accordance with Thai Accounting Standards and Thai Financial Reporting Standards promulgated by the Federation of Accounting Professions and including generally accepted accounting principles in Thailand. Appropriate accounting policies are chosen and consistently applied, whereas the Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries. In the meantime, estimates and underlying assumptions are prudently made and significant information is adequately disclosed in the Notes to the financial statements to ensure that the financial statements are reliable and beneficial to shareholders and investors.



The Board of Directors is appointed to act on behalf of the shareholders to supervise the corporate governance in conformity with the laws, objectives, rules and resolutions of shareholders' meetings, including ensuring that the management has performed duties to achieve operating results according to strategies and plans annually approved by the Board, by taking into account balancing interests of the Company and all stakeholder groups under the three major strategies: "sustainable growth, aiming for excellence, and building solid foundation", along with creating corporate values or "CPF Way".



The Board of Directors has considered the corporate governance structure on the basis of risk management, internal control and compliance audit in order to ensure check & balance between various activities throughout the organization, which shall support the Company to achieve its operational objectives as well as creates long-term competitiveness.

Moreover, the Board of Directors is also responsible for following up on performances according to predetermined plans, including implementations of the risk management, internal control, compliance with relevant rules and operation audit. To perform its roles more efficiently, the Board of Directors has appointed specific committees which consist of directors who have expertise and experiences in such aspects. The committees shall support in determining goals and operating practices for such areas before approval. The Company's committees include the Audit Committee, the Remuneration and Nominating Committee, the Corporate Governance Committee and the Corporate Social Responsibility and Sustainable Development Committee.

In addition to the aforementioned committees, the Board of Directors has also appointed the Executive Committee which consists of directors and senior executives who are responsible for the main businesses and supportive divisions, all of whom shall assist the Board in supervising the executive management to perform duties efficiently and effectively in accordance with the policies and business goals determined by the Board.

Being appointed by the Board of Directors, **Chief Executive Officer** is responsible for managing the Company's business towards its objectives and goals and overseeing business operations to ensure maximum, appropriate and equitable benefits for all stakeholder groups, including providing disclosure of the Company's general and financial information in accordance with good practices as well as having an approval authority on any action which is the Company's normal business operation.

The Board of Directors shall evaluate the Chief Executive Officer's performance annually in order to consider his remuneration on the basis of 2 major indicators, namely:

1. Financial indicators such as revenue, market capitalization, profitability, including EBITDA margin and net profit margin, etc., and
2. Non-financial performance indicators, namely, sustainability goals, for instance, increasing supply chain capacity, using resources based on the circular economy concept, improving operational efficiency, personnel, and good corporate governance, including the organizational

status related to sustainability such as being a member of Thailand Sustainability Investment (THIS) selected by the Stock Exchange of Thailand (SET) or being a member of the Dow Jones Sustainability Indices (DJSI), etc. These indicators shall reflect the duties and responsibilities of the Chief Executive Officer and are in alignment with the corporate strategies.



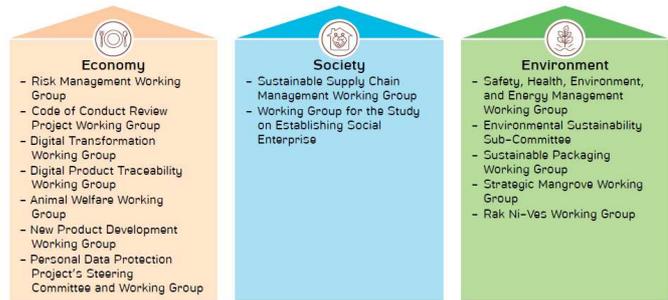
1. Financial Performance



2. Sustainability Performance

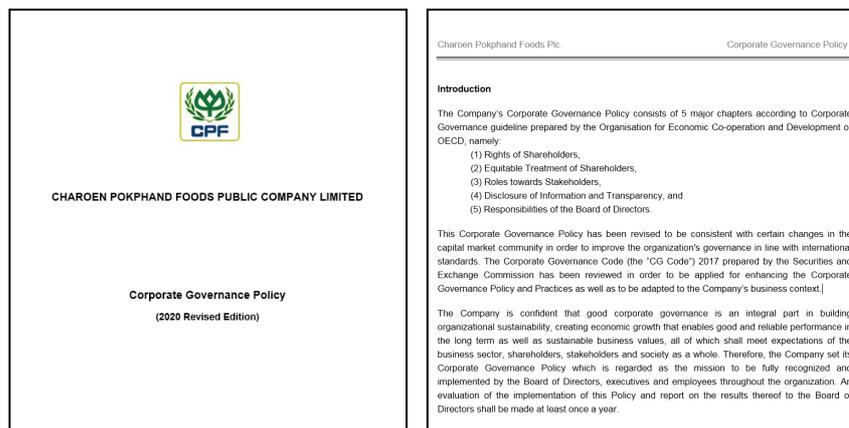
The Chief Executive Officer's remuneration consists of salary, annual bonus and variable compensation based on actual performance.

The Company also establishes working groups to undertake works related to economy, society and environment. The working groups shall support on various aspects of work as appropriate and in accordance with the Company's goals and policies.



7.1 Corporate Governance Policy

The Board of Directors and the executives are confident that good corporate governance is an integral part in building organizational sustainability, creating economic growth that enables good and reliable performance in the long term as well as sustainable business values, all of which shall meet expectations of the business sector, shareholders, stakeholders and society as a whole. Therefore, the Company set its Corporate Governance Policy which is regarded as the mission to be fully recognized and implemented by the Board of Directors, executives and employees throughout the organization. An evaluation of the implementation of this Policy and report on the results thereof to the Board of Directors shall be made at least once a year.



The Corporate Governance Policy has been revised to be consistent with certain changes in the capital market community in order to improve the organization's governance in line with international standards. The Corporate Governance Code (the "CG Code") 2017 prepared by the Securities and Exchange Commission has been reviewed in order to be applied for enhancing the Corporate Governance Policy and Practices as well as to be adapted to the Company's business context. However, there are some principles with which the Company has not yet complied during 2019. They included:

1. The Company's Board of Directors comprised 15 directors with diversified qualifications including appropriate skills, expertise and experiences. The Company considered that the composition of the Board of Directors was appropriate for its business boundaries and scope.
2. Since Chairman of the Board was not independent director, a guideline on conflict of interest therefore was determined clearly. The independent directors were authorized to organize the meetings as appropriate without participations of other directors or executives, and the representatives of the independent directors were assigned to raise opinions and suggestions or objections on matters in the meetings.
3. The Company's Board of Directors had the opinion that the Board of Directors comprising 5 independent directors, 4 non-executive directors and 6 executive directors was well-balanced composition for expressing opinions and casting votes in the meetings.

According to OECD Principles, the Company's Corporate Governance Policy consists of five major chapters, namely:



Each chapter contains main points which can be summarized, as follows:

7.1.1 Rights of Shareholders

The Board of Directors recognizes the rights of shareholders as provided by laws, and supports the exercise of their rights as appropriate. The Board of Directors shall not take any action which violates or deprives the shareholders' rights and has established guidelines as set forth below.

General Practices

1. The Company shall ensure that all shareholders have the fundamental rights as prescribed by the laws, such as the equal right to profit sharing, the right to receive adequate news and information of the Company in a timely manner, etc., and shall facilitate and encourage shareholders to attend the shareholders' meetings to exercise their voting rights and provide opinions /suggestions.
2. The Company shall ensure that total number of shares held by directors does not exceed 25% of total number of the Company's outstanding shares.
3. The Company shall promote the maintenance of ordinary shareholding by minority shareholders (free float) at a proportion in excess of 40% of total number of the Company's outstanding shares.
4. The Company shall not obstruct or cause obstacle to communication opportunities among shareholders.
5. In the event that a shareholders agreement is to be executed by any shareholders, the Company shall endeavour to ensure that such shareholders agreement will not materially affect the Company or other shareholders.
6. The Company shall refrain from taking any action to limit shareholders' opportunities to study information publicly disclosed by the Company.

Procedures before the Date of Shareholders' Meeting

7. The Company shall ensure that a notice of meeting, in Thai and English, is sent to shareholders at least 21 days prior to the meeting date, and posted on the Company's website at least 30 days prior to the meeting date. A notice of meeting shall consist of the following information:
 - 7.1 date, time and venue of the meeting, an agenda which clearly describes the respective agenda items, the rules and procedures relating to attendance of the meeting and voting under each agenda item, as well as adequate information, rationales, and opinions of the Board of Directors for the proposed agenda items so as to enable shareholders to exercise their independent decision making and protect their interests and the Company's overall interests;

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

Procedures on the Date of Shareholders' Meeting

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

Procedures after the Date of Shareholders' Meeting

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

The Annual General Meeting of Shareholders is regularly held in April every year. For the 2019 Annual General Meeting of Shareholders, the Company has publicized relevant documents and information on its website since March 22, 2019. Such documents and information were the same as those sent to shareholders by mail on April 3, 2019, along with a notice of meeting. The notice of meeting consisted of information relating to the meeting agenda, the rationales for and opinions of the Board of Directors on the proposed matters, the date, time and venue of the meeting, and the rules and supporting documents for registration of attendance. Shareholders were given opportunities to send questions to the

Company on matters relating to the agenda in advance at csoffice@cpf.co.th or facsimile number 0-2638-2139, for the Board of Directors to consider and provide full clarification on to the shareholders' meeting.



The 2019 Annual General Meeting of Shareholders was held on April 24, 2019, in the Conference Room, 3rd Floor, Convention Hall, Panyapiwat Institute of Management, 85/1 Moo 2, Chaengwattana Road, Bang Talad, Pakkred, Nonthaburi, in order to facilitate the attendance of shareholders. The Company also provided snacks and refreshments for shareholders in the registration area prior to the commencement of the meeting. In order to minimize the time for the registration process, the Company used a bar-code system and arranged adequate personnel to check the documentation of each attending shareholder.

Before the commencement of the 2019 Annual General Meeting of Shareholders, the Company clarified the rules for conducting the meeting, the voting procedures and methods for the meeting. There were 20 directors and senior executives in attendance, including the Vice Chairman, President, the committee members, Chief Operating Officer and Chief Financial Officer.

According to the Company's Articles of Association, in the event that the Company's chairmanship is vacant, Vice Chairman shall act as a Chairman in a meeting. Therefore, Mr. Adirek Sripratak, Vice Chairman of the Company, took on the role of Chairman of the 2019 Annual General Meeting of Shareholders. Shareholders were given opportunities to express their views and raise questions on matters under the relevant agenda items, and to elect directors individually to replace the retiring directors under the agenda item relating to election of directors. For each agenda item, shareholders were asked to vote by ballot in case they wished to vote against the proposed matter or abstain from voting. During the meeting, the conductor of the meeting provided information and rationales supporting the decision on each proposed matter and informed the meeting of the votes required for each agenda item. Legal advisors were also present to monitor the meeting to ensure that it was conducted in accordance with the law and the Company's Articles of Association, and to witness the vote counting.

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

The Company submitted the minutes of the 2019 Annual General Meeting of Shareholders to the Stock Exchange of Thailand on May 8, 2019 (14 days from the meeting date), and simultaneously posted them on the Company's website.

7.1.2 Equitable Treatment of Shareholders

The Company's shareholders shall be treated equally and fairly based on their fundamental rights, the Company therefore set a policy and supervisory approaches to prevent misuse of insider information for the interests of oneself or other persons, or disclosure of information to persons associated with directors or executives to the detriment of shareholders as a whole. The Company has also promoted equitable treatment of shareholders.

To ensure protection of all stakeholders' fundamental rights, the Company has established guidelines as set forth below.

Use of Insider Information

1. The Company has a policy on the management and use of inside information with an aim to ensuring that significant information which may affect the price and value of its securities has been disseminated correctly, and in accordance with the relevant laws and regulations. Moreover, the policy also determine the proper measures to preserve the confidentiality of the information which all directors, executives and employees are obligated to strictly adhere. This policy includes the management and type of inside information as well as the method to disseminate such information publicly.
2. The Company has prepared name lists of working groups' members undertaking projects that contain significant information which have not yet been disclosed to the stock exchange. All persons who can access to internal information must strictly comply with the policy and regulations relating to the use of inside information.
3. The Company has the regulation on securities trading which indicates that the Company's directors, executives and including all persons who can access to inside information must prepare and submit a report on the holding, sale and purchase of securities issued by the Company within the period of time prescribed by the relevant law and regulations whenever there is a change. The Company's Secretary Office must also report changes in the securities holdings of the directors and executives to the Board meeting on a quarterly basis and report changes in the securities holdings of the persons who can access to inside information to the Executive Committee meeting on a quarterly basis. In addition, the regulation on securities trading also clearly specify the blackout periods as follows: (1) since the following date after the end of each quarter until (include) the day which CPF discloses its quarterly financial performance (2) since the beginning of project containing significant information which have not yet been disclosed to the stock exchange which have not disclosed publicly until (include) the end of such project and (3) any other period that the Company Secretary might specify from time to time.

In the event that the Company's directors, executives or the persons who can access to inside information wish to sale and purchase securities issued by the Company, they are required to notify the Company Secretary Office on such transactions at least 1 business day prior to the transaction date.

Protection of the Rights of Minority Shareholders

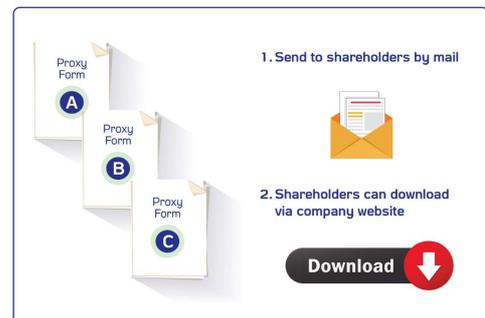
4. Minority shareholders are given opportunities to propose matters to be included in the agenda before the meeting date, and to nominate qualified individuals for being election as directors. The rules, channels, and timing for submitting these matters are posted on the Company's website for shareholders' information.
5. The Company provides a proxy form on which shareholders can dictate the direction of their voting through proxies in the event that shareholders are unable to attend the meeting in person. At least one independent director will be nominated in a notice of meeting as an alternative proxy for shareholders.
6. A notice of meeting shall specify the documents or evidence, including instructions and process for appointing a proxy, in order to ensure correct preparation by shareholders and to avoid problems in the attendance of meeting by proxies. The rules, procedures, and conditions for the appointment of proxies will be prescribed according to the legal requirements. The Company shall not intentionally include any other requirement to make it complicated for shareholders to appoint proxies.
7. The Company shall ensure that no shareholder who is an executive can add any agenda items without advance notice, through the same process applicable to general shareholders.
8. Shareholders are equally entitled to one vote for each share held by them.
9. A policy regarding transactions which may cause conflicts of interest shall be established to provide explicit guidelines and prescribe a careful, reasonable, and independent consideration process for the execution of

such transactions within the scope of the code of ethics and for the interests of the Company and shareholders as a whole.

10. The Company shall explicitly disclose shareholders information on related party transactions, which include the names and relationships of the related persons, pricing policies, and transaction values, as well as the Board's opinions relating to such transactions.
11. In case of related party transactions requiring shareholders' approval, the decision shall be made by shareholders who have right to vote only, excluding shareholders who have a conflict of interest according to the relevant regulations of the regulatory bodies.

For the 2020 Annual General Meeting of Shareholders, shareholders have opportunities to propose matters to be included in the meeting agenda and to nominate qualified individuals for election as directors more than three months before the end of each fiscal year which is from September 30, 2019. The Board of Directors also communicated the rules, channels, and timing for submitting the matters through the Company's website.

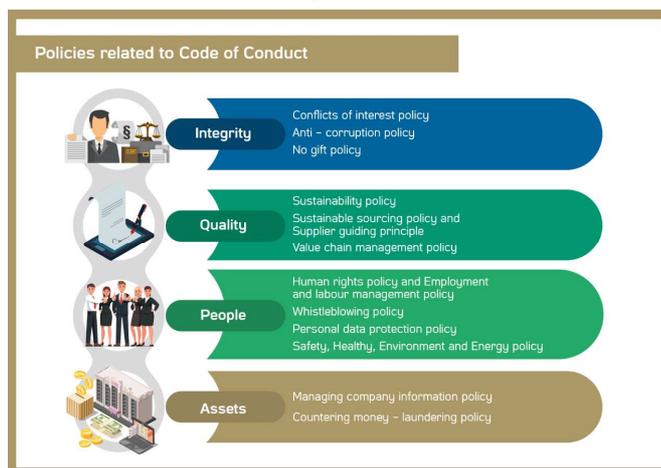
A proxy form with which shareholders can make comments regarding their votes, as prescribed by the Ministry of Commerce, was sent to shareholders and made downloadable on the Company's website. Audit committee members are nominated as alternative proxies for shareholders who are unable to attend the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



7.1.3 Roles toward Stakeholders

The Company has several groups of stakeholders, namely shareholders, employees, customers, business partners, trade competitors, creditors, community, and society. All groups of stakeholders shall be fairly served by the Company according to their statutory rights and agreements with the Company. Should there be any damage; the Company shall provide proper indemnification to all parties concerned. The Company has established guidelines as set forth below.

1. The Company shall provide measures to indemnify stakeholders who sustain damage as a result of the Company's acting in violation of their statutory rights.
2. The Company shall open up to whistleblowing and complaints relating to any violation of law or the Company's ethics, which can be made through the Company's independent directors and audit committee members. The Company shall also provide measures to protect employees or persons who report any violation of law.
3. The Company shall provide procedures after complaint is received, whereas information received shall be verified and matters with material impact must be investigated and reported to the Board of Directors.
4. The Company shall prepare channels which stakeholders may lodge complaints relating to infringement of their rights, including providing contact details of the delegated persons clearly.
5. The Company shall establish the policies relating to the Code of Conduct as follows:



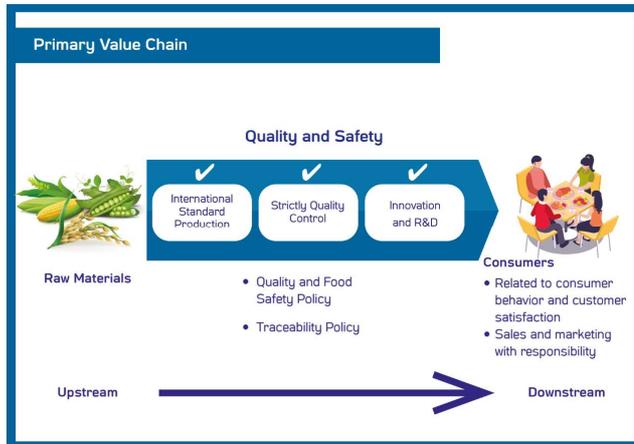
all these issues could happen when the Company treats every person with respect and fairness. Therefore, the Board of Directors has established the following guidelines:

- to determine a code of conduct for all directors, executives and employees as standards of business conduct and guidance on conduct and ethics, all of which shall be applied in the same direction under applicable laws, rules and regulations of each country as well as policies and practices of the Company, and including highest ethical standards. In this regard, all employees have to sign for acknowledgement and uphold the principles stated in with this code of conduct. The current CPF Code of Conduct has prescribed:
 - Business principles,
 - Corporate values,
 - Compliance with the Code of Conduct which is divided into 4 categories, namely, virtue, quality, personnel and assets, including the policies relating to the Code of Conduct in each category,
 - Compliance with laws, rules and regulations, both in Thailand and foreign countries, and
 - Operational supervision which covers whistleblowing or complaints process and penalty;
- to establish a human resource management policy which covers personnel management, treating employees with fairness, equality, politeness and respect, provision of career opportunities for employees at all levels, and development of morale among employees. In this regard, a channel of communication between the CEO and employees has been provided via the Company's intranet system, through which the CEO can communicate the Company's policies, visions and goals to employees, and through which employees' comments, suggestions and grievances can be brought directly to the attention of the CEO for timely investigation. The names of those employees will be kept confidential;


- to promote practice of equality, fairness and freedom from discrimination and harassment, and infringement of rights and personal freedoms, both directly and indirectly;
- to promotes equal opportunities, diversity and coexistence to ensure that the Company's work environment covers diversities of source, education, gender, sexual identity, sexual orientation, ethnicity, nationality, work and thought styles, religion, generation and disability, including adhering to and complying with labour laws;
- to respect employees' right to privacy, and to keep employees' personal data confidential, as well as to designate persons who are specifically authorized to access such information as necessary and appropriate, all of which are in accordance with the Code of Conduct and the personal data protection law;
- to promote learning organization and employee recognition as well as to provide employees with opportunities for capability development to become professionals, and to encourage employees to work together as a team;
- to establish a policy on employees' remuneration and welfare based on the fundamental principles that such remuneration and welfare shall be reasonable and comparable to those of the domestic peers in the same industry and based on employees' individual performance, and that they shall reflect the short-term and long-term operating results of the Company.
- to establish long-term saving for retirement scheme or compensation scheme to attract and retain employees in the long run.

Roles toward Customers

The Company has placed priority on quality and safety of all products and services. This commitment is not only limited to the Company's production chain, but covered all value chains of businesses the Company has operated.



Stated alternatively, The Company has placed priority throughout product lifecycles from upstream to downstream or from sources of raw materials to consumers worldwide with international manufacturing standards and stringent quality control, all of which are in alignment with the Company's Quality and Food Safety Policy and Food Traceability Policy of food production. The Company has also placed emphasis on innovation creation and dedication to research and development to enhance its production efficiency in order to produce foods

that are consistent with consumer satisfaction and behavior. In addition, the Company shall conduct its sale and marketing in accountable and honest manner.

Therefore, the Company has established guidelines regarding the fair and accountable treatment of customers as follows:

- in case qualities of products and services are not in conformity with defined criteria or may not meet standards, all of which may affect safety and the Company's reliability, relevant personnel must notify their superiors for acknowledgement, take corrective action or conduct a product recall immediately. Regarding the product recall, it must be handled in compliance with the laws or stricter than the laws promulgated by each country;
- all business units must prioritize resolving complaints, whereas the management is required to review complaint management data on a quarterly basis;
- relevant personnel shall take part in communicating to customers through current channels in order to foster awareness and understanding on the Company's production quality and standards throughout the value chain, including its sustainable management system;
- to report issues relating to safety and product quality to the Company's Bureau of Food Regulations;
- relevant personnel shall treat customers with regular care and attention, present products and services in an honest manner, provide accurate information to customers to enable their decisions on selecting products and services, and to establish long-term customer relationship and acceptance according to the law and business ethics;
- regarding sales promotion and advertising, including any communication on behalf of the Company, relevant personnel must not provide inaccurate data nor cause misunderstandings, and must provide explanations of facts and related information in honest and transparent manner as well as comply with applicable laws, rules and regulations of each country, by taking into account subtle cultural and traditional differences in different countries;
- to set up a system to control the maintenance of customers' confidential information as if it were the Company's confidential information; and
- to set up Call Center to receive comments and complaints regarding the Company's merchandise, and to ensure that the designated unit shall promptly conduct an investigation and take remedial action upon receiving such complaints.

Roles toward Business Partners

As the Company has worked with its business partners to deliver products and services to customers, the Company has an obligation to ensure that those involved in the supply chain have comply with ethical standards and quality requirements. Therefore, the Company has established guidelines as follows:

- relevant personnel are responsible for creating understanding, communicating principles, providing information and suggestions, including organizing necessary trainings relating to conditions and commitment with which suppliers shall comply continuously and regularly in accordance with rules for business partners as stated in the Code of Conduct for Business Partners and the Sustainable Sourcing Policy and Supplier Guiding Principle;
- in case any supplier is suspected being incompliant with determined quality standards, relevant personnel shall report to their superiors and inform work unit overseeing compliance, or notify in writing to whistleblowing unit through channel according to the Whistleblowing Policy;
- personnel shall treat all suppliers with equality and fairness, including paying respect and recognize that each supplier is one among the Company's business partners;
- selection of business shall be made on the basis of the Company's best interest, whereby the selection process must be unbiased;
- personnel must not receive any benefit from a person who is going to be chosen as a business partners since doing so may cause bias in decision making; and
- to set up a system to control and prevent disclosure or unlawful exploitation of any confidential information of business partners in the operation of businesses.

Roles toward Trade Competitors

The Company believes that fair competition benefit entrepreneurs, partners and consumers. Therefore, the Company has conducted its businesses in complied with fair trade-competition law. The Board of Directors has also established the guidelines regarding fair and accountable treatment of trade competitors as follows:

- employees representing the Company must inform trade associations or industry associations of which the Company has been a member regarding the Company's standpoint on fair trading competition;
- employees representing the Company must not enter into any agreement with any trade competitor or business partner in the following manner:
 - mutually set up a price or any commercial terms, whether directly or indirectly;
 - limit quantity of product or service which each entrepreneur shall produce, purchase, distribute or provide service;
 - mutually quote a price or bid rigging;
 - define geographical areas in which entrepreneurs shall distribute or purchase products or services in such areas;
 - lower qualities of products or services;
 - appoint sole distributor which results in reducing competition or monopoly.
- to consult with the Company's legal advisor in case of being uncertain that any action is considered a trade barrier;
- to set up a system to monitor and prevent unlawful acquisition or exploitation of trade competitors' trade secrets;
- not to intentionally injure the reputation of any trade competitor by making an adverse accusation; and
- not to take advantage of trade competitors by any dishonest means.

Roles toward Creditors

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

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

Roles toward Community and Society

Recognizing values and importance of natural resources and environmental which are completed upstream factors and fundamentals of agro-industry and food security, the Company has placed high importance responsible uses of resources and mitigation of environmental impacts caused by continuous business operations. In addition, the Company is also committed to advancing well-being of animals and protection of protecting the environment throughout the value chain.

The Company's commitment to sustainable resource management has been passed to its manufacturing process management, water management, power management, waste management, use of chemicals and management, transportation, packaging and container, including greenhouse gas emissions and optimization of eco-efficiency.

Additionally, the Company is also committed to running businesses according to correct and proper principles as well as paying attention to animal welfare which relates directly to food quality and safety and is a key component of responsible farming and food production according to the Company's Animal Welfare Policy.



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

- to follow and comply with the laws, rules and regulations at local and national levels in every place where the Company has business operations;
- all personnel shall use resources efficiently by applying 4Rs principles including reduce, reuse, recycle and replenish on water, energy and waste managements;
- all personnel shall immediately report to superiors in case experiencing irregularities in the workplace which may affect the Company, employees, communities, including surroundings;
- relevant personnel shall promote and encourage business partners to comply with relevant policies and practices relating to CPF sustainable resource management;
- to disclose operational information transparently and provide opportunities to relevant community and stakeholders on expressing their opinions concerning issues that have impact on the community.

7.1.4 Disclosure of Information and Transparency

The Board of Directors is responsible for overseeing preparation systems of financial reports and disclosures of critical information to ensure that they are accurate, adequate, timely, and in accordance with related rules, standards and procedures, including being accessed through convenient channels that can be accessed with ease. It has set the following guidelines. Therefore, the Board of Directors has established the following guidelines:

1. The Company shall disclose its critical information transparently and timely through channels that can be accessed easily and equally, without mistake of fact, whereas the information disclosed shall be accurate and adequate for investment decisions and are not contrary to disclosure requirements of regulatory agencies.
2. The Company shall disclose up-to-date information in both Thai and English versions, in addition to the disclosure of information according to the prescribed rules and via the channels of the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
3. The Company has set up an Investor Relations Office to disseminate its financial and general information to shareholders, security analysts, and investors, and to serve as a channel of communication for shareholders and interested investors.

The Investor Relations Office has the duty to meet with investors and securities analysts on a regular basis to present the Company's performance.



In addition to investors and security analysts, the Investor Relations Office also provides information to credit rating agencies, organizations involving in corporate assessment and some departments requiring company information for corporate assessment purpose, all of which are in accordance with the relevant laws and rules framework relating to information disclosure.

7.1.5 Responsibilities of the Board of Directors

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

Structure of the Board of Directors

1. Composition of the Board of Directors

1.1 The Board of Directors must consist of at least 5 directors. At least one-third of the total number of directors, but not less than three directors, must be independent directors. The Chairman of the Board of Directors must not be a chairman or member of any committee, and must not be the same person as CEO.

1.2 The Board of Directors must consist of directors who possess different qualifications in terms of skills, experiences, and special expertise such as business relevant and risk management that benefit the Company, including races, nationalities, and genders. The composition of the Board of Directors and the years of directorship of each director will be disclosed in an annual report and the Company's website.

1.3 The Board of Directors must include at least 1 female independent director.

2. Qualifications of Director

2.1 Director

2.1.1 All directors must possess the qualifications, and have no prohibited characteristics, as prescribed by the law on public limited companies, law on securities and exchange and notifications of the regulatory authorities. The independent directors must also possess the qualifications as prescribed by the Capital Market Supervisory Board.

- 2.1.2 All directors must have experiences in related fields of business and industry for the overall interests of the Company as well as an understanding of business obstacles, and must be able to perform duties in an efficient manner, to create competitive advantages in the industry and to provide insights into the handling of significant risks.
- 2.1.3 Without exception, no director may hold directorship positions in more than 5 listed companies.
- 2.1.4 A director may not have been an employee or partner of an external auditing firm engaged by the Company during the past 2 years.
- 2.1.5 A director who serves as an executive director may not hold a directorship position in more than 2 other listed companies.
- 2.1.6 In case any director holds a directorship or management position in another company, he or she shall report the details thereof to the Company for acknowledgement. This matter shall be one of his or her interests that must be reported in accordance with Disclosure of Information and Transparency of Corporate Governance Policy.
- 2.2 Additional qualifications for independent director
- 2.2.1 The qualifications of independent director shall at least be in accordance with the criteria prescribed by the regulatory authorities as prescribed below. The Company may add required qualifications as appropriate as follows:
- a. Holds not more than 0.5% of the total outstanding voting shares of the Company, a parent company, a subsidiary, an associate, a major shareholder, or a controlling person of the Company, including shares held by a person related to the independent director;
 - b. Is neither a director that has a management authority nor an employee, staff, advisor on regular retainer, or a controlling person of the Company, a parent company, a subsidiary, an associate, a subsidiary of the same tier, a major shareholder, or of the Company's controlling person both in the present and at least two years prior to taking the independent directorship;
 - c. No relationship by blood or legal registration, in a nature that makes the independent director be a parent, spouse, brothers and sisters, children nor spouse of children of a management, a major shareholders, a controlling person or a person who will be nominated as a management or a controlling person of the Company or a subsidiary;
 - d. Is not involved in the following relationships with the Company, a parent company, a subsidiary, an associate, a major shareholder or a controlling person of the Company in a nature which may obstruct his independent judgment, both in the present and at least two years prior to taking the independent directorship;
 - The business relationship including from normal course of business transactions, rent or lease out the property, transactions related to assets or services nor provide or receive financial support by borrowing, lending, surety, or other similar manner, which incur debt to the Company or contract party equivalent to 3% of the net tangible assets of the Company or amounting to Baht 20 million up, whichever is lower. This threshold is applicable to all indebtedness incurred within one year prior to the date of having such business relationship. For consideration the business relationship, it is included the relationship as a significant shareholder or a controlling person of firms the Company having such businesses with;
 - be an auditor or a significant shareholder, a controlling person or a partner of the audit firm of such auditor; and
 - be a professional service provider such as legal or financial advisor, whose service fee exceed Baht 2 million per year, or a major shareholder, a controlling person or a partner of such firm.
 - e. Is not appointed as a representative of the Company's directors, major shareholders or shareholders who are related to the major shareholders of the Company;

- f. Does not engage in the similar business and significantly competing with the business of the Company or subsidiary, or not being a significant partner in partnership or not being a director that has a management authority nor an employee, staff, advisor on regular retainer or holding shares exceed 1% of the total voting shares of other company which engage in the similar business and significantly competing with the business of the Company; and
- g. No other impediments or impairments to express independent opinions concerning the operations of the Company.

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

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

Nomination of Directors

3. The Remuneration and Nominating Committee is responsible for nominating individuals qualified to be the Company's directors, including the Board skills matrix and diversity of the Board as additional factors for nominating such individuals to the meeting of the Board of Directors in order to consider and approve appointments of directors (in case a directorship becomes vacant for reasons other than retirement by rotation) or to propose to the shareholders' meeting for further consideration. The Company also provides its shareholders opportunities to participate in nominating qualified individuals for election as directors in advance according to the rules prescribed by the Company.
4. Regarding nominations of directors, the Company has determined qualifications of directors, all of which shall be in line with the Company's business strategies. The Company may select appropriate persons by using professional search firm or director pool provided by external institution.

Term of Directorship

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

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

Details as shown in Duties and Responsibilities of the Board of Directors in the Management topic.

Board of Directors Meetings

8. Meetings of the Board of Directors shall be held more than 6 times a year. The meeting dates shall be scheduled annually in advance, but may be rescheduled if necessary. Each director will be notified of the meeting schedule, and has the duty to attend every board meeting. If any director is unable to attend a meeting, he or she shall give notice of the reason therefor to the Company Secretary prior to such meeting. The Company Secretary shall subsequently notify such director of the meeting results.

During 2019, there were 7 Board of Directors meetings conducted.



The Board meeting convened in December 2019 already approved the Board meeting dates for the year 2020 which will be held in February, March, May, June, August, November and December.

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

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

Evaluation of the Board of Directors' Performance

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

Remuneration of Directors and Executives

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

Development of Directors and Executives

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

A director who has not yet attended training courses relating to director development programs, the Company shall provide to such director the training courses organized by Thai Institute Of Directors in order to obtain the following information:

- (1) roles of a director and legal liability; and
- (2) a guide on director's duties according to regulations and code of conduct issued by the Stock Exchange of Thailand and the Securities and Exchange Commission, including principles of good corporate governance.

24. The Company shall continuously provide to its directors trainings and knowledge relating to the Company's businesses, business operating guidelines, relevant industries, regulations and knowledges relating to corporate governance and sustainability development in order to enhance their skills and knowledge for efficient performance. Training and educating activities may be organized within the Company or by external services, whereas business visits shall be also arranged as appropriate.

25. The development of executives shall be in accordance with the executive development plan and succession plan. CEO must report the implementation of these plans to the Executive Committee every year.

26. The Company shall continuously provide to its executives trainings and knowledge relating to the corporate governance, regulations and knowledges relating to sustainability development in order to enhance their skills and knowledge for efficient performance. Training and educating activities may be organized within the Company or by external services.

During 2019, the Company provided its directors and executives about new laws such as the personal data protection law as well as relevant Company's guideline, etc. In addition, there were some directors attended director's courses arranged by external providers, i.e.

- Mr. Rungson Sriworasat Good Governance for Medical Executives No. 7 (Oct. 2018-June 2019) by King Prajadhipok's Institute
- Professor Dr. Pongsak Angkasith Advanced Audit Committee Program No. 36/2020 by Thai Institute of Directors Association
- Mrs. Vatchari Vimooktayon Director Certification Program No. 287/2019 and Advanced Audit Committee Program No. 36/2020 by Thai Institute of Directors Association

Holding of Position by Executives

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

28. An executive must not have been an employee or partner of an external auditing firm engaged by the Company during the past 2 years.

7.2 Nomination and Appointment of Directors and Senior Executives

7.2.1 Nomination of directors and independent directors

Every board member of the Company currently has residence status in Thailand. They are experienced and understand the various obstacles that can arise in the course of the Company's business operations. They undertake their

roles effectively and can create competitive advantage for the Company as well as provide beneficial insights into the Company's business operations and risks relating to the Company's businesses. Furthermore, every board member is fully qualified, which means that they all possess the qualifications that are stipulated by law, i.e. as laid down in the Public Company Limited Act and Securities Act. Every Independent Director is qualified in accordance with the Notification of the Capital Market Supervisory Board No. Tor Chor. 4/2552 Re: Application for and Approval of Offer for Sales of Newly Issued Shares (No. 2) as specified in Responsibilities of the Board of Directors in Corporate Governance Policy.

The Remuneration and Nominating Committee is responsible for nominating individuals qualified to be the Company's directors to the meeting of the Board of Directors in order to consider and approve appointments of directors (in case a directorship becomes vacant for reasons other than retirement by rotation) or to propose to the shareholders' meeting for further consideration. The Company also provides its shareholders opportunities to participate in nominating qualified individuals for election as directors in advance according to the rules prescribed by the Company.

Shareholders have the right to vote for the appointment of directors according to the following rules:

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

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

7.2.2 Nomination of Senior Executive

The Board of Directors assigns the Executive Committee to be responsible for selecting qualified individuals by considering factors such as knowledge, competences and relevant experiences in business to hold senior executive positions.

7.3 **Administration of Subsidiaries and Associates**

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

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

Procedure regarding protection the use of insider information is as shown in the Equitable Treatment of Shareholders, page 86.

7.5 **Section of Auditor and Remuneration**

The Audit Committee is responsible for selecting auditors and proposes to the Annual General Meeting of Shareholders for appointment, according to the rules of the Securities and Exchange Commission, by regular reviewing the qualifications of auditors include performance and remuneration. The Audit Committee, therefore, has criteria for auditor firm



selection process which shall be taken on at least every seven accounting period. The latest selection process took place since the appointment of auditor for the accounting year 2018.

The Audit Committee reviewed base on the above criteria and opined to propose Mr. Charoen Phosamritlert C.P.A. (Thailand) Registration No. 4068, Mr. Veerachai Ratanajaratkul C.P.A. (Thailand) Registration No. 4323, and Miss Sawitree Ongksirimemongkol C.P.A. (Thailand) Registration No. 10449 of KPMG Phoomchai Audit Limited as CPF's auditors for the year 2019 to the Annual General Shareholders' Meeting No.1/2019. The Meeting then approved as proposed.

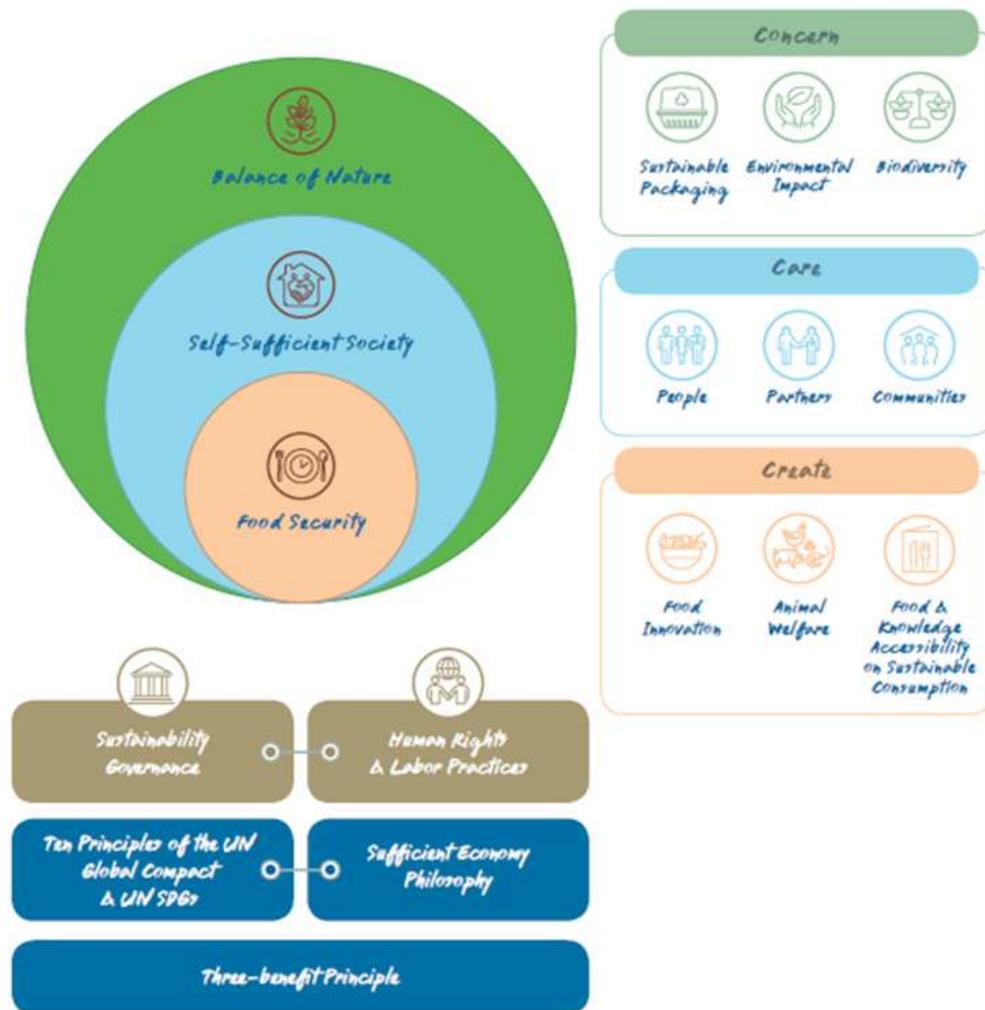
The remunerations that CPF and its subsidiaries paid to KPMG Phoomchai Audit Limited and its related companies in 2019⁽¹⁾, were as follows:

(Unit : Baht)	CPF	Subsidiaries
1. The audit fees on company's accounts	3,737,000	88,528,838
2. Other audit fees on special projects	300,000	770,000
3. Other fees	246,931	25,655,369

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

8. CSR towards Sustainability

The Company has realized the importance of sustainability governance and has determined corporate social responsibility (CSR) as one among its business strategies. In 2019, the Company reviewed CPF's sustainability strategy and added sustainability issues being appropriate in the current context under the three pillars comprising: "Food Security", "Self-Sufficient Society", and "Balance of Nature", all of which are based upon governance towards sustainability, respect for human rights and labour practices. Our objective is to ensure that the Company delivers appropriate return to shareholders, health and safety to consumers, as well as security and happiness to our people, business partners and communities. At the same time, we also consider impacts of our operations and take appropriate steps to sustainably conserve natural resources and environment that are the capital of the current and future socio-economic development.



To ensure efficiency and effectiveness of sustainability management, the Company, on an annually basis, reviews and assesses the sustainability issues that cover significant opportunities and risks in economic, social and environmental dimensions. We have adhered to four key reporting principles of the Global Reporting Initiatives (GRI) consisting of sustainability context, materiality, completeness and stakeholder inclusiveness. In 2019, the Company summarized results of the assessment regarding issues to which the stakeholders had prioritized and the issues related to the Company's business operations that might have impacts on the economy, environment and society, with details as follows:



Integration of stakeholders and the Company's viewpoints and expectations mentioned above helps enhance confidence in the Company's operations according to its sustainability strategy under the three pillars comprising: "Food Security", "Self-Sufficient Society" and "Balance of Nature" which are regarded as the Company's scope of long-term striving towards sustainability. Thus, sustainability implementation and continuous review and improvement of management approaches have been carried out simultaneously to enable the Company on achieving sustainable development goals that are in line with our stakeholder expectations as well as to accommodate the present and future challenges.

In addition, the Company has continued to implement its corporate social responsibility towards sustainability in accordance with the international principles of the United Nations (UN) Global Compact covering human rights, labour, environment and anti-corruption. Besides, the UN Sustainable Development Goals (SDGs) has been integrated to the Company's sustainability implementation under the three pillars comprising: "Food Security", "Self-Sufficient Society" and "Balance of Nature". According to the 17 SDGs of UN, the Company has directly supported 11 of them in alignment with our capacity and potentiality in order to move forward to sustainable development by leaving no one behind.

At the same time, the Company has joined as part of global partnership networks such as the Seafood Task Force to promote sustainability in the seafood supply chain. As a result, Thai fisheries sector was delisted from yellow card status by the EU. The Company has also joined the Global Dialogue on Seafood Traceability to determine a framework for traceability approaches on seafood products throughout the supply chain, and a project entitled "Food Reform for Sustainability and Health (FReSH)" in order to reform sustainable food value chains and promote good health. Moreover, the Company has cooperated with the Sustainable Fisheries Research and Development Institute to undertake



sustainable development and maintenance of marine resources, including siding with Thailand Responsible Business Network to mutually create positive changes for Thailand. We expect that our cooperation given to the networks can result in a broad range of changes that lead to propelling sustainable development according to the national policies and the global goals.

Respect for Human Rights

Recognizing the importance of respect for human rights, the Company has issued **the Human Rights Policy** and **the Employment and Labour Management Policy** in order to be management guidelines that align with criteria of the International Labor Organization (ILO), the UN Global Compact, and the UN Guiding Principles on Business and Human Rights (UNGP). We also announce our **Statement on Slavery and Human Trafficking** consistently to emphasize our standpoint in opposition to forced labour and human trafficking in all forms. Such statement is in alignment with international human rights law and standard, for example, the UK Modern Slavery Act 2015. Moreover, according to our **Sustainable Sourcing Policy and Supplier Guiding Principle**, we have placed importance on human rights throughout our supply chain.

In 2019, the Company had conducted human rights due diligence throughout its value chain covering all stakeholder groups and vulnerable groups such as ethnic and religious minorities, persons with physical disabilities and children, etc. This project encompassed all business lines in Thailand and comprised with analysis and assessment on risks relating to human rights, risk management, continued monitoring and result reporting, including development of guidelines for managing potential complaints and mitigating relevant impacts in a timely manner. The human rights due diligence is normally conducted on a 3-year basis. It includes 7 salient human rights issues as:

- Working conditions
- Health and safety of Employee
- Community health and safety
- Data privacy
- Use of illegal labour (such as child labour, forced labour and illegal migrants worker) in the supply chain
- Suppliers and sub-contractors' health and safety
- Community safety and standard of living in the supply chain

Food Security

The world population is expected to rise to 9.7 billion in 2050²⁰, resulting in 70% increase of global food demand or equivalent to meat consumption of 470 million tons.²¹ The food industry must be well-prepared for producing sufficient food to meet the global food demand. Food innovation, thus, plays an important role as a tool in the food industry. In the meantime, raising animals according to animal welfare principles is another key factor that affects food quality and safety. These elements shall be applied to ensure that consumers are able to access to food and knowledge on sustainable consumption as well as to help relieve hunger and malnutrition in a wide society.

● Food innovation

Due to constant changes in environment and consumer behavior, CPF Food Research and Development Center was established to create innovative solutions to meet consumer requirements, including collaborating with various sectors to develop food innovations that best fulfill consumer needs, particularly food product innovations that promote good health. Therefore, the Company is committed to developing the products which contribute to better nutrition, health and well-being up to 30% of new products in Thailand operation within 2020. In this year, the Company's achievements are in line with the set targets for 34%. The food product innovations that have been developed include:

- Advanced / Upgraded Core Products: the food products for better health under **the CPF Healthier Choice Principles and the Health and Nutrition Policy**, for example, the products with lower quantities of sodium and saturated fat in CP Balance Group and the food products for better health based on different human ages;

²⁰ UN News, United Nations

²¹ Global agriculture towards 2050, Agricultural Development Economics Division, FAO, 2009

- Value-Added Co-Products: the Company has developed the innovations to create added value for co-products in order to optimize resources according to the **Circular Economy**, reduce food loss during production process, for instance, the crispy fish skin from the operation in Vietnam, etc.; and
- Innovative Products: recognizing consumers' environmental concerns relating to the livestock industry's emissions of greenhouse gas, including groups of flexitarian^{/22} and vegan^{/23} that have increased for almost threefold since 2014 - 2019^{/24}, thus, the Company has developed innovative renewable plant-derived protein in forms of burger, nugget and sausage to meet higher requirements of these consumer groups.

The Company has promoted and encouraged its employees on embracing changes and initiating innovations. Our employees have been developed to become innovators according to TRIZ^{/25} Guideline through training courses and projects that are in line with CPF Way. To become an innovative organization, the Company has also arranged the training courses and the projects promoting new innovations in the organization. The innovations are divided into 3 levels (3i), Improvement (i1) Invention (i2), and Innovation for new business opportunity (i3). The employees will be given innovation creation scores (iScore) which lead to promotions of innovators according to TRIZ Guideline. The employees then will be trained and supported to implement activities in specific projects in order to create innovations. The Company had developed innovators according to TRIZ Guideline in Thailand for 1,006 persons and achieved target of having 1,000 innovators according to TRIZ Guideline within 2020, whereas patent and petty patent registrations of 252 innovations were completed against the 2020 target of 500 innovation patent registrations.

● Animal Welfare

The Company is committed to developing and enhancing its animal-friendly business operations in accordance with the "Five Freedoms" principle, and cultivating personnel awareness on promoting animal welfare in farms belonging to the Company and to the farmers under its Contract Farming Scheme. The Company had also issued its **Animal Welfare Policy**, established the **Animal Welfare Committee** and the **CPF Global Vision for Antimicrobial Use Stewardship in Food Animals**. In the meantime, the Company has also provided manuals and standards on animal welfare implementation to all businesses in all countries. Such manuals and standards are for being applied on their farm managements of broiler chicken, layer chicken, duck farms, swine, and aquaculture to prevent animal's physical discomfort, suffering and injury as well as to support animal freedom on expression of natural behavior. In this year, the Company's performances are consistent with the set targets, as follows:

- 41% of sow farms in Thailand operations and 28% of sow farms in overseas operations are raising in group gestation pen;
- The business in Thailand has piloted a cage free layer chicken farming at Wang Sombun Farm in Saraburi Province;
- 100% of broiler chicken farms in all countries have provided Poultry Welfare Officers.
- 100% of Thailand operations refrain from antibiotics use for prophylactics and shared-class antibiotics for growth promotor.

● Food and Knowledge Accessibility on Sustainable Consumption

To ensure that the Company has delivered to consumers food quality and safety throughout its production process and is able to trace back to the sources of foods in the value chain as well as to achieve the target of no recall of product that may affect public health, the Company has placed importance on controlling the production processes strictly with quality and safety control standards that are in line with the international standards.

In addition, the Company has also recognized the importance of children, youth and consumer's accesses to adequate, suitable and sustainable foods. Thus, in this year, the Company has promoted children and youth's accesses to

^{/22} A group of people who have a primarily vegetarian diet by reducing their meat consumption.

^{/23} A group of vegetarians who do not eat meat or meat products, including abstaining from the use of consumer goods made from animals.

^{/24} The European market for meat substitutes, Rabobank, 2019

^{/25} TRIZ refers to "Theory of Invention Problem Solving". It is a thinking management theory which emphasizes on an understanding in mechanism of problem, problem solving process and problem "analysis" by using various tools without being obstructed from natural basis of thought of human being. At present, this theory becomes widely interested. It had been developed by Genrich S. Altshuller

knowledge and skills on food production and/or on consumption of safe and nutritious food. Over 291,000 of children and youth gained such knowledge and skills through the Raising Layer for Student's Lunch Project under the CPF Growing Happiness, Growing Futures Project and the Open the World of Learning Project, all of which has been implemented to mitigate malnutrition in children and youth who are considered the nation's future. The Company set the target on promoting relevant knowledge to 300,000 children within 2020.

Self-sufficient Society

Recognizing that our role and participation in managing social issues internal and external to the business sector are crucial supportive factors in enhancing food security and environmental balance, therefore, the Company has placed emphasis on being a home of happiness for our employees, growing together with our business partners and caring for our communities, all of which support farmers and communities' decent standard of living and our preparedness for current and potential future challenges.

- **People**

According to the vision on "Human Resource Management" as: "People Excel - Business Exceeds" coupled with respect of human rights and labour practices, all of which are crucial foundations for caring of our people, the Company has promoted value creation to its employees at all levels to ensure their readiness for accepting changes in business operations according to today's global context, for example, a digital transformation and supporting sustainable business operations, etc. Employee's reskill - upskill development has been implemented and results in making all employees feel valued. We shall look after our employees throughout their employment periods until their retirements. We also place importance on employee and worker safety and occupational health consistently and ensure their safety and hygiene at work so that in everyday, our people shall go home safely.

- **Partners**

To establish sustainable organizational development and growth under the vision of being "Kitchen of the World", the Company recognizes the importance of security foundation management in responsible procurement throughout the supply chain and creation of sustainable growths covering all operational processes of the Company and business partners. From 2015 onwards, the Company has been sharing its guidance for responsible business conduct through communication and trainings relating to the Sustainable Sourcing Policy and Supplier Guiding Principle and has extended the Policy to the business partners in foreign countries, including combining Environment, Social, and Governance: Supplier Sustainability Self-Assessment as a part of business partner's sustainability initial assessment in accordance with **CPF Supply Chain ESG Management Approach**. Up to the present, the Company has communicated its Policy to over than 8,600 business partners of 13 groups in its operations in Thailand.

In 2019, the Company had continued its ESG: Supplier Sustainability Audit program which was started since 2018. The program had been taken and already covered 86% of all major Thailand's business partners. The Company also extended the Policy to the business partners in Vietnam, which included all major business partners (100%) in a direct raw materials group (animal feed raw materials group) and indirect raw materials groups (food ingredients group and packaging group). By 2019, the Company had conducted its ESG: Supplier Sustainability Audit program with all major business partners (100%) in Vietnam. Additionally, the Company has a target to complete the audits to be taken with all major business partners in Thailand and Vietnam in 2020.

The Company sets its annual business partner development plans regularly. In 2019, the Company had collaborated with the government sector on building correct awareness of labour law and international principles and practices. By cooperating with the Department of Labour Protection and Welfare, the Company organized a function entitled "Capacity Building for Partnership 2019" and developed a body of knowledge and understanding of labour law and practices, all of which were raised up in accordance with the international standards, for its business partners in Thailand and Vietnam. Supply Chain Sustainability Focus Group meetings were also arranged for critical suppliers and the Company's representatives to communicate and discuss on various matters found during the audit processes taken

with the business partners. Moreover, the Company signed a Memorandum of Understanding (MOU) with the Department of Labour Protection and Welfare, Ministry of Labour, in order to implement activities under "the Cooperation Project on Developing Suppliers towards Thai Labour Standard", which included providing knowledge relating to labour management, encouraging entrepreneurs in the supply chain to conduct labour management with responsibility and in conformity with the law, enhancing workers' quality of life and complying with the Sustainable Sourcing Policy.

- **Communities**

The Company recognizes that career and income stabilities have a part in strengthening decent livelihoods of communities, economic stability of the country and food security. Therefore, the Company has placed importance on continuous promoting careers that are conducive to creating consistent incomes for farmers and small entrepreneurs, by implementing the "4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)" strategy. In 2019, the Company supported employment prospect and quality of life of communities and vulnerable groups in Thailand covering 42,090 people through Five Star business, Jao Sua Roasted Duck business, Kor Kai Aroy business, Star Coffee business, Lamoon Chabar business, CP Pork Shop business, CP Fresh Shop business, Contract Farming, Self-Sufficient Farmers and Sustainable Maize project, Promoting Decent Livelihoods of Communities arounding the operations, and to support agricultural careers to small farmers. In supporting the quality of life of communities around the operations, the Company conducts field survey to learn about the community characteristics and their needs in order to create their engagement and identify issues relating to community impacts, prior to initiating and implementing projects / activities that are truly consistent with communities' lifestyles and needs.

In addition, the Company has supported the vulnerable groups through the CPF Funds for the Elderly Project in order to help assisting and supporting elderly people over 60-years of ages who living around the operations in Thailand and being abandoned or having insufficient income to meet basic needs for over 800 elderly people currently. Moreover, the Company has supported over 750 people with disabilities around the operations in Thailand to ensure that they could make sustainable living.

Balance of Nature

Limited natural resources, impacts from climate change, environmental pollutants, plastic waste in the ocean, and the increasingly rapid decline in biodiversity, all of which pose considerable direct and indirect impacts to people's quality of life, food security, and business continuity. For the reasons stated, the Company is committed to operating its business on the basis of mitigating environmental impacts, and promoting the conservation of natural resources throughout the value chain. In accordance with our goals of "Developing Sustainable Packaging", "Reducing Environmental Impacts", and "Protecting Biodiversity," we strive to create balanced development that will lead to a sustainable future.

- **Sustainable Packaging**

The Company has realized that food packaging is a final step in maintaining product quality and safety before delivering product into consumer's hands. Meanwhile, managing packaging waste derived after consumption, especially plastic packaging that has become a global problem, is an issue the Company has been concerned. Therefore, the Company is committed to taking part in solving problems relating to plastic waste and optimizing resources by determining **Sustainable Packaging Goal, Policy and Principle** based upon the **circular economy** throughout the value chain.

The Company, plastic manufacturers and packaging manufacturers have jointly designed packaging according to food packaging design and development strategy, as follows:

- Taking into account food quality and safety by inventing packaging that contributes mainly to food quality and safety;
- Switching to use alternatives of plastic by studying and developing substitutes for plastic or plastic produced from alternative resources for food packing;
- Selecting materials conducive to recycling by developing packaging that can be recycled in case of being unable to find alternative materials that can maintain food quality and safety equivalent to plastic packaging.

The Company has set its target, whereas 100% of food plastic packaging must be reusable, or recyclable or upcyclable or compostable within 2025 for Thailand operations and within 2030 for oversea operations. For this year, according to our commitment in food packaging design and development, a total proportion of food plastic packaging of Thailand operations that are recyclable and compostable is over 99.99%.

Moreover, the Company has continuously focused on developing packaging to mitigate environment impacts throughout the value chain. Since 2013, we have replaced plastic feed bags with bulk feed tanks in our livestock feed business. Since 2006, we have replaced plastic bags with Q-pass tanks that can be sterilized and reusable for transporting shrimp larvae. In our integrated broiler businesses in Thailand plastic bags have been replaced with stainless steel trays to transfer products within the production processes. The Company has also reduced uses of single use plastic products, for example, designing drinking cups to reduce uses of plastic straws in Star Coffee shops and switching to provide food and beverage paper containers instead of plastic containers when buying food items to bring back home from Five Star shops and Chester restaurants. Accordingly, the Company was able to reduce plastic waste for more than 16,000 tons.

● **Environmental Impact**

Realizing the trend of change and the importance of natural resources which are significant capital for driving socio-economic development, the Company, therefore, has never stopped improving and further developing its production processes. The Company has integrated the circular economy with its operations throughout the value chain in accordance with its **Safety, Health, Environment and Energy Policy** in order to optimize resources and mitigate environmental impact continuously.

Moreover, the Company has been using renewable energy throughout the production processes. Our animal feed business has used biomass as alternative fuels for operating steam boilers instead of using coal. Biogas derived from treatment of wastewater and animal droppings from swine farms and layer complexes are used for generating electricity to be consumed within such farms and complexes. Moreover, Solar PV panels have been installed on rooftops of 24 units (Solar Rooftop) to generate electricity for being used in their production processes as well. Shrimp farms and food manufacturers have applied ultra-filtration technology for treating wastewater in order to recycle water appropriately. Additionally, through “Sharing Recycled Water Project”, treated water derived from biogas production systems in swine farming business is also distributed to communities around the swine farms for being used as bio-fertilizer, reducing agricultural costs and providing drought relief for local people, including reinforcing sustainable community relationships. Furthermore, the Company has recoved waste to value, for example, making composting, soil amendment materials, animal feed and turning waste to energy, etc.

As a result, the Company’s performances in 2019 compared to targets of its operations in Thailand are summarized, as follows:

	2025 Target	2019 Performance
Reducing greenhouse gas emissions per production unit, compared to the base year 2015	25%	15%
Reducing energy consumption per production unit, compared to the base year 2015	15%	5%
Reducing water withdrawal per production unit, compared to the base year 2015	30%	36%
Reducing waste disposal to landfill and incineration per production unit, compared to the base year 2015	35%	41%

Being aware of its own responsibilities on food products, the Company has continuously developed green products in order to deliver values through sustainable products and take part in accelerating growth of green market in Thailand. In 2019, over 770 green products items of the product groups including livestock feed, raw chicken, tender chicken breast, raw duct and frozen duck received carbon footprint labels, carbon footprint reduction labels (or global warming reduction), and water footprint labels. Moreover, we are Thailand’s first company being certified carbon footprint

reduction labels on duck products. The Company received total revenue from green products for over Baht 43,290 million, equivalent to 25% of the total revenue generated by its operations in Thailand.

- **Biodiversity**

Conducting business by taking into account environment and biodiversity is considered as an integral part in preserving ecosystems to stay in balance and remain sustainable. Thus, the Company has placed emphasis on its establishments that shall not be located in natural resources and environmental conservation areas in conformity with promulgated rules, regulations, standards and ministerial regulations. The Company also conducts assessment on potential impacts caused by its business operations regularly.

The Company shall not support supplier of agricultural raw materials produced on land without legal title deed and supplier of fish meal produced from species potentially become extinct. The Company shall procure only agricultural raw materials that can be traced back to their sources to ensure sustainability of natural resources. The Company has targeted to source 5 items of agricultural raw materials used for producing animal feed products in Thailand, namely, fish meal, corn, soybean, palm oil, and cassava from responsible or sustainable production sources within 2020. From 2015 up to the present, all fish meal sourced and used in Thailand is a by-product derived from processing plants. These plants have been certified IFFO RS which currently are the best international standards for sustainable fish meal and fish oil productions. All fish meal is traceable and is not a by-product derived from species potentially become extinct according to definitions shown in the IUCN Red List (World Conservation Union).

In the meantime, all corn used in animal feed production in Thailand has been sourced by Corn Traceability system being developed by the Company in 2016. The system can trace back to each plot of corn plantation area by using GPS coordinates to ensure that 100% of corns are grown on land with legal title deed and none of forest area is invaded. The Company has also continued to source soybean meal, palm oil and cassava that are traceable and produced from responsible production sources.

The Company has promoted planting knowledge and skills in accordance with Thai Agricultural Standard-TAS 4402-2010, Good Agricultural Practices for Maize. The knowledge including soil analysis, using appropriate fertilizer and using chemicals correctly has been given to farmers participating in the "Self-Sufficient Farmers and Sustainable Maize Project" since 2015. In 2019, the Company had provided experts to conduct soil analyses at farmers' land without charge. Moreover, the Company had organized trainings on methods of soil analysis and methods for using a soil testing toolkit, including introducing tailor-made fertilizer making methods and fertilizer formulas. Farmers can apply knowledge gained to actual practices. Moreover, the experts and farmers also exchanged knowledge on eradicating fall armyworm that had invaded into cultivated areas in Thailand and affected crop yield of farmers greatly. The Company has also developed applications (for both computer and mobile) for managing harvest and transportation, which facilitate small farmers on accesses to tractor and truck rentals for harvesting and transporting their products to purchase points as well as support small entrepreneurs providing rental tractors and trucks in such areas.

More over, in 2019, the Company had continuously implemented the CPF Grow-Share-Protect Mangrove Forestation Project. Its efforts dedicated to conserve and restore mangrove forests in 5 provinces in Thailand since 2014 contribute to healthy and productive ecosystems while the mangrove forests have become nursery habitats of baby aquatic animals. As a result, aquatic animal resources are revived and the communities surrounding can extract benefits from natural resources that have been restored. The Paknam Prasae Community in Rayong Province and the Bang Ya Praek Community in Samut Sakhon Province have been further developed into ecotourism by the communities enabling the communities on generating their incomes for over Baht 1.4 million.

Since 2019 up to the present, the Company has implemented the CPF Rak Ni-Ves, Pasak Watershed, Khao Phraya Doen Tong Project at Lopburi Province in Thailand and is able to turn arid area into a green forest with abundant plant species that help return moisture to the atmosphere. In 2019, a survey and monitoring on wildlife population by using camera trap had been conducted at Khao Phraya Doen Tong. Foxes, a protected wildlife species, were found in restored area at



Khao Phraya Doen Tong. Moreover, pine buntings were found in the area of Khao Phraya Doen Tong Project for the first time in Thailand and Southeast Asia. Additionally, to create continuity in sustainable maintenance of forest and natural resources, the Company has initiated "the Creation of Happiness for Khao Phraya Doen Tong Community" which is the project that helps create community engagement in mutual conserving and sustaining the living forest and the community members. To cultivate forest conservation awareness and to pass it to descendants, villagers living locally around the Pa Sak watershed area of Phatthana Nikhom District were given opportunities to learn about reforestation innovations. Moreover, the Company has also promoted organic community vegetable gardening for community consumption to ensure community members' good health as well. According to operating results on both projects up to the present, total area of replanted and restored forest is 10,079 rai, against the 2020 target of 9,000 rai in Thailand. This area also contributes to trapping greenhouse gases for 39,690 tons of carbon dioxide equivalent

With continued commitment in operating businesses in accordance with its sustainability strategy, the Company has set plans to manage a wide range of issues, to adapt to the current situation, and to be ready for embracing future changes, all of which comprise food innovations, sourcing agricultural raw materials for producing animal feeds from responsible and sustainable sources, climate change, and management of food loss and waste under the **Circular Economy** concept in order to drive the Company's businesses towards stability and sustainability.

Remark: The reviewed sustainability strategies and performances 2019 were disclosed in the Sustainability Report 2019.



9. Internal Control and Risk Management

At the Board of Directors' meeting No.1/2020 held on February 20, 2020, including 4 Audit Committee members presented, reviewed the Company's internal control system. Following the reviewed by the Audit Committee and the Internal Audit Office, it can be concluded that the existing internal control system is appropriate and sufficient to ensure compliance of the Company's operations with the required target, objectives, legal requirements and relevant regulations effectively, so as to protect Company's assets from being misused. It provides a reasonable assurance that financial statements are reliable and correctly prepared. The internal auditors reviewed of the various operations of the Company to ensure compliance with the Company's internal control system. Any major non-compliance found was reported to the Executive Board and the Audit Committee for review and correction. However, in 2019 the Internal Audit Office found no major non-compliance that would affect the operation of the Company. Additionally, according to the risk assessment of the significant information disclosure in the financial statements performed by external auditor which considers internal control relevant to the Company's preparation and presentation of the financial statements, the auditor did not report any material non-compliance activities.

10. Related Transactions

During 2019, the Company entered into transactions with related persons, which the Audit Committee considered reasonable as summarized below:

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

10.1.1 Accounts Receivable

As of December 31, 2019, the Company had accounts receivable, arising from transactions with a significant influence entity, associates, joint ventures and related companies amounting to Baht 12,555 million, or 38% of total accounts receivable. (2018: Baht 16,607 million)

10.1.2 Accounts Payable

As of December 31, 2019, the Company had accounts payable, arising from transactions with a significant influence entity, associates, joint ventures and related companies, amounting to Baht 5,590 million, or 17% of total accounts payable. (2018: Baht 4,905 million)

10.1.3 Sales

In 2019, the Company sold products to a significant influence entity, associates, joint ventures and related companies which were based on the ordinary course of business price list. The value of these transactions for the year ended December 31, 2019 was Baht 63,081 million, or 12% of total sales. (2018: Baht 67,130 million)

10.1.4 Purchase of Raw Materials

In 2019, the Company purchased raw materials from a significant influence entity, associates, joint ventures and related companies which were also based on the ordinary course of business price list. The value of these transactions for the year ended December 31, 2019 was THB 75,049 million, or 16% of total cost of goods sold. (2018: Baht 87,358 million)

10.1.5 Other Income

In 2019, the Company received other income in forms of dividends, interest, training and seminar fees, system service fees, rental and service fees, and others from associates, joint ventures and related companies amounted to Baht 471 million, or 0.1% of total revenues. (2018: Baht 533 million)

10.1.6 Rental and Services Fees

The Company has lease agreements covering office premises (including related facilities service agreements), land, farms, and vehicles with certain related companies, for periods of 1 to 16 years expiring during year 2020 to 2035. The rental and services fees obligation of the Company, as of December 31, 2019, amounted to Baht 4,373 million. (2018: Baht 3,850 million).

The Company rented assets from associates, joint ventures and related companies according to the rates set by their owners. For the year ended December 31, 2019, the value of these transactions was Baht 1,912 million, or 3% of total selling and administrative expenses. (2018: THB 1,895 million)

10.1.7 Technical Service Fees

CPF and Thai subsidiaries had technical service agreements with a significant influence entity (Charoen Pokphand Group Company Limited ("CPG")). These agreement were in effect until 31 March 2019. Under the terms of the agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feeds for CPF and Thai subsidiaries. In this regard, CPF and Thai subsidiaries are committed to pay the technical service fee, which is calculated from the feed production quantity dependent upon the types of feed as stipulated in the agreements, to CPG.

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

In 2019, the Company paid CPG for technical services according to the agreements amounting to Baht 444 million, or 0.1% of total cost of goods sold. (2018: Baht 724 million)

10.1.8 Trademark license fees

The Company have trademark agreements with CPG, for the right to use trademarks as stipulated in the agreements. In this regard, the Company is committed to pay trademark license fees to CPG in accordance with the terms and conditions at the rate as stipulated in the agreements.

A subsidiary has a trademark agreement with a related company, Star Marketing Co., Ltd. ("STAR"), for the right to use trademarks as stipulated in the agreement. In this regard, the subsidiary is committed to pay trademark license fee to STAR in accordance with the terms and conditions at the rates as stipulated in the agreement.

In 2019, the Company paid trademark license fees according to the agreements amounting to Baht 3,079 million, or 0.7% of total cost of goods sold. (2018: Baht 1,503 million)

10.1.9 Other Expenses

In 2019, the Company paid application system service fee, sales promotional fee, transportation fee and other fees, to related companies amounted to Baht 1,958 million. (2018: Baht 1,854 million)

10.1.10 Others

The Company has some hire-of-work agreements to construct buildings, structures and other agreements, including equipment and other purchase with certain related companies. In 2019, the payments in respect of these agreements amounted to a total of Baht 3,834 million. (2018: Baht 3,148 million)

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

During 2019, there were related transactions which are not in the ordinary course of business or supporting transactions related to the ordinary course of business as follows:

- the Board of Directors' Meeting convened on February 18, 2019 approved the acquisition of the investments and assets relating to feed business in China by Chia Tai (China) Investment Company Limited ("CTI") which can divided into 3 transactions as follows:

Transaction 1 Acquired total investment in Hainan Chia Tai Animal Husbandry Co., Ltd. ("Hainan CT") from Chia Tai Animal Husbandry Investment (Beijing) Company Limited ("CTAI"), a subsidiary of CPG, at the total consideration of RMB 69.47 million.

Transaction 2 Acquired total investment in a new company to be established by Jilin Deda Feed Co., Ltd. ("Deda") and Deda will transfer feed business in China to such company. CTI will acquire total investment from 3 sellers which one of the seller has Chearavanont family as an ultimate major shareholder. CTI has to pay consideration of RMB 66.08 million to such seller.

Transaction 3 Acquired assets relating to feed business in China from three sellers, all of them have Chearavanont family as an ultimate major shareholder, at the total consideration of RMB 58.2 million.

The Board of Directors (comprise only independent directors/audit committee and directors with no conflict of interest) considered and viewed that these transactions were reasonable and beneficial to the Company since it will allow the Company to expand its feed business in China and further reinforce the Company's leading position in feed industry in China. Audit Committee and Board of Directors of CPF opined that the basis used to determine total consideration of these transactions were appropriate and determined on the arm's length negotiation. In this regard, directors with conflict of interest had no rights to vote and did not attend the meeting.

- The Board of Directors' Meeting convened on May 10, 2019 approved approved CPF or its subsidiary to acquire the investment in Berice LLC ("Berice") from C.P. Inter Food (Thailand) Co., Ltd. ("CP Interfood"), a

subsidiary of CPG, at the total consideration of USD 1.82 million. The Board of Directors (comprise only independent directors/audit committee and directors with no conflict of interest) considered and viewed that this transaction was reasonable and beneficial to the Company since the Company will use Berice to explore the investment opportunity in related businesses such as restaurant business in USA, one of distribution channel of the Company meat products. Audit Committee and Board of Directors of CPF opined that the basis used to determine total consideration of this transaction was appropriate and determined on the arm's length negotiation. In this regard, directors with conflict of interest had no rights to vote and did not attend the meeting.

- The Board of Directors' Meeting convened on November 13, 2019 approved approved CPF (Thailand) Plc. ("CPFTH") to acquire 23-sq.wah land, situated at Thung Wat Don subdistrict (Baan Ta-wai), Yannawa district (Bangrak), Bangkok from Sapsamutr Co., Ltd., a subsidiary of CPG, at the total consideration of Bath 2,070,000 for business purpose. The Board of Directors (comprise only independent directors/audit committee and directors with no conflict of interest) considered and viewed that this transaction was reasonable and beneficial to CPFTH and the basis used to determine total consideration was appropriate and determined on the arm's length negotiation which referred to the price appraised by independent appraiser. In this regard, directors with conflict of interest had no rights to vote and did not attend the meeting.

10.3 Reasonableness of the Related Transactions

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

10.4 Measures to Govern Related Transactions

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



Charoen Pokphand Foods Public Company Limited

Part 3

Financial Status and Performance

**11. Key Financial Information****Financial Statements**Highlights of the Consolidated Financial Statements and Key Financial Ratios(A) *Consolidated Statements of financial position of CPF and its subsidiaries as of December 31, 2017, 2018 and 2019*

	As of December 31,					
	2017		2018		2019	
	Baht million	%	Baht million	%	Baht million	%
Cash and cash equivalent	22,972	4	31,478	5	32,094	5
Current investments	3,866	1	1,555	-	1,402	-
Accounts receivable - trade and others	36,134	6	40,749	6	33,118	5
Inventories	55,118	9	59,632	10	60,987	10
Current biological assets	29,973	5	34,678	6	37,104	6
Other current assets	16,384	3	17,451	3	13,941	2
Total current assets	164,447	28	185,543	30	178,646	28
Long-term investments	98,661	17	111,520	18	130,652	21
Investment properties	1,729	-	1,851	-	1,647	-
Property, plant and equipment	189,060	32	195,201	31	197,430	31
Non-current biological assets	7,764	1	8,216	1	8,057	1
Goodwill	99,522	17	95,428	15	87,762	14
Other non-current assets	32,314	5	30,332	5	29,857	5
Total non-current assets	429,050	72	442,548	70	455,405	72
Total assets	593,497	100	628,091	100	634,051	100
Overdrafts and short-term borrowings	68,077	11	61,312	10	72,204	11
Bills of exchange	35,946	6	32,244	5	21,818	3
Accounts payable – trade and others	34,837	6	35,459	6	32,184	5
Current portion of long-term debts	25,251	4	27,128	4	42,727	7
Other current liabilities	26,507	5	26,069	4	28,778	5
Total current liabilities	190,618	32	182,212	29	197,711	31
Long-term debts	159,018	27	208,948	33	196,495	31
Other non-current liabilities	17,219	3	18,273	3	20,972	3
Total non-current liabilities	176,237	30	227,221	36	217,467	34
Total liabilities	366,855	62	409,433	65	415,178	65
Total equity	226,642	38	218,658	35	218,873	35



(B) Consolidated statements of income of CPF and its subsidiaries for the years ended December 31, 2017, 2018 and 2019

	2017		2018		2019	
	Baht million	%	Baht million	%	Baht million	%
Revenue from sale of goods	501,507	97	541,937	98	532,573	98
Gains on sale of investments	10,429	2	9,328	2	8,090	1
Others	3,261	1	4,238	-	4,212	1
Total income	515,197	100	555,503	100	544,875	100
Cost of sale of goods	441,422	86	476,228	86	456,269	84
Loss (Gains) on changes in fair value of biological assets	57	-	(3,975)	-	(3,235)	(1)
Selling and administrative expenses	51,788	10	52,049	9	57,396	11
Finance costs	11,743	2	11,703	2	13,785	3
Others	21	-	204	-	10	-
Total expenses	505,031	98	536,209	97	524,225	96
Share of profits of associates and joint venture	7,983	2	8,343	2	8,894	2
Profit before income tax	18,149	4	27,637	5	29,544	5
Income tax expense	251	-	6,212	1	5,446	1
Profit for the year	17,898	4	21,425	4	24,098	4
Non-controlling interests	(2,639)	(1)	(5,894)	(1)	(5,642)	(1)
Profit for the year attributable to equity holders of the Company	15,259	3	15,531	3	18,456	3

(C) Consolidated Statements of comprehensive income for the years ended December 31, 2017, 2018 and 2019

(Unit : Baht million)	2017	2018	2019
Profit for the year	17,898	21,425	24,098
Other comprehensive income (loss) for the year, net of income tax	(9,793)	(14,712)	(13,999)
Total comprehensive income for the year	8,105	6,713	10,099
Non-controlling interests	(880)	(3,589)	(959)
Total comprehensive income for the year attributable to equity holders of the Company	7,225	3,124	9,140

(D) Consolidated statements of cash flows for the years ended December 31, 2017, 2018 and 2019

(Unit : Baht million)	2017	2018	2019
Net cash provided by (used in) operating activities	17,256	15,294	40,609
Net cash provided by (used in) investing activities	(22,482)	(27,880)	(26,648)
Net cash provided by (used in) financing activities	(2,518)	22,029	(12,034)
Net increase (decrease) in cash and cash equivalent	(7,744)	9,443	1,927
Cash and cash equivalents at the beginning of the year	30,974	21,922	30,043
Effect of exchange rate changes on the balances held in foreign currencies	(1,308)	(1,322)	(1,593)
Cash and cash equivalents at end of year	21,922	30,043	30,377



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

	2017	2018	2019
Liquidity ratios			
Current ratio ^{/26} (times)	0.86	1.02	0.90
Quick ratio ^{/27} (times)	0.33	0.40	0.34
Cash flow liquidity ratio ^{/28} (times)	0.09	0.08	0.21
Accounts receivable turnover ^{/29} (times)	14.67	13.81	14.06
Collection period ^{/30} (days)	25	27	26
Inventory turnover ratio ^{/31} (times)	30.03	29.39	26.11
Inventory turnover ^{/32} (days)	12	13	14
Accounts payable turnover ^{/33} (times)	13.30	13.55	13.49
Payable period ^{/34} (days)	27	27	27
Cash Cycle ^{/35} (days)	10	13	13
Profitability ratios			
Gross profit margin ^{/36} (%)	11.98	12.12	14.33
Operating profit margin ^{/37} (%)	5.96	7.26	8.14
Net profit margin ^{/38} (%)	3.42	3.77	4.33
Return on Equity ^{/39} (%)	10.12	9.31	11.06
Operating Efficiency ratios			
Return on fixed assets ^{/40} (%)	17.68	19.07	20.18
Asset turnover ^{/41} (times)	0.89	0.93	0.88
Leverage ratios			
Debt to equity ^{/42} (times)	1.62	1.87	1.90
Interest coverage ^{/43} (times)	4.03	4.76	4.36
Debt service coverage ^{/44} (times)	0.35	0.45	0.47
Net debt to equity ^{/45} (times)	1.45	1.68	1.71
Net interest-bearing debt to equity ^{/46} (times)	1.13	1.32	1.33
Dividend payout ^{/47} (%)	42.32	36.04	32.66

^{/26} Current ratio = Total current assets / Total current liabilities^{/27} Quick ratio = (Cash and cash equivalents + Short term investment + Accounts receivable - trade and others) / Total current liabilities^{/28} Cash flow liquidity ratio = Net cash provided by operating activities / Average current liabilities^{/29} Accounts receivable turnover = Net sales / Average accounts receivable - trade and others^{/30} Collection period = Average accounts receivable / Total revenues * 360^{/31} Inventory turnover ratio = Cost of sale of goods / Average finished goods^{/32} Inventory turnover = 360 / Inventory turnover ratio^{/33} Accounts payable turnover = Cost of sale of goods / Average accounts payable^{/34} Payable period = 360 / Accounts payable turnover^{/35} Cash Cycle = Average collection period + Inventory turnover - Payable period^{/36} Gross profit margin = Gross profit / Net sales^{/37} Operating profit margin = Profit before finance costs and income tax expense / Net sales^{/38} Net profit margin = Net profit / Total revenues^{/39} Return on Equity = Net profit attributable to equity holders of the Company / Average shareholders' equity^{/40} Return on fixed assets = (Net profit + Depreciation) / Average fixed assets^{/41} Asset turnover = Total revenues / Average total assets^{/42} Debt to equity = Total liabilities / Total shareholders' equity^{/43} Interest coverage = Net cash provided by operating activities / Interest expenses^{/44} Debt service coverage = Net cash provided by operating activities / (Debt payment + Investment expenses + Purchase of assets + Dividend paid)^{/45} Net debt to equity = Net debt / Total shareholders' equity whereby Net debt means total liabilities - Cash and cash equivalents + Guarantee to any persons or juristic persons excluded (1) guaranteed by CPF to its subsidiaries and guaranteed by CPF's subsidiaries to CPF and (2) deferred tax liabilities^{/46} Net interest-bearing debt to equity = Net debt / Total shareholders' equity whereby Net debt means total interest-bearing liabilities excluded liabilities under financial lease agreements - Cash and cash equivalents and current investments^{/47} Dividend payout = Dividend paid / Net profit attributable to equity holders of the Company according to the Company's consolidated financial statements

12. Management Discussion and Analysis

The following financial analysis is based on the Company's consolidated financial statements ended December 31, 2019.

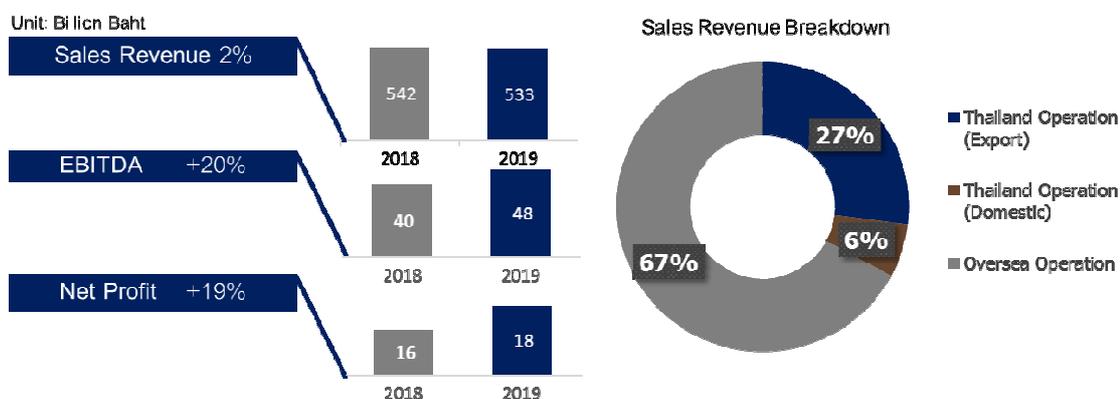
12.1 Operating Performance

12.1.1 Adoption of Accounting Standard and Extra Item

As of January 1, 2019, the Company has adopted accounting standard (TFRS 15) regarding revenue from contract customers that has specified the Company to recognize revenue from sales when risks and rewards of significant ownership has been transferred to buyer. As a result, the revenue from product sell to contract customer is not recogied as sales revenue according to the adopted standard. Therefore, the sales revenue decreased 5% from year 2018.

The Company recorded an increase in provision of employee benefit of Baht 2,126 million from the published of the Labor Protection Act (Issue 7) B.E. 2562 which increase rate of severance pay from 300 days to 400 days for those employed for over 20 years.

12.1.2 Overview of Operating Performance



In 2019, the Company has business operation in 17 countries, including Thailand, China, Vietnam, England, India, the United States, Cambodia, Russia, Turkey, Philippines, Malaysia, Laos, Belgium, Sri Lanka, Poland (according to the size of income) and Canada. The sales revenue in 2019 was at Baht 532,573 million, of which 67% is contributed from oversea operation and 33% from Thailand operation. Main contributors to sales revenue are Thailand, China, and Vietnam which accounted for 33%, 24% and 15% of sales revenue respectively.

Revenue from sales in 2019 was at Baht 532,573 million, a decrease of 2% from 2018, mainly due to the adoption of TFRS 15 accounting standard and currency translation loss from currency in countries which the Company operates to Thai Baht. Without the mentioned impacts, the Company's sales revenue should grew 8% from previous year.

Gross profit was at Baht 76,304 million (gross profit margin of 14%) with earning before interest, tax, depreciation, and amortization (EBITDA) of Baht 47,551 million (EBITDA margin of 9%) increased 16% and 20% respectively from previous year due to:

- 1.) The average price of swine in many countries has increased due to African Swine Fever (ASF) in the region which caused the overall supply of swine in the market to decrease.
- 2.) Operation performance of livestock business in Thailand has improved from a more balanced supply and demand of broilers and swine products.
- 3.) Majority of oversea operations' performance have improved as the growth in each country increased.
- 4.) The average price of raw materials for animal feed production in many countries was lower than cost in 2018.

In addition, the Company recorded one-time an increase in provision of employee benefit of Baht 2,126 million from the published of the Labor Protection Act (Issue 7) B.E. 2562 which increase rate of severance pay from 300 days to 400 days for those employed for over 20 years.

Gains on changes in fair value of biological assets in 2019 was Baht 3,235 million, decreased from previous year at Baht 3,974 million or a 19% decrease. The Company also recognized impairment losses of Baht 2,577 million due mainly from impairment of goodwill in a subsidiary company in China. As a result, the Company recorded net profit for the year at Baht 18,456 million, equivalent to earning of Baht 2.18 per share, a 19% increased from 2018.

12.1.2 Performance by Business Operation

	2017		2018		2019	
	Baht million	%	Baht million	%	Baht million	%
1. Thailand Operations	178,403	35%	178,680	32%	175,966	32%
1.1 Domestic	147,894	29%	149,651	27%	143,910	27%
Feed	50,502	10%	49,527	9%	38,427	7%
Farm-processing	73,946	14%	76,346	14%	81,371	15%
Food	23,446	5%	23,778	4%	24,112	5%
1.2 Export	30,509	6%	29,029	5%	32,056	6%
Feed	182	0%	67	0%	75	0%
Farm-processing	8,531	2%	7,472	1%	8,038	1%
Food	21,796	4%	21,490	4%	23,943	4%
2. International Operations	323,104	63%	363,257	65%	356,607	65%
2.1 China	124,370	24%	142,978	26%	129,457	24%
Feed	109,523	21%	117,151	21%	98,189	18%
Farm-processing	5,878	1%	18,613	3%	22,139	4%
Food	8,969	2%	7,214	1%	9,129	2%
2.2 Vietnam	64,820	13%	81,775	15%	85,390	16%
Feed	28,260	5%	27,639	5%	27,552	5%
Farm-processing	34,542	8%	51,834	9%	54,759	10%
Food	2,018	0%	2,302	0%	3,079	1%
2.3 Other countries	133,914	26%	138,504	25%	141,760	26%
Feed	37,049	7%	35,155	6%	35,624	7%
Farm-processing	61,133	12%	67,269	12%	69,634	13%
Food	35,732	7%	36,080	6%	36,502	7%
Total Sales Revenue	501,507	97%	541,937	98%	532,573	98%
Other Revenues	13,690	3%	13,566	2%	12,302	2%
Total Revenue	515,197	100%	555,503	100%	544,875	100%

(1) Thailand Operation

In 2019, the sales revenue of Thailand operation was at Baht 175,966 million, a decrease of 2% from the previous year, mainly due to the adoption of accounting standard TFRS 15. Gross profit margin increased to 11% from 7% in 2018, details summarize by product types as follows.

Sales revenue of animal feed products was Baht 38,502 million, a 22% decrease from the previous year, mainly due to adoption of accounting standard TFRS15. However, if exclude the effects of TFRS15, revenue from sales of animal feed would increase by approximately 5%.

In 2019, sales revenue of farm-processing business was at Baht 89,409 million, a 7% increase from previous year, mainly due the increase in broiler and swine product price from an easing of oversupply situation in

2018. An average price of swine was Baht 66 per kg in 2019, up 17% from previous year from the outbreak of ASF in the region has caused Thai swine price to increase as well. The average price of broilers was Baht 33 per kg, increased 10% from previous year due to high temperature in Thailand at the beginning of the year has caused the production volume and growth of broilers to slowdown. Moreover, China import of broiler parts from Thailand has also increased. Thailand food business revenue was Baht 48,055 million, an increase of 6% from previous year from the adjustment of sales in both product types and distribution channels.

(2) Oversea Operation

In 2019, oversea operation's sales revenue was at Baht 356,607 million, a 2% decrease from 2018, due to loss in currency translation from local currency to Thai Baht. Without impact from currency translation, the oversea operation's sales revenue would increase approximately 6% from previous year. Oversea operation's sales revenue is accounted for 67% of the Company's total sales revenue. Gross profit margin increased at 16% from 15% in 2018 which was due to improvement in performance of most of oversea operations. Main contributors are China accounts for 24%, Vietnam 15% and 14 other countries, accounting for 1-4% per country, a total of 28% of total sales revenue. Details of the operations of the main countries are as follows.

China

In 2019, China sales revenue was Baht 129,457 million, a 9% decrease from 2018, due to loss in currency translation from Chinese RMB to Thai Baht. Without impact from currency translation, China operation's sales revenue would remain about the same as previous year. Details by product types are as follows.

Sales revenue from animal feed product was at Baht 98,189 million, or 76% of China operations' sales revenue, down 16% from previous year, mainly due to the adoption of TFRS 15 accounting standard and currency translation loss as Baht strengthen against Chinese RMB.

Sale revenue from farm-processing and food business reported at Baht 31,268 million, up 21% from 2018 due to the outbreak of ASF. Average price of swine and other substitute meat such as chicken has increased. The China food operation is expanding with some facilities has been completed and started its production in previous year. Resulting in better performance from China food business operation as production and sale volume increased.

Vietnam

Sales revenue from Vietnam operation in 2019 was at Baht 85,390 million, a 4% increase from previous year due to loss in currency translation from Vietnamese Dong to Thai Baht. Without impact from currency translation, Vietnam operation's sales revenue would increase 10% from previous year. Details by product types are as follows.

Animal feed sales revenue was at Baht 27,552 million, remain in the same level of previous year, this was due to the spreading of ASF since February 2019 which caused swine population to decrease and affected the sales volume of swine feed. However, the Company was able to sell more aquatic feed to offset the decline in sales volume of swine feed. As a result, the decline in volume of animal feed sold in China was insignificant.

Farm-processing and food business had a sales revenue of Baht 57,838 million, down 7% from previous year which was due to currency translation loss and fluctuation in swine price in Vietnam due to outbreak of ASF. In quarter 2 and quarter 3 of 2019, swine price in Vietnam has dropped significantly from panic sell of swine in the market. However, in quarter 4, the price of swine rose from supply shortage. The average price of swine in Vietnam was at VND 46,511 per kg., up 7% from previous year.

12.2 Financial status

(1) Assets

As of December 31, 2019, the Company's total assets were amounted to Baht 634,051 million, consisting of current assets of Baht 178,646 million, property, plant and equipment of Baht 197,430 million, goodwill of Baht 87,762 million, along with long-term investments and other assets of Baht 170,213 million.

The Company's assets increased by 1% from those of the previous year mostly from the increase in investments in associates and joint ventures, biological assets as well as property, plant and equipment. During 2019, the Company acquired shares of HyLife Investments Ltd. ("HIL") with total value of CAD 425 million or approximately Baht 9,736 million. HIL holds 50.10% of the total shares of HyLife Group Holdings Ltd. ("HyLife") which operates a fully integrated pig business including feed mill, pig farming and pork product distribution. This transaction was completed on December 30, 2019.

(2) Sources and Uses of Capital

As of December 31, 2019, the Company's sources of capital were obtained from its operation of Baht 40,609 million while the Company had net cash used in financing activities of Baht 12,034 million (divided into proceeds from financing activities totaling Baht 10,882 million and outflow in payment of interest, dividends and others totaling Baht 22,916 million) and spending in the investment activities amounted to Baht 26,648 million.

As of December 31, 2019, the Company's interest-bearing debts were amounted to Baht 177,253 million, debentures amounted to Baht 156,649 million and subordinated perpetual debenture amounted to Baht 15,000 million. During 2019, the Company issued Baht 17,000 million debentures and redeemed Baht 13,084 million debentures.

As of December 31, 2019, the Company's net debt to equity ratio as calculated based on the specified Terms and Condition of debenture issuers and holders for the outstanding debentures are as follows:

(Unit : times)	Net debt to equity ratio	
	Consolidated financial statement	Separate financial statement
Debentures issued before CPF debenture #1/2013 ⁴⁸	1.71	0.90
CPF Debenture #2/2013 and debentures issued thereafter ^{49 /50}	1.33	N/A
CPFTH Debenture #1/2016 and debentures issued thereafter ⁵¹	N/A	1.18

As of December 31, 2019, the shareholders' equity was amounted to Baht 218,872 million, increased by 0.1% from those of the previous year, mostly resulting from the increase of retained earnings and surplus from change in shareholders' equity in subsidiaries and associates.

As of December 31, 2019, total debts to equity ratio was 1.90 times, increased from 1.87 times from the previous year due to the increase of interest bearing liabilities of Baht 3,608 million and non-interest bearing liabilities of Baht 2,137 million. Net debt to EBITDA as of December 31, 2019 was 4.96 times, slightly better than 4.99 times in 2018 as a result of operational performance improvement in 2019.

(3) Liquidity

As of December 31, 2019, the Company's liquidity ratio as per the consolidated financial statements was equal to 0.90 times, decreased from 1.02 times on December 31, 2018. Meanwhile, the cash cycle was 13 days, same as last year.

⁴⁸ Net debt = Total liabilities - Cash and cash equivalents + Guarantee to any persons or juristic persons excluded (1) guaranteed by CPF to its subsidiaries and guaranteed by CPF's subsidiaries to CPF and (2) deferred tax liabilities

⁴⁹ Exclude subordinated perpetual debenture

⁵⁰ Net debt = Total interest-bearing liabilities excluded liabilities under financial lease agreements - Cash and cash equivalents and current investments

⁵¹ Net debt = Total interest-bearing liabilities - Cash and cash equivalents and current investments

According to cash flow and liquidity ratios, the Company is capable to repay and comply with the terms and conditions of all loans.

The Company's long-term loans and debentures due within 2020 were amounted to Baht 42,404 million; due within 2021 were amounted to Baht 48,943 million; due within 2022 were amounted to Baht 26,926 million; and due within 2023-2038 were amounted to Baht 118,154 million.

12.3 Capital Expenditure Plan for 2020

The Company's estimated capital expenditure for both Thailand and international operations for the year 2020 totaled approximately Baht 25,000 million (exclude capital expenditure for M&A transactions). However, the investment budget is subject to certain situation changes.

12.4 Dividend Payment

On February 20, 2020, CPF's Board of Directors passed a resolution to approve a dividend payment for 2019 performance to shareholders of Baht 0.70 per share in total. CPF paid the first dividend payment to shareholders, as an interim dividend of Baht 0.30 per share on September 12, 2019. Therefore, the second dividend payment will be Baht 0.40 per share which will be paid from profit after deduction of taxable losses. Therefore, recipients are subject to withholding tax according to rules and conditions of the Revenue Code. However, recipients who are natural persons shall not be entitled to a tax credit in accordance with Section 47 bis of the Revenue Code. The Board of Directors will propose such dividend payment to the Annual General Shareholders' Meeting No. 1/2020, to be held on April 20, 2020 for further approval.

12.5 Events after the reporting period

The COVID-19 coronavirus outbreak occurred after the reporting period could have brought the indirect impact to the business in the outbreak area in China. However, the Group has put the contingency measures in place to lower the impact from the outbreak.

12.6 Thai Financial Reporting Standards not yet adopted

New and revised TFRS, which are relevant to the Group's operations, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

TFRS which have significant impact are as follows:

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Transition

The Company expects to initially adopt these TFRS by adjusting the impact to retained earnings or other component of equity on January 1, 2020, with no restatement of comparative information.

The Company has assessed the preliminary impact of initially applying the relevant Thai Financial Reporting Standards of financial instruments on the financial statements. As at January 1, 2020, total assets of the Company will increase approximately by Baht 10,000 million. Total liabilities of the Company will increase approximately by Baht 3,000 million. In addition, retained earnings of the Company will increase approximately by Baht 7,000 million.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Transition

The Company expects to initially adopt TFRS 16 using the modified retrospective approach by adjusting the impact to the retained earnings on January 1, 2020, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before January 1, 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

The Company has assessed the preliminary impact of initially applying TFRS 16 on the financial statements. As at January 1, 2020, the Company expect to recognise the increase in right-of-use assets approximately by Baht 25,000 million, and recognise the increase in lease liabilities approximately by Baht 27,000 million. In addition, retained earnings of the Company will decrease approximately by Baht 2,000 million.

12.7 Factors Bearing Impact on the Company's Future Performance

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



Charoen Pokphand Foods Public Company Limited

Attachment 1

Details of Directors, Executives and Company Secretary

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

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF (%)		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect		Period	Position	Company	Business
Mr. Soopakij Chearavanont Chairman	58	April 24, 2019	Honorary Doctorate in Business Administration Ramkhamhaeng University Bachelor Degree in Business Administration The College of Business and Public Administration of New York Director Accreditation Program No. 92/2011 Thai Institute of Directors Association	None	None	Elder brother of Mr. Suphachai Chearavanont and cousin of Mr. Phongthep Chiaravanont	2019-Present 2019-Present 2019-Present 2019-Present 2019-Present Present Present Present Present Present Present Present Present Present	<u>CPF Group</u> Chairman Chairman Chairman and member of Nomination Committee <u>Other Listed Companies</u> Chairman <u>Other Juristic Person</u> Chairman Chairman Chairman Director Director Director Director Director Director Director	Charoen Pokphand Foods Plc. C.P. Pokphand Co., Ltd. Chia Tai Enterprises International Ltd. CP All Plc. Charoen Pokphand Group Co., Ltd. Ping An Insurance (Group) Company of China Ltd. True Media Solutions Co., Ltd. Panther Entertainment Co., Ltd. Magnolia International Corporation Co., Ltd. Ross Breeder Siam Co., Ltd. Vivali Co., Ltd. Ubolgam Corporation Co., Ltd. MG Sales (Thailand) Co., Ltd. Cineplex Co., Ltd.	Agro-industrial and food Investment in agro-industrial and food Investment Convenience store business Investment, import and sale of chemical products, and technical assistance service Investment in insurance and financial institution Entertainment Entertainment Property development Chicken breeding and distribution Sales and marketing management service provider Investment Automobile distributor Sourcing and production of television programs
Mr. Chingchai Lohawatanakul Vice Chairman	81	Dec. 28, 1993	Master Degree in Science Arizona State University, USA Director Certification Program No. 5/2001 Thai Institute of Directors Association	0.2810%	None	None	1993-Present 1995-Present Present Present Present	<u>CPF Group</u> Vice Chairman Director Director <u>Other Juristic Person</u> Director and Senior Vice Chairman Director	Charoen Pokphand Foods Plc. CPF Investment Ltd. Chia Tai (China) Investment Co., Ltd. Charoen Pokphand Group Co., Ltd. C.P. Intertrade Co., Ltd.	Agro-industrial and food Investment Investment and trading Investment, import and sale of chemical products, and technical assistance service International trading
Adirek Sripratak Vice Chairman Chairman of Executive Committee Member of Corporate Social Responsibility and Sustainable Development Committee Member of Corporate Governance Committee and Member of Remuneration and Nominating Committee	74	Jul. 14, 1998	Honorary Doctorate in Business Administration (Management) Rajamangala University of Technology Suvarnabhumi Honorary Doctorate in Philosophy Faculty of Food Technology Mae Fah Luang University Honorary Doctorate in Philosophy Faculty of Food Science Kasetsart University Honorary Doctorate in Science Maejo University Honorary Doctorate in Economics Chiang Mai University Honorary Doctorate in Science, Food Science and Technology Rajamangala University of Technology Isan Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Certification Program No. 5/2001 Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	0.0017%	None	Elder Brother of Mrs. Arunee Walcharananan	2019-Present 2017-Present 2013-Present 2012-Present 2012-Present 2012-Present Present 2013-Present 2005-Present Present 2003-2017	<u>CPF Group</u> Member of Remuneration and Nominating Committee Chairman of the Executive Committee and Member of the Corporate Governance Vice Chairman Member of Corporate Social Responsibility and Sustainable Development Committee Chairman Vice Chairman, member of Remuneration Committee and Nomination Committee Director <u>Other Listed Companies</u> Director Director <u>Other Juristic Person</u> Director Honorary President <u>Past Experiences (2015-2019)</u> President and Chief Executive Officer (CEO)	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. CPF (Thailand) Plc. C.P. Pokphand Co., Ltd. Subsidiaries of Charoen Pokphand Foods Plc. Siam Makro Plc. CP All Plc. CP-Meiji Co., Ltd. Thai Broiler Processing Exporters Association Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Investment Subsidiaries of Charoen Pokphand Foods Plc. Cash and carry wholesale business Convenient Retail Store Manufacturing and distribution of milk products and healthy dairy products Association Agro-industrial and food
Mr. Phongthep Chiaravanont Vice Chairman	69	Dec. 28, 1993	Master Degree in Avian Sciences University of California at Davis, USA Director Accreditation Program (May 4, 2005) Thai Institute of Directors	0.0128%	0.0103%	Uncle of Mr. Soopakij Chearavanont and Mr. Suphachai Chearavanont	2019-Present 1993-Present Present 2014-Present 2000-Present	<u>CPF Group</u> Vice Chairman Director <u>Other Juristic Person</u> Director and Senior Vice Chairman Director Chairman and Chief Executive Officer	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Group Co., Ltd. CP-Meiji Co., Ltd. Perfect Companion Group Co., Ltd.	Agro-industrial and food Agro-industrial and food Investment, import and sale of chemical products, and technical assistance service Manufacturing and distribution of milk products and healthy dairy products Manufacturer and sale of pet food

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

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

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF (%) ²		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect		Period	Position	Company	Business
Mr. Suphachai Chearavanont Vice Chairman Vice Chairman of Remuneration and Nominating Committee and Member of Corporate Social Responsibility and Sustainable Development Committee	53	June 12, 2019	Honorary Doctorate in Business Administration Khon Kaen University Honorary Doctorate in Marketing Rajamangala University of Technology Isan Honorary Doctorate in Mass Communication Ramkhamhaeng University Bachelor Degree in Business Administration (Finance) Boston University, USA Director Accreditation Program No. 92/2011 Thai Institute of Directors Association	None	0.0009	Younger brother of Mr. Soopakij Chearavanont and cousin of Mr. Phongthep Chiaravanont	2019-Present	Vice Chairman, Vice Chairman of Remuneration and Nominating Committee and member of Corporate Social Responsibility and Sustainable Development Committee	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2019-Present	Vice Chairman, member of Remuneration Committee and Nomination Committee	C.P. Pokphand Co., Ltd.	Investment in agro-industrial and food
							2019-Present	Chairman	True Corporation Plc.	Telecommunication
							2019-Present	Vice Chairman	CP All Plc.	Convenience store business
							2017-Present	Director and Chairman of the Executive Committee	True Corporation Plc.	Telecommunication
							Present	Chairman	Subsidiaries of True Corporation Plc.	
							Present	Chairman	Global Compact Network Thailand (GCNT)	Investment in insurance and financial institution
							Present	Independent committee for Education Reform		Entertainment
							Present	Member in the public and private sectors committee for driving the nation's economy	Public-Private Collaboration Project	Entertainment
							Present	Team leader of private sectors	Working group for basic education & leadership development	
							Present	Director	Telecommunications Association of Thailand	
							Present	Director	Magnolia Finest Corporation Limited	Property development
							2019-Present	Advisor	E-Learning Association of Thailand	
							2019-Present	Chairman	Digital Council of Thailand	
							2019-Present	Executive Director	Thai-KOSEN Institutes	
							2017-Present	Director	Thai Federation of ICT Technology Association	
							2017-Present	Advisor	Thai Chamber of Commerce	
							2017-Present	Advisor to University Council	University of the Thai Chamber of Commerce	Academic institution
							2017-Present	Chief Executive Director	Charoen Pokphand Group Co., Ltd.	Investment, import and sale of chemical products, and technical assistance service
							2016-Present	Chairman of the Steering Committee	UN Global Compact Local Network in Thailand	
							2015-Present	Vice Chairman	Charoen Pokphand Group Co., Ltd.	Investment, import and sale of chemical products, and technical assistance service
								<u>Past Experiences (2015-2019)</u>		
							1999-2017	Director, President and Chief Executive Officer	True Corporation Plc.	Telecommunication
Mr. Rungson Sriworasat Independent Director Chairman of Audit Committee and Chairman of Corporate Governance Committee	65	Feb. 1, 2016	Master Degree in Business Administration Prince of Songkla University Bachelor Degree in Accountancy Ramkhamhaeng university Bachelor Degree in Law Sukhothai Thammathirath University Senior Executive Program 1, No. 42 Office of the Civil Service Commission, National Defense College, 2003 Senior Executive on Criminal Justice Administration (Bor'orSor.10) Institute of Administrative Justice Politics and Governance in Democratic Systems for Executives (No. 13) King Prajadhipok's Institute Training program for Inspector of the Ministry Senior Executive on Criminal Justice Administration No. 2 (Bor'orSor.2) Executive Development Program No. 10 Capital Market Academy Anti-Corruption for Executive Program No. 14/2015 Role of the Chairman Program No. 28/2012 Audit Committee Program No. 26/2009 Refresher Course DCP No. 1/2008 Finance for Non-Finance Directo No. 39/2008 Successful Formulation & Execution the Strategy No. 2/2008 Director Certification Program No. 81/2006 Thai Institute of Directors Association Good Governance for Medical Executives No. 7 (Oct. 2018-June 2019) King Prajadhipok's Institute	None	None	None	2016-Present	Independent Director, Chairman of Audit Committee and Corporate Governance Committee	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2018-Present	Independent director	Asset World Corp Plc.	Investment in companies that operate in property business
							2017-Present	Chairman of Audit Committee, independent director and member of Nomination and Remunerating Committee	U City Plc.	Property development
							2017-Present	Independent director and member of Risk Management Committee	WP Energy Plc.	Supply, distribution and transportation of liquefied petroleum
							2015-Present	Independent director	Berli Jucker Plc.	Manufacture and sale of packaging, consumer goods and
							2019-Present	Chairman of Audit Committee and Evaluation	Ministry of Finance	
							2018-Present	Member of the university council	University of the Thai Chamber of Commerce	Academic institution
							2017-Present	Member of the university council	North-Chiang Mai University	Academic institution
							2012-Present	Audit member of the Thai Bar	The Thai Bar	
							2014-Present	Honorary member of the university council	Prince of Songkla University	Academic institution
								<u>Past Experiences (2015-2019)</u>		
							2015-2019	Advisor to the Prime Minister	Secretariat of the Prime Minister	
							2013-May 2018	Chairman	TMB Bank Plc.	Commercial bank
							2014-2015	Director	PTT Plc.	Energy
							2014-2015	Director	Thai Airways International Plc.	Airline
							2013-2015	Permanent Secretary	Ministry of Finance	Ministry
							2013-2015	Chairman	Office of Insurance Commission	
							2013-2015	Chairman	Government Pension Fund Committee	
							2013-2015	Chairman	Student Loan Fund Committee	

¹ Executives according to the announcement of SEC no. Kor Chor 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992

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

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF (%)		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ²		Period	Position	Company	Business
Professor Dr. Pongsak Angkasiith Independent Director Member of Audit Committee Member of Remuneration and Nominating Committee and Chairman of Corporate Social Responsibility and Sustainable Development Committee	72	Aug. 1, 2013	Ph.D. in Agricultural Education and Extension Oklahoma State University, USA Master Degree in Agricultural Education and Extension Oklahoma State University, USA Bachelor Degree in Agriculture Chiang Mai University Rural Extension course International Agriculture Centre Wageningen, the Netherlands International Project Administration and Management course Management for Development Foundation, Ede, the Netherlands Director Certification Program in Year 2006 Advanced Audit Committee Program No. 36/2020 Thai Institute of Directors Association Seminar "Enhancing Audit Committee Excellences through Internal Audit", KPMG Executive Development Program No. 27 (2018) Capital Market Academy	0.0006%	None	None	2019-Present 2016-Present 2013-Present 2014-Present 2014-Present 1992-Present Present 2006-2017	Chairman of Corporate Social Responsibility and Sustainable Development Committee Member of Remuneration and Nominating Committee Independent director and member of Audit Committee <u>Other Juristic Person</u> Rector, College of Agricultural Innovation Biotechnology and Food President Executive Director and Head of Coffee Research Chairman <u>Past Experiences (2015-2019)</u> President	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Rangsit University Northern Thai Arabica Coffee Association Royal Project Foundation Pracharat Rak Samakkee Chiang Mai (Social Enterprise) Co., Ltd. Agricultural Support Association	Agro-industrial and food Agro-industrial and food Agro-industrial and food Academic institution Association Foundation Social enterprise Association
Pol. Gen. Phatcharavat Wongsuwan Independent Director Chairman of Remuneration and Nominating Committee and Member of Corporate Social Responsibility and Sustainable Development Committee	71	Aug. 11, 2016	Master Degree in Arts (Social Development) Kasetsart University Royal Police Cadet Academy No. 25 Armed Forces Academy Preparatory School No. 9 Diploma, National Defence College, The State Private Sector and Political Course No. 2 Director Accreditation Program No. 137/2017 Thai Institute of Directors Association	None	None	None	2019-Present 2016-Present 2017-Present 2014-Present 2013-Present 2014-Present Present	Member of Corporate Social Responsibility and Sustainable Development Committee Independent director and Chairman of Remuneration and Nominating Committee <u>Other Listed Companies</u> Vice Chairman Director Director <u>Other Juristic Person</u> Member of the The National Legislative Assembly Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Country Group Development Plc. Energy Absolute Plc. CP All Plc. The National Legislative Assembly The Thai Dairy Industry Co., Ltd.	Agro-industrial and food Agro-industrial and food Property development Alternative energy Convenient Retail Store Manufacture and sale of dairy products
Mrs. Vatchai Vimooktayon Independent Director and Member of Audit Committee	67	Feb. 18, 2019	Master Degree in Business Administration National Institute of Development Administration Bachelor Degree in Accounting Thammasat University Bachelor Degree in Law Sukhothai Thammathirath University Director Certification Program No. 287/2019 Advanced Audit Committee Program No. 36/2020 Thai Institute of Directors Association	None	None	None	2019-Present 2013-Present	Director and member of Audit Committee Independent director	Charoen Pokphand Foods Plc. C.P. Pokphand Co., Ltd.	Agro-industrial and food Investment in agro-industrial and food
Mr. Vinai Vittavasgamvej Independent Director Member of Audit Committee and Member of Corporate Governance Committee	69	April 24, 2019	Master Degree in Political Science Thammasat University Bachelor Degree in Accounting Thammasat University Director Certification Program No. 77/2006 Audit Committee Program No. 40/2012 Thai Institute of Directors Association	None	None	None	2019-Present 2013-Present 2014-Present 2012-Present 2012-Present 2016-2019	Director, member of Audit Committee and Corporate Governance Committee Independent director, member of Audit Committee and Chairman of Nomination Committee <u>Other Listed Companies</u> Independent director, Vice Chairman and Chairman of Audit Committee Independent director and member of Audit Committee Independent director and Chairman <u>Past Experiences (2015-2019)</u> Director and member of Audit Committee	Charoen Pokphand Foods Plc. C.P. Pokphand Co., Ltd. Srisawad Corporation Plc. Ekarat Engineering Plc. Sahamitr Pressure Container Plc. Syn Mun Kong Insurance Plc.	Agro-industrial and food Investment in agro-industrial and food Loan services to retail customers Transformer manufacturer, design and buildup the substation and Solar Power System Manufacturer of LPG cylinders Insurance
Mr. Pong Visedpailoon Director	75	Dec. 28, 1993 ³	Honorary Doctorate in Fisheries Maejo University Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	None	None	None	1993-Present Present 2007-Present	Director Director <u>Other Juristic Person</u> Director of the University Council	Charoen Pokphand Foods Plc. Subsidiaries of Charoen Pokphand Foods Plc. Maejo University	Agro-industrial and food Academic Institution

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

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

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF (%)		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect		Period	Position	Company	Business
Mrs. Anuee Watcharananan Director and Vice Chairperson of Executive Committee	72	Mar. 29, 2000	Bachelor degree in Economics, Thammasat University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	0.0950%	None	Younger sister of Mr. Adirek Sripratak	2020-Present 2000-Present 2012-Present 2012-Present Present 2003-Present	<u>CPF Group</u> Vice Chairperson of Executive Committee Director and member of Executive Committee Director Executive Director Director <u>Other Juristic Person</u> Deputy Group CFO	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. CPF (Thailand) Plc. C.P. Pokphand Co., Ltd. Subsidiaries of Charoen Pokphand Foods Plc. Charoen Pokphand Group Co., LTD	Agro-industrial and food Agro-industrial and food Agro-industrial and food Investment in agro-industrial and food Investment, import and sale of chemical products, and technical assistance service
Mr. Sooksunt Jimjaiswangierg Director and Vice Chairman of Executive Committee	67	May 11, 2017	Honorary Doctorate Degree of Science in Agricultural Technology Nakhon Phanom University Honorary Doctorate in Fisheries Technology and Aquatic Resources Maejo University Bachelor Degree in Economics University of the Thai Chamber of Commerce Diplome d'Honneur Francous Rabelais, France Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Certification Program No. 245/2017 Thai Institute of Directors Association	None	None	None	2020-Present 2017-Present Present Present Present	<u>CPF Group</u> Vice Chairman of Executive Committee Director Director Director Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. C.P. Pokphand Co., Ltd. C.P. Vietnam Corporation Subsidiaries of Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food Investment in agro-industrial and food Agro-industrial and food
Mr. Sukhawat Dansemsuk Director and Vice Chairman of Executive Committee	69	May 11, 2017	Bachelor Degree in Economics Thammasat University Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Director Certification Program No.225/2016 Thai Institute of Directors Association	0.0073%	None	None	2020-Present 2017-Present	<u>CPF Group</u> Vice Chairman of Executive Committee Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food
Mr. Prasit Boondoungprasert Director Member of Executive Committee and Chief Executive Officer	52	-	Master of Business Administration Cleveland State University, USA Bachelor Degree in Accounting Rajamangala University of Technology Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Certification Program No. 204/2015 Thai Institute of Directors Association	None	None	None	2019-Present Present Present 2018-2019 2017-2019	<u>CPF Group</u> Director, Chief Executive Officer and member of Executive Committee Director <u>Other Juristic Person</u> Director <u>Past Experiences (2015-2019)</u> Chief Operating Officer - Chicken Business Chief Operating Officer - International Trade and Business Development	Charoen Pokphand Foods Plc. Subsidiaries of Charoen Pokphand Foods Plc. CP-Meiji Co., Ltd. CPF (Thailand) Plc. CPF (Thailand) Plc.	Agro-industrial and food Manufacturing and distribution of milk products and healthy Agro-industrial and food Agro-industrial and food
Mr. Siripong Aroonratana Member of Executive Committee Chief Operating Officer - Livestock Business Chief Operating Officer - Sausage and Ready-to-eat Business and Acting Executive Vice President - Chicken Business	55	-	Master of Business Administration National Institute of Development Administration Bachelor Degree in Industrial Engineering Prince of Songkla University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Thai Institute of Directors Association	0.0008%	None	None	2020-Present 2019-Present	<u>CPF Group</u> Member of Executive Committee Chief Operating Officer - Livestock Business Chief Operating Officer - Sausage and Ready-to-eat Business Acting Executive Vice President - Chicken Business	Charoen Pokphand Foods Plc. CPF (Thailand) Plc.	Agro-industrial and food Agro-industrial and food
Dr. Sujnt Thammasart, D.V.M. Member of Executive Committee and Chief Operating Officer - Aquaculture Business	66	-	Bachelor Degree in Veterinary Medicine Kasetsart University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Thai Institute of Directors Association	0.0016%	None	None	2019-Present 2016-Present	<u>CPF Group</u> Member of Executive Committee Chief Operating Officer - Aquaculture Business	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food
Mr. Sathit Sangkananubordee Chief Operating Officer - Five Star and Restaurant Business	64	-	Bachelor Degree in Agricultural Economics Kasetsart University Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Certification Program No. 218/2016 Thai Institute of Directors Association	0.0022%	None	None	2015-Present Present	<u>CPF Group</u> Chief Operating Officer - Five Star and Restaurant Business Director	CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food

¹ Executives according to the announcement of SEC no. Kor Chor 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee

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

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding in CPF (%)		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ²		Period	Position	Company	Business
Mr. Pisan Chirakitcharem Member of Executive Committee and Chief Financial Officer	61	-	Master Degree in Business Administration National Institute of Development Administration Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Corporate Governance for Executives (Dec. 7-8, 2017) Director Accreditation Program (May 4, 2005) Director Certification program No. 98/2008 Thai Institute of Directors Association Updating New Financial Reporting Standard for Future Analyst (June 22, 2018) Thailand Federation of Accounting Professions, collaboration with Investment Analysts Association Seminar (Exclusive Lunch Talk on Wealth@Wise* (April 29, 2019)	0.0012%	None	None	2017-Present 2003-Present 2012-Present Present Present Present	<u>CPF Group</u> Member of Executive Committee Chief Financial Officer Director Director <u>Other Juristic Person</u> Director Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc. Arbor Acres Thailand Co., Ltd. Dak Galbi Group Co., Ltd.	Agro-industrial and food Agro-industrial and food Agro-industrial and food Chicken breeding and distribution Restaurant
Mrs. Kobboon Srichai Company Secretary member of Executive Committee and Senior Vice President - Investor Relations and Capital Market	53	-	Master Degree in Business Administration - International Business Azusa Pacific University, USA Bachelor Degree in Laws Thammasat University Board Reporting Program (May 31, 2019) Risk Management Program for Corporate Leaders (Nov. 7-8, 2017) Director Certification program in 2008 Director Accreditation Program in 2005 Company Secretary Program in 2005 Thai Institute of Directors Association The Rule of Law and Development in 2017 Thailand Institute of Justice Executive Development Program Thai Listed Companies Association Seminar "SEC Conference 2019 : Capital Market for All" (Feb. 21, 2019) Seminar "Asean CG Score Card" (Jan. 28, 2019) SEC Seminar "Economic policy and Thai capital market after election" (Jan. 25, Federation of Thai Capital Market Organization Dinner Talk "Leading Change the Series : Leading Agility" (Jul. 23, 2019) Thailand Management Association	None	None	None	2019-Present Present 2016-Present 2015-Present Present 2012-2014	<u>CPF Group</u> Member of Executive Committee and Company Secretary Senior Vice President - Investor Relations and Capital Market <u>Other Juristic Person</u> Sub-committee on Consideration of Regulations on Issuance and Offering of Equity Instruments Sub-committee on Overall Management and Corporate Strategies Consultant Club President	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Securities and Exchange Commission Thailand Management Association Accounting Profession in Management Accounting Committee Thai Investor Relations Club	Agro-industrial and food Agro-industrial and food

¹ Executives according to the announcement of SEC no. Kor Chor 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee

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

Name - Surname	Balance as of December 31,		Increase (Decrease) during the year
	2018	2019	
1. Mr. Soopakij Chearavanont ² Spouse and minor children	0 0	0 0	0 0
2. Mr. Chingchai Lohawatanakul Spouse and minor children	24,195,131 0	24,195,131 0	0 0
3. Mr. Adirek Sripratak Spouse and minor children	144,778 0	144,778 0	0 0
4. Mr. Phongthep Chiaravanont Spouse and minor children	1,100,000 890,000	1,100,000 890,000	0 0
5. Mr. Suphachai Chearavanont ³ Spouse and minor children	N/A N/A	0 73,600	N/A N/A
6. Mr. Rungson Sriworasat Spouse and minor children	0 0	0 0	0 0
7. Professor Dr. Pongsak Angkasith Spouse and minor children	50,000 0	50,000 0	0 0
8. Pol. Gen. Phatcharavat Wongsuwan Spouse and minor children	0 0	0 0	0 0
9. Mrs. Vatchari Vimooktayon ⁴ Spouse and minor children	N/A N/A	0 0	N/A N/A
10. Mr. Vinai Vittavasgarnvej ² Spouse and minor children	N/A N/A	0 0	N/A N/A
11. Mr. Pong Visedpaitoon Spouse and minor children	0 0	0 0	0 0
12. Mrs. Arunee Watcharananan Spouse and minor children	8,180,000 0	8,180,000 0	0 0
13. Mr. Sooksunt Jiumjaiswanglerg Spouse and minor children	0 0	0 0	0 0
14. Mr. Sukhawat Dansermsuk Spouse and minor children	630,433 0	630,433 0	0 0
15. Mr. Prasit Boondoungprasert Spouse and minor children	0 0	0 0	0 0
16. Mr. Siripong Aroonratana ⁵ Spouse and minor children	N/A N/A	65,000 0	N/A N/A
17. Dr. Sujint Thammasart, D.V.M. Spouse and minor children	138,348 0	138,348 0	0 0
18. Mr. Sathit Sangkanarubordee Spouse and minor children	189,533 0	189,533 0	0 0
19. Mr. Paisan Chirakitcharem Spouse and minor children	99,417 0	99,417 0	0 0

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

² Appointed as the director, effective since April 24, 2019

³ Appointed as the director, effective since May 10, 2019

⁴ Appointed as the director, effective since May 10, 2019

⁵ Appointed as executive according to the definition in announcement by SEC at KorChor 17/2008, effective since October 16, 2019



Charoen Pokphand Foods Public Company Limited

Attachment 2
Report of the Audit Committee

Report of the Audit Committee

According to the appointment made by the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Audit Committee in 2019 consists of 4 independent directors including Mr. Rungson Sriworasat, Chairman of the Audit Committee (appointed as Chairman of the Audit Committee on May 10, 2019); Professor Dr. Pongsak Angkasith, Mrs. Vatchari Vimooktayon and Mr. Vinai Vittavasgarvej, members of the Audit Committee.

During 2019, the Audit Committee had convened totally 9 meetings. Mr. Rungson Sriworasat and Professor Dr. Pongsak Angkasith participated in all 9 meetings whilst Mrs. Vatchari Vimooktayon (holding the position since February 18, 2019) participated in 7 meetings out of 7 meetings and Mr. Vinai Vittavasgarvej (holding the position since May 10, 2019) participated in 5 meetings out of 5 meetings. In addition, Dr. Chaiwat Vibulsawad who was the Chairman of the Audit Committee from January 1, 2019 to April 24, 2019 participated in 3 meetings out of 3 meetings.

Significant activities carried out by the Audit Committee during 2019 under the scope of duties and responsibilities assigned by the Board of Director can be summarized, as follows:

1. Reviewed the financial statements and financial reports of 2019 and of 1st Quarter, 2nd Quarter and 3rd Quarter of 2019 covering the review of compliance with the accounting standards, selection of the accounting policies and proper disclosure of data in financial statements to be proposed to the Board of Directors and to be submitted to the Stock Exchange of Thailand;

2. Reviewed the adequacy and suitability of the internal control system and risk management performed by the Company's Management and as reported by Head of the Internal Audit Department for effective and efficient operations of the Company and for provision of sustainable returns to all stakeholders;

3. Reviewed the risk assessment report. The Company's Management paid much attention to the risk management by performing internal and external risk assessment, evaluation of risk likelihood and risk effect as well as developing the risk mitigation plan in order to prevent or minimize their impacts to the acceptable level;

4. Reviewed the independence of the Internal Audit Department; and reviewed and approved the annual internal audit plans and also reviewed the Charter of the Internal Audit Department; and evaluated the performance of duties of the Head of the Internal Audit Department;

5. Reviewed the Company's operations whether they were in conformity with the laws governing securities and exchange, requirements of the Stock Exchange of Thailand and laws relating to the Company's businesses;

6. Reviewed the entry of transactions and disclosure of data relating to transactions with people with potential conflicts of interest in 2019 whether they were proper and in accordance with the criteria announced by the Capital Market Supervisory Board;

7. Reviewed the audit plan, the performance of the Auditor, including the independence of the Auditor, and proposing to the Board of Directors the appointment of the Company's Auditor as well as the audit fee in order to be further proposed to the shareholders' meeting;

8. Reviewed the performance of duties of the Board of Directors to ensure that they were in compliance with the Code of Best Practices prescribed as guidelines by the Stock Exchange of Thailand;

9. Participated in the meetings with the Auditor without attendance by the Company's Management so that the Auditor would be able to report events and data relating to the Company independently and to exchange their opinions freely;

10. Reviewed the Charter of the Audit Committee to ensure its conformity with practices and related laws; and also conducted evaluation on the performances of duties of the Audit Committee which was summarized that the

performances of the Audit Committee were in accordance with the Code of Conduct as prescribed by the Office of the Securities and Exchange Commission;

11. Participated in the meetings with executives and team members of the Company and its subsidiaries to acknowledge guidelines of management and business operation, i.e., the operation of the Corporate Compliance Office, the complaints and whistle blow, the Company's risk assessment results, the internal audit plan, business performances of Bellisio Group and summary of financial reporting standards that shall take effect in 2020, including the effects of such financial reporting standards.

The Audit Committee has performed its duties independently upon the responsibilities delegated by the Board in the determined timeframe with knowledge, abilities and due consideration and has given its opinions that the Company has provided proper measures on risk management, effective internal control system and environment /community conscious operation. Moreover, the Audit Committee has further given its opinions that the business operation with full abilities of the top management and all employees of the Company under the principles of good corporate governance would enable to generate satisfactory and sustainable growth of the Company; as a result, all stakeholders of the Company would be able to receive sustainable returns.

On behalf of the Audit Committee

Rungson Sriworasat

(Mr. Rungson Sriworasat)

Chairman of the Audit Committee

February 19, 2020



Charoen Pokphand Foods Public Company Limited

Attachment 3

Report of the Remuneration and Nominating Committee

Report of the Remuneration and Nominating Committee

During 2019, the Remuneration and Nominating Committee convened 2 meetings to consider significant matters which can be summarized as follows:

1. Conducted an annual evaluation of the performance of the Board of Directors for the year 2018. The evaluation results can be concluded that
 - 1.1 Structure and characteristics of the Board are appropriate for the nature and size of the Company's business and enable the Board to perform its duty effectively;
 - 1.2 The meetings were set appropriately in terms of advance meeting date determination, number of meetings and agendas. Directors received meeting documents at least seven days before the meeting date for their thorough and consideration so directors were able to allocate their time to attend every meeting and to perform their duties effectively and efficiently. Directors also expressed their opinion, upon open-minded basis, without restraint in board meetings and without conflicts among directors and management;
 - 1.3 Board has also regularly undertaken self-development both attending courses organized by external parties and in-house training relating to new regulations such as the personal data protection law. In addition, business visits also arranged for directors in order to enhance their knowledge about the Company's businesses and monitor its performance as appropriate.
2. Considered the individuals qualified to be nominated as directors replacing those who vacated office. During 2019, there were 2 cases of the vacant as follows:
 - 2.1 Vacated by rotation to be proposed to the Board of Directors and to the 2019 Annual General Shareholders' Meeting. Shareholders were given opportunities to nominate qualified individuals for being election as directors for more than 3 months in advance, since September 28, 2018 - December 31, 2018. The rules, channels, and timing for submitting these matters are posted on the Company's website for shareholders' information;
 - 2.2 Vacated by resignation to be proposed to the Board of Directors.
3. Considered the suitability of the directors' remuneration for the year 2019 to be proposed to the Board of Directors and to the 2019 Annual General Shareholders' Meeting according to the assigned duties, industry practice and size of the Company as well as the Company's performance and their responsibilities.

The Remuneration and Nominating Committee has prudently and carefully performed the duties as assigned by the Board of Directors with utmost benefit of the Company, shareholders and all stakeholders. All members of the Committee paid attention to the meeting attendance and expressed their opinion including provided useful information for the efficient and effective performance.

On behalf of the Remuneration and Nominating Committee

Pol. Gen. Phatcharavat Wongsuwan
(Pol. Gen. Phatcharavat Wongsuwan)

Chairman of the Remuneration and Nominating Committee

January 22, 2020



Charoen Pokphand Foods Public Company Limited

Attachment 4

Report of the Corporate Governance Committee

Report of the Corporate Governance Committee

During 2019, the Corporate Governance Committee convened 3 meetings to consider significant matters which can be summarized as follows:

1. Assessed the compliance with the corporate governance policy for the year 2018;
2. Assessed the performance of the Corporate Governance Committee for the year 2018;
3. Reviewed and revised the corporate governance matters in accordance with the 2017 Corporate Governance Code announced by the Securities and Exchange Commission and international rating agencies;
4. Reported the Company's assessment results in 2019 and recommendation to the Board of Directors as follows:
 - 4.1 AGM Quality by Thai Investors Association;
 - 4.2 Corporate Governance by Thai Institute of Directors Association which the Company was awarded the "Excellent" for four consecutive years;
 - 4.3 Dow Jones Sustainability Indices (DJSI) which the Company was selected to join the DJSI - Emerging Markets for five consecutive years;
 - 4.4 FTSE4Good which the Company was selected to join the FTSE4Good Emerging Index for three consecutive years;
5. Reviewed and revised the assessment form for compliance with the corporate governance policy and self-assessment form for Corporate Governance Committee for 2019.

In addition, the Corporate Governance Committee has given the importance to risk management, knowledge sharing about the new regulations or related information with active participation and expressing their view.

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

On behalf of the Corporate Governance Committee

Rungson Sriworasat

(Mr. Rungson Sriworasat)

Chairman of the Corporate Governance Committee

February 14, 2020



Charoen Pokphand Foods Public Company Limited

Attachment 5

Report of the Corporate Social Responsibility and Sustainable Development Committee

Report of the Corporate Social Responsibility and Sustainable Development Committee

By the appointment of the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Corporate Social Responsibility and Sustainable Development Committee consists of 4 members, namely, Professor Dr. Pongsak Angkasith, Chairman of the CSR&SD Committee, Mr. Adirek Sripratak, Mr. Suphachai Chearavanont and Pol.Gen. Phatcharavat Wongsuwan as committees.

In 2019, the Corporate Social Responsibility and Sustainable Development Committee had convened totally 2 meetings; whereas, Professor Dr. Pongsak Angkasith, Mr. Adirek Sripratak participated in 2 meetings. Dr. Chaiyawat Wibulswasdi whose term of office as committee reached its end on the date of the Annual General Meeting of Shareholders 2019 and was effective on April 24, 2019 and Mr. Sooksunt Jiumjaiswanglerg (whose term of office as committee reached its end on June 12, 2019) participated in 1 meeting from 1 meeting. Mr. Sukhawat Dansermasuk (whose term of office as committee reached its end on June 12, 2019), Mr. Suphachai Chearavanont (the appointment was effective from June 12, 2019 onwards) and Pol.Gen. Phatcharavat Wongsuwan (the appointment was effective from April 24, 2019 onwards) were unable to participate in 1 meeting from 1 meeting.

Significant activities carried out by the Corporate Social Responsibility and Sustainable Development Committee during 2019 under the roles and responsibilities assigned by the Board of Director can be summarized, as follows:

1. Assessed performance 2018 of the Corporate Social Responsibility and Sustainable Development Committee;
2. Validated and approved the Sustainability Report 2018;
3. Provided advices and followed up on progresses of corporate social responsibility and sustainable development implementations to ensure that they were in alignment with indices either country level or international level for the year 2019;
4. Reviewed directions, supported and followed up on CSR performances according to sustainability strategic directions under the three pillars: Food Security, Self-Sufficiency Society and Balance of Nature;
5. Promoted the corporate social responsibility and sustainable development activities that had taken parts in supporting the UN's Sustainable Development Goals (SDGs).

With the commitment to continuous improvement and development, the Company has been selected as a member of Dow Jones Sustainability Indices (DJSI) Emerging Markets and listed in Thailand Sustainability Investment (THSI) for the fifth year in a row. This is the third year that the Company was also included in FTSE4 Good Emerging Index. In addition, the Company was awarded the Highly Commended in Sustainability Award in SET Award 2019 from the Stock Exchange of Thailand for the second year in a row.

The Corporate Social Responsibility and Sustainable Development Committee shall adhere to management that contributes to economic value added and corporate shared value for society and environment, all of which shall support all sectors to move together from good to great and toward sustainability.

On behalf of the Corporate Social Responsibility
and Sustainable Development Committee

Pongsak Angkasith

(Professor Dr. Pongsak Angkasith)

Chairman of the Corporate Social Responsibility
and Sustainable Development Committee

January 7, 2020



Charoen Pokphand Foods Public Company Limited

Attachment 6

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

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

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

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

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

In this regard, the Board has the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance of the reliability of the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2019.

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



Charoen Pokphand Foods Public Company Limited

Attachment 7
Financial Statements for the Year 2019

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

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Charoen Pokphand Foods Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Charoen Pokphand Foods Public Company Limited and its subsidiaries (the "Group") and of Charoen Pokphand Foods Public Company Limited (the "Company") respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

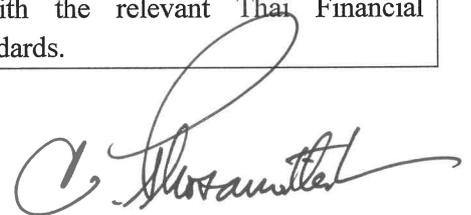
Basis for Opinion

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

Key Audit Matters

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

Impairment testing of investments in subsidiaries, intangible assets, property, plant and equipment and goodwill	
Refer to notes 4 (j), 4 (l), 4 (m), 4 (o), 12, 17 and 18 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company have investments and business operations in many countries and there is a risk from various external factors such as the fluctuation in economies, politics, laws, and trade regulations, the change in environment, climate, and disease. Hence, there is a risk that the operating results of certain businesses and the investments in certain countries might be significantly different from the initial forecast and budget and might result in the assets' carrying value being higher than the recoverable amounts, which might represent losses from impairment.</p> <p>I considered this as the key audit matter because the impairment testing involved a significant level of management judgment.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • evaluating the management's assessment on the reasonableness of the indicators and impairment testing of investments in subsidiaries, intangible assets, property, plant and equipment and goodwill including evaluating the key assumptions which supports the management's forecast; • inquiring of management about the discounted cash flow projection model, understanding the Group and the Company's business and strategies; • evaluating the assumptions applied in preparing cash flow projections by comparing the key assumptions with internal and external sources of information, taking into account the accuracy of the past cash flow projections in comparison to the actual operating results, and testing a sample of inputs and key assumptions applied in the discounted cash flow model including testing the calculation; and • evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.



Recognition of deferred tax assets	
Refer to notes 4 (z) and 28 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company have recognised deferred tax assets which were calculated from temporary differences and unutilised tax losses by considering the forecast of future taxable profits whether they will be sufficient for the utilisation of temporary differences and unutilised tax losses prior to the expiry of tax losses or not.</p> <p>I considered this as the key audit matter because the consideration of the forecast of future taxable profits of management involved a significant level of judgment in determining the key assumptions.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> evaluating the assumptions used by management in the forecast of future taxable profits of the Group and the Company in comparison to the key assumptions used by management in the preparation of the forecast of future taxable profits with the internal and external sources of information and considering the reasonableness of the forecast of future taxable profits by comparing the past forecast to the actual operating results and the operation plans; and evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.

Measurement of biological assets	
Refer to note 4 (h) and 10 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group measured certain types of biological assets at fair value less costs to sell. Management assessed the fair value by using market comparison approach which used key unobservable inputs such as quoted prices based on market prices at the end of the reporting period.</p> <p>I considered this as the key audit matter because management's estimation of the fair value of biological assets involved a significant level of judgment.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> evaluating the approach used by management in the measurement of biological assets including information used in the classification and categorising age, weight, and quantity of biological assets and comparing the quoted prices used by the Group to the internal and external sources of data and the available market prices at the reporting date; and evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.





Other Information

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

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

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

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

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

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

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

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

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

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

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

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



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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

KPMG Phoomchai Audit Ltd.
Bangkok
20 February 2020

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

Statements of financial position

(Unit: Thousand Baht)

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets		2019	2018	2019	2018
<i>Current assets</i>					
Cash and cash equivalents	7	32,094,078	31,478,037	1,065,677	4,405,856
Current investments		1,402,034	1,555,490	-	-
Accounts receivable - trade and others	8	33,117,512	40,749,353	2,508,090	3,050,636
Short-term loans to subsidiaries	6	-	-	43,075,000	60,622,000
Short-term loans to joint ventures	6	188,291	16,624	-	-
Inventories	9	60,986,587	59,631,804	2,667,329	3,660,905
Current biological assets	10	37,104,173	34,677,589	1,059,290	847,253
Advance payments for purchase of goods		5,891,200	8,120,183	-	-
Prepaid expenses		1,947,415	2,155,930	177,330	181,016
Accrued dividend income	6	165,024	201,159	2,689,695	3,228,208
Restricted deposits at financial institutions		862,700	1,134,452	-	-
Other current assets		4,887,041	5,822,133	60,216	32,115
Non-current assets classified as held for sale	12	-	-	1,084,291	-
Total current assets		178,646,055	185,542,754	54,386,918	76,027,989

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

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

Statements of financial position

(Unit: Thousand Baht)

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets (Continued)		2019	2018	2019	2018
<i>Non-current assets</i>					
Investments held as available for sale	11	3,880,234	4,261,522	-	-
Investments in subsidiaries	12	-	-	191,465,717	151,976,480
Investments in associates	14	105,893,324	96,125,533	334,809	334,809
Investments in joint ventures	15	19,434,231	9,595,506	4,360,381	4,360,381
Investments in related companies	16	1,444,334	1,504,511	150,291	150,291
Investments in other companies		1,022	33,313	-	-
Long-term loans to subsidiaries	6	-	-	600,000	15,673,186
Long-term loans to associate	6	28,650	6,150	-	-
Investment properties		1,647,276	1,850,902	354,663	354,663
Property, plant and equipment	17	197,430,375	195,200,722	15,091,603	16,218,982
Non-current biological assets	10	8,057,126	8,216,165	-	-
Goodwill	18	87,761,837	95,428,170	-	-
Other intangible assets	19	14,404,897	16,211,916	27,869	32,632
Restricted deposits at financial institutions		2,698	1,600	-	-
Deferred tax assets		3,155,636	3,384,069	955,778	1,572,692
Leasehold rights		8,520,350	8,301,979	-	-
Other non-current assets		3,742,514	2,426,039	197,004	196,110
Total non-current assets		455,404,504	442,548,097	213,538,115	190,870,226
Total assets		634,050,559	628,090,851	267,925,033	266,898,215

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

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

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
<i>Current liabilities</i>					
Bank overdrafts and short-term borrowings					
from financial institutions	20	72,204,443	61,312,159	2,852,870	2,463
Bills of exchange	20	21,818,185	32,243,942	16,339,484	17,204,109
Accounts payable - trade and others	21	32,184,326	35,458,644	1,168,973	1,245,798
Short-term borrowing from					
subsidiary	6, 20	-	-	6,500,000	-
Short-term borrowings from					
joint ventures	6, 20	657,200	660,716	-	-
Current portion of long-term borrowings	20	42,727,218	27,128,370	16,519,926	8,500,000
Accrued expenses		13,001,271	11,555,211	150,132	200,756
Income tax payable		1,501,248	1,256,492	-	-
Other current liabilities		13,617,219	12,596,625	1,434,108	1,649,944
Total current liabilities		197,711,110	182,212,159	44,965,493	28,803,070
<i>Non-current liabilities</i>					
Long-term borrowings	20	196,494,651	208,948,336	79,207,982	95,378,585
Deferred tax liabilities		7,881,843	9,087,554	-	-
Provision for employee benefits	22	9,595,827	5,966,062	2,725,561	1,688,656
Provisions and others		3,494,734	3,218,486	-	-
Total non-current liabilities		217,467,055	227,220,438	81,933,543	97,067,241
Total liabilities		415,178,165	409,432,597	126,899,036	125,870,311

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

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

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
(Continued)					
Shareholders' equity					
Share capital					
Authorised share capital (<i>ordinary shares, par value at Baht 1 per share</i>)		9,291,530	9,291,530	9,291,530	9,291,530
Issued and paid-up share capital (<i>ordinary shares, par value at Baht 1 per share</i>)		8,611,242	8,611,242	8,611,242	8,611,242
Treasury shares		(2,909,249)	(2,909,249)	-	-
Share premium	23				
Share premium on ordinary shares		57,298,909	57,298,909	56,408,882	56,408,882
Other premium		3,470,021	3,470,021	3,470,021	3,470,021
Surplus from change in shareholders' equity in subsidiaries and associates		4,072,786	3,500,083	-	-
Surplus on common control transactions		(5,159)	(5,159)	490,423	490,423
Retained earnings					
Appropriated	23				
Legal reserve		929,166	929,166	929,166	929,166
Unappropriated		103,579,286	92,078,740	53,294,335	53,296,242
Other components of shareholders' equity		(21,771,738)	(12,440,598)	2,821,928	2,821,928
Total		153,275,264	150,533,155	126,025,997	126,027,904
Subordinated perpetual debentures	24	15,000,000	15,000,000	15,000,000	15,000,000
Total shareholders' equity attributable to equity holders of the Company		168,275,264	165,533,155	141,025,997	141,027,904
Non-controlling interests	13	50,597,130	53,125,099	-	-
Total shareholders' equity		218,872,394	218,658,254	141,025,997	141,027,904
Total liabilities and shareholders' equity		634,050,559	628,090,851	267,925,033	266,898,215

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

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

Statements of income

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
Income	6				
Revenue from sale of goods		532,573,465	541,937,396	24,461,687	26,021,010
Interest income		1,037,971	918,378	4,412,896	4,386,778
Dividend income		123,975	92,722	11,526,573	10,650,656
Gains on changes in fair value of investment in joint venture		9,236	95,239	-	-
Gains on sale of investments	11, 14, 16	8,090,261	9,327,996	-	6,454,810
Other income		3,040,105	3,130,765	138,245	103,023
Total income		544,875,013	555,502,496	40,539,401	47,616,277
Expenses	6				
Cost of sale of goods	9, 27	456,269,311	476,228,200	23,121,810	24,415,422
Gains on changes in fair value of biological assets	10	-3,235,453	-3,974,589	-	-
Distribution costs	27	21,590,256	20,825,346	916,256	879,367
Administrative expenses	27	33,228,865	30,661,204	3,176,977	2,931,469
Loss on sale of investment	12	-	-	454,210	-
Impairment losses	12, 17, 18	2,576,670	562,183	204,000	-
Net foreign exchange losses		10,423	203,243	1,149,017	164,962
Finance costs		13,784,629	11,703,447	4,532,208	3,765,130
Total expenses		524,224,701	536,209,034	33,554,478	32,156,350
Share of profit of associates and joint ventures	14, 15	8,893,402	8,343,121	-	-
Profit before income tax expense		29,543,714	27,636,583	6,984,923	15,459,927
Income tax expense	28	5,445,838	6,211,904	757,107	1,563,220
Profit for the year		24,097,876	21,424,679	6,227,816	13,896,707
Profit for the year attributable to:					
Equity holders of the Company		18,455,806	15,531,470	6,227,816	13,896,707
Non-controlling interests		5,642,070	5,893,209	-	-
Profit for the year		24,097,876	21,424,679	6,227,816	13,896,707
Basic earnings per share (in Baht)	30	2.18	1.82	0.65	1.54

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

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

Statements of comprehensive income

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December 2019	2018	Year ended 31 December 2019	2018
Profit for the year		24,097,876	21,424,679	6,227,816	13,896,707
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value change on investments held as available for sale	11	(91,462)	(1,094,821)	-	-
Reclassification of net change in fair value of investments held as available for sale to profit or loss	11	-	(441,729)	-	-
Foreign currency translation differences		(13,301,107)	(13,445,931)	-	-
Reclassification of currency transaction differences on previously held interest in joint venture before status change to subsidiary to profit or loss		-	(3,650)	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	28	303,094	346,041	-	-
Total items that will be reclassified subsequently to profit or loss		(13,089,475)	(14,640,090)	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Revaluation differences on assets	17	178,018	-	-	-
Losses on remeasurements of defined benefit plans		-1,308,277	-63,001	(413,640)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	28	220,289	-9,244	82,728	-
Total items that will not be reclassified subsequently to profit or loss		(909,970)	(72,245)	(330,912)	-
Other comprehensive income for the year - net of income tax		(13,999,445)	(14,712,335)	(330,912)	-
Total comprehensive income for the year		10,098,431	6,712,344	5,896,904	13,896,707

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

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

Statements of comprehensive income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
Total comprehensive income				
attributable to:				
Equity holders of the Company	9,139,784	3,123,582	5,896,904	13,896,707
Non-controlling interests	958,647	3,588,762	-	-
Total comprehensive income				
for the year	10,098,431	6,712,344	5,896,904	13,896,707

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

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**
Statements of changes in equity

(Unit: Thousand Baht)

Note	Consolidated financial statements																
	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Other premium	Surplus from change in shareholders' equity in subsidiaries and associates	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Other components of equity				Subordinated perpetual debentures	Total shareholders' equity attributable to equity holders of the Company	Non-controlling interests	Total shareholders' equity	
									Revaluation differences on assets	Fair value change on investments held as available for sale	Foreign currency translation differences	Total other components of shareholders' equity					
Year ended 31 December 2018																	
Balance at 1 January 2018	8,611,242	(2,909,249)	57,298,909	3,470,021	3,949,783	(5,159)	929,166	82,115,694	13,824,515	(2,819,217)	(11,450,507)	(445,209)	153,015,198	15,000,000	168,015,198	58,626,658	226,641,856
Transactions with owners, recorded directly in equity																	
<i>Distributions to owners</i>																	
Dividends paid	-	-	-	-	-	-	-	(4,911,692)	-	-	-	-	(4,911,692)	-	(4,911,692)	(2,652,377)	(7,564,069)
Total distributions to owners	-	-	-	-	-	-	-	(4,911,692)	-	-	-	-	(4,911,692)	-	(4,911,692)	(2,652,377)	(7,564,069)
<i>Changes in ownership interests in subsidiaries and associates</i>																	
Acquisitions of non-controlling interests without a change in control	-	-	-	-	(491,173)	-	-	-	-	-	360,994	360,994	(130,179)	-	(130,179)	(6,667,355)	(6,797,534)
Changes in interests in associates	-	-	-	-	41,473	-	-	-	-	-	-	-	41,473	-	41,473	-	41,473
New shares issued by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	229,411	229,411
Total changes in ownership interests in subsidiaries and associates	-	-	-	-	(449,700)	-	-	-	-	-	360,994	360,994	(88,706)	-	(88,706)	(6,437,944)	(6,526,650)
Total transactions with owners, recorded directly in equity	-	-	-	-	(449,700)	-	-	(4,911,692)	-	-	360,994	360,994	(5,000,398)	-	(5,000,398)	(9,090,321)	(14,090,719)
Comprehensive income for the year																	
Profit	-	-	-	-	-	-	-	15,531,470	-	-	-	-	15,531,470	-	15,531,470	5,893,209	21,424,679
<i>Other comprehensive income</i>																	
- Losses on remeasurement of defined benefit plans	22	-	-	-	-	-	-	(51,961)	-	-	-	-	(51,961)	-	(51,961)	(4,233)	(56,194)
- Others	-	-	-	-	-	-	-	-	(12,020)	(980,231)	(11,363,676)	(12,355,927)	(12,355,927)	-	(12,355,927)	(2,300,214)	(14,656,141)
Total comprehensive income for the year	-	-	-	-	-	-	-	15,479,509	(12,020)	(980,231)	(11,363,676)	(12,355,927)	3,123,582	-	3,123,582	3,588,762	6,712,344
Interest paid on subordinated perpetual debentures - net of income tax	24	-	-	-	-	-	-	(605,227)	-	-	-	-	(605,227)	-	(605,227)	-	(605,227)
Transfer to retained earnings	-	-	-	-	-	-	-	456	(456)	-	-	(456)	-	-	-	-	-
Balance at 31 December 2018	8,611,242	(2,909,249)	57,298,909	3,470,021	3,500,083	(5,159)	929,166	92,078,740	13,812,039	(3,799,448)	(22,453,189)	(12,440,598)	150,533,155	15,000,000	165,533,155	53,125,099	218,658,254

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

**Charoen Pokphand Foods Public Company Limited
and its Subsidiaries**
Statements of changes in equity

(Unit: Thousand Baht)

Note	Consolidated financial statements																
	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Surplus from change in shareholders' equity			Unappropriated retained earnings	Other components of equity				Subordinated perpetual debentures	Total shareholders' equity attributable to equity holders of the Company	Non-controlling interests	Total shareholders' equity		
				Other premium	in subsidiaries and associates	Surplus on common control transactions		Legal reserve	Revaluation differences on assets	Fair value change on investments held as available for sale	Foreign currency translation differences					Total other components of shareholders' equity	Total
Year ended 31 December 2019																	
	8,611,242	(2,909,249)	57,298,909	3,470,021	3,500,083	(5,159)	929,166	92,078,740	13,812,039	(3,799,448)	(22,453,189)	(12,440,598)	150,533,155	15,000,000	165,533,155	53,125,099	218,658,254
	Impact of changes in accounting policies																
	(net of income tax)																
3	-	-	-	-	-	-	-	(263,634)	-	-	-	-	(263,634)	-	(263,634)	(92,401)	(356,035)
	8,611,242	(2,909,249)	57,298,909	3,470,021	3,500,083	(5,159)	929,166	91,815,106	13,812,039	(3,799,448)	(22,453,189)	(12,440,598)	150,269,521	15,000,000	165,269,521	53,032,698	218,302,219
Transactions with owners, recorded directly in equity																	
<i>Distributions to owners</i>																	
	Dividends paid																
	-	-	-	-	-	-	-	(4,911,623)	-	-	-	-	(4,911,623)	-	(4,911,623)	(2,909,486)	(7,821,109)
	Total distributions to owners																
	-	-	-	-	-	-	-	(4,911,623)	-	-	-	-	(4,911,623)	-	(4,911,623)	(2,909,486)	(7,821,109)
<i>Changes in ownership interests in subsidiaries and associates</i>																	
Acquisitions of non-controlling interests																	
	without a change in control																
	-	-	-	-	686,210	-	-	-	-	4,577	(1,098,591)	(1,094,014)	(407,804)	-	(407,804)	(883,924)	(1,291,728)
	Changes in interests in associates																
	-	-	-	-	(113,507)	-	-	-	-	-	-	-	(113,507)	-	(113,507)	-	(113,507)
	New shares issued by subsidiaries																
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	399,261	399,261
	Liquidation of subsidiary																
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66)	(66)
	Total changes in ownership interests in subsidiaries and associates																
	-	-	-	-	572,703	-	-	-	-	4,577	(1,098,591)	(1,094,014)	(521,311)	-	(521,311)	(484,729)	(1,006,040)
Total transactions with owners, recorded directly in equity																	
	-	-	-	-	572,703	-	-	(4,911,623)	-	4,577	(1,098,591)	(1,094,014)	(5,432,934)	-	(5,432,934)	(3,394,215)	(8,827,149)
Comprehensive income for the year																	
	Profit																
	-	-	-	-	-	-	-	18,455,806	-	-	-	-	18,455,806	-	18,455,806	5,642,070	24,097,876
Other comprehensive income																	
	- Gain (losses) on remeasurement of defined benefit plans																
22	-	-	-	-	-	-	-	(1,078,896)	-	-	-	-	(1,078,896)	-	(1,078,896)	699	(1,078,197)
	- Others																
	-	-	-	-	-	-	-	-	165,479	(156,486)	(8,246,119)	(8,237,126)	(8,237,126)	-	(8,237,126)	(4,684,122)	(12,921,248)
	Total comprehensive income for the year																
	-	-	-	-	-	-	-	17,376,910	165,479	(156,486)	(8,246,119)	(8,237,126)	9,139,784	-	9,139,784	958,647	10,098,431
Interest paid on subordinated perpetual debentures - net of income tax																	
24	-	-	-	-	-	-	-	(701,107)	-	-	-	-	(701,107)	-	(701,107)	-	(701,107)
	8,611,242	(2,909,249)	57,298,909	3,470,021	4,072,786	(5,159)	929,166	103,579,286	13,977,518	(3,951,357)	(31,797,899)	(21,771,738)	153,275,264	15,000,000	168,275,264	50,597,130	218,872,394

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

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

Statements of changes in equity

(Unit: Thousand Baht)

Separate financial statements										
Note	Issued and paid-up share capital	Share premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Other components of equity			Total shareholders' equity
							Revaluation differences on assets	Total other components of shareholders' equity	Subordinated perpetual debentures	
Year ended 31 December 2018										
	8,611,242	56,408,882	3,470,021	490,423	929,166	45,171,051	2,822,384	2,822,384	15,000,000	132,903,169
Transactions with owners, recorded directly in equity										
<i>Distributions to owners</i>										
	-	-	-	-	-	(5,166,745)	-	-	-	(5,166,745)
31	-	-	-	-	-	(5,166,745)	-	-	-	(5,166,745)
Total transactions with owners, recorded directly in equity										
	-	-	-	-	-	(5,166,745)	-	-	-	(5,166,745)
Comprehensive income for the year										
	-	-	-	-	-	13,896,707	-	-	-	13,896,707
Total comprehensive income for the year										
	-	-	-	-	-	13,896,707	-	-	-	13,896,707
Interest paid on subordinated perpetual debentures - net of income tax										
24	-	-	-	-	-	(605,227)	-	-	-	(605,227)
Transfer to retained earnings										
	-	-	-	-	-	456	(456)	(456)	-	-
Balance at 31 December 2018										
	8,611,242	56,408,882	3,470,021	490,423	929,166	53,296,242	2,821,928	2,821,928	15,000,000	141,027,904

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

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

Statements of changes in equity

(Unit: Thousand Baht)

Separate financial statements										
Note	Issued and paid-up share capital	Share premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Other components of equity			Total shareholders' equity
							Revaluation differences on assets	Total other components of shareholders' equity	Subordinated perpetual debentures	
Year ended 31 December 2019										
Balance at 31 December 2018 - as reported	8,611,242	56,408,882	3,470,021	490,423	929,166	53,296,242	2,821,928	2,821,928	15,000,000	141,027,904
Impact of changes in accounting policies (net of income tax)	3	-	-	-	-	(30,959)	-	-	-	(30,959)
Balance at 1 January 2019	8,611,242	56,408,882	3,470,021	490,423	929,166	53,265,283	2,821,928	2,821,928	15,000,000	140,996,945
Transactions with owners, recorded directly in equity										
<i>Distributions to owners</i>										
Dividends paid	31	-	-	-	-	(5,166,745)	-	-	-	(5,166,745)
Total distributions to owners		-	-	-	-	(5,166,745)	-	-	-	(5,166,745)
Total transactions with owners, recorded directly in equity		-	-	-	-	(5,166,745)	-	-	-	(5,166,745)
Comprehensive income for the year										
Profit		-	-	-	-	6,227,816	-	-	-	6,227,816
Other comprehensive income		-	-	-	-	-	-	-	-	-
- Loss on remeasurement of defined benefit plans		-	-	-	-	(330,912)	-	-	-	(330,912)
Total comprehensive income for the year		-	-	-	-	5,896,904	-	-	-	5,896,904
Interest paid on subordinated perpetual debentures - net of income tax	24	-	-	-	-	(701,107)	-	-	-	(701,107)
Balance at 31 December 2019		8,611,242	56,408,882	3,470,021	490,423	53,294,335	2,821,928	2,821,928	15,000,000	141,025,997

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

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

Statements of cash flows

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
Cash flows from operating activities					
Profit for the year		24,097,876	21,424,679	6,227,816	13,896,707
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Depreciation		15,516,865	15,206,544	1,480,112	1,720,852
Amortisation		1,422,549	1,466,340	7,155	7,937
Depreciation of biological assets	10	6,096,743	5,734,534	136,019	136,339
(Reversal of) bad and doubtful debts expenses	8	544,127	387,896	(667)	882
(Reversal of) losses on inventory of allowance	9	21,994	232,549	60,663	(50,720)
Interest income		(1,037,971)	(918,378)	(4,412,896)	(4,386,778)
Dividend income		(123,975)	(92,722)	(11,526,573)	(10,650,656)
Finance costs		13,784,629	11,703,447	4,532,208	3,765,130
(Gains) loss on sale of investments	11, 14, 16	(8,090,261)	(9,327,996)	454,210	(6,454,810)
Loss from liquidation of subsidiaries		4,682	-	-	-
Provisions for employee benefits	22	2,949,273	644,849	884,977	157,205
Losses on sale and write-off of property, plant, equipment and intangible assets		36,019	248,987	324,052	14,519
Impairment losses on plant, equipment and assets held for sale	17	911,916	47,497	-	-
Impairment losses on goodwill	18	1,664,754	514,685	-	-
Impairment loss on investment in subsidiary	12	-	-	204,000	-
Unrealised (gain) losses on exchange rates		22,627	(46,843)	1,864	199,490
Gains on changes in fair value of biological assets	10	(3,235,453)	(3,974,589)	-	-
Gains on changes in fair value of investment in joint venture		(9,236)	(95,239)	-	-
Share of profit of associates and joint ventures	14, 15	(8,893,402)	(8,343,121)	-	-
Income tax expense	28	5,445,838	6,211,904	757,107	1,563,220
		51,129,594	41,025,023	(869,953)	(80,683)
Changes in operating assets and liabilities					
Accounts receivable - trade and others		3,160,305	(6,045,246)	393,430	607,326
Inventories		(4,422,370)	(6,736,190)	932,914	20,746
Current and non-current biological assets		(6,279,529)	(8,201,924)	(267,967)	175,480
Other current assets		1,636,308	(2,870,568)	(1,418)	(36,986)

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

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

Statements of cash flows

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December 2019	2018	Year ended 31 December 2019	2018
Cash flows from operating activities					
<i>(Continued)</i>					
Other non-current assets		(3,431,061)	(311,660)	34,348	422
Accounts payable - trade and others		(701,690)	2,532,085	(45,830)	(138,354)
Other current liabilities		4,820,748	1,983,418	(74,897)	25,086
Employee benefits paid		(406,213)	(414,395)	(261,711)	(88,334)
Income tax paid		(4,897,236)	(5,666,524)	(35,242)	(35,527)
Net cash provided by (used in)					
operating activities		40,608,856	15,294,019	(196,326)	449,176
Cash flows from investing activities					
Interest received		1,027,224	936,342	4,413,167	4,682,366
Dividends received		4,340,886	3,920,292	12,040,021	11,022,448
Proceeds from (payment for) short-term loans to subsidiaries	6	-	-	17,547,000	(24,066,000)
Proceeds from (payment for) short-term loans to joint venture	6	(175,034)	534,943	-	-
Proceeds from (payment for) current investments		(72,333)	1,750,725	-	-
Payment for acquisition of investments		(20,849,756)	(15,165,835)	(41,379,647)	(14,235,092)
Proceeds from sale of investments		13,132,447	8,627,423	147,910	-
Net consideration paid for acquisition of subsidiaries	5	(577,541)	(624,965)	-	-
Proceeds from long-term loans to subsidiaries	6	-	-	15,073,186	1,066,564
Payment for long-term loans to associate	6	(22,500)	(3,450)	-	-
Payment for acquisition of investment properties		(2,070)	(106,467)	-	-
Payment for acquisition of property, plant and equipment		(25,529,466)	(27,127,784)	(737,248)	(1,351,682)
Payment for acquisition of other intangible assets		(143,165)	(1,122,561)	(3,031)	(3,159)
Proceeds from sale of property, plant and equipment		2,513,466	1,118,148	67,584	94,820
Proceeds from sale of other intangible assets		900	2,803	1,551	4,586
Proceeds from sale of leasehold rights		8,058	32,559	-	-
Payment for acquisition of leasehold rights		(298,805)	(652,639)	-	-
Net cash provided by (used in) investing activities		(26,647,689)	(27,880,466)	7,170,493	(22,785,149)

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

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

Statements of cash flows

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
<i>Note</i>	2019	2018	2019	2018
<i>Cash flows from financing activities</i>				
Proceeds from (repayment of) short-term borrowings from financial institutions	13,914,810	(5,145,076)	2,850,000	-
Proceeds from (repayment of) bills of exchange	(11,054,392)	(4,317,701)	(1,262,674)	1,514,968
Proceeds from short-term borrowing from subsidiary	6	-	6,500,000	-
Proceeds from short-term borrowings from joint ventures	55,747	278,903	-	-
Repayment of short-term borrowings from other company	-	(193,796)	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(124,313)	(23,746)	-	-
Proceeds from long-term borrowings from financial institutions	21,476,171	40,532,216	558,515	2,933,594
Repayment of long-term borrowings from financial institutions	(17,953,247)	(23,126,205)	(218,037)	-
Proceeds from issue of debentures	20	17,000,000	-	37,000,000
Repayment of debentures	(12,432,700)	(11,163,150)	(8,500,000)	(9,000,000)
Payment of financial transaction costs	(29,843)	(289,687)	(20,530)	(11,114)
Interest paid	(14,228,113)	(12,649,264)	(5,055,378)	(4,137,348)
Proceeds from issue of new ordinary shares	399,262	229,411	-	-
Dividend paid of the Company - net of dividends paid to subsidiaries (for shares held in treasury)	(4,911,458)	(4,910,810)	(5,166,581)	(5,165,863)
Dividends paid to non-controlling interests	(2,854,733)	(2,631,029)	-	-
Payment for the acquisition of non-controlling interests	(1,291,728)	(6,560,587)	-	-
Net cash provided by (used in) financing activities	(12,034,537)	22,029,479	(10,314,685)	23,134,237

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

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

Statements of cash flows

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
<i>Note</i>	2019	2018	2019	2018
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	1,926,630	9,443,032	(3,340,518)	798,264
Effect of exchange rate changes on cash and cash equivalents	(1,593,511)	(1,322,053)	(68)	(150)
Net increase (decrease) in cash and cash equivalents	333,119	8,120,979	(3,340,586)	798,114
Cash and cash equivalents at 1 January	30,043,466	21,922,487	4,403,393	3,605,279
Cash and cash equivalents at 31 December	30,376,585	30,043,466	1,062,807	4,403,393

Supplemental disclosures of cash flows

information:

1. Cash and cash equivalents

These consisted of:

Cash and cash equivalents	7	32,094,078	31,478,037	1,065,677	4,405,856
Bank overdrafts	20	(1,717,493)	(1,434,571)	(2,870)	(2,463)
Net		30,376,585	30,043,466	1,062,807	4,403,393

2. Non-cash transactions

2.1 As at 31 December 2019, the Group and the Company had accrued dividend income amounting to Baht 165 million and Baht 2,690 million, respectively (2018: Baht 201 million and Baht 3,228 million, respectively).

2.2 During the year 2019, a subsidiary derecognised the Exchangeable Bonds (“EBs”) with an aggregate principal amount of U.S. Dollar 2 million or equivalent to Baht 61 million (2018: U.S. Dollar 144 million or equivalent to Baht 4,580 million) as a result of the exercise of exchange rights by the holders of the EBs into ordinary shares of CP ALL Public Company Limited (“CPALL”) as specified in the terms and conditions of the EBs (see details in note 20).

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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

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Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the executive directors on 20 February 2020.

1 General information

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

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

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

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

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

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

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

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
<i>Thailand operations and businesses related to operations in Thailand</i>				
<i>Livestock business</i>				
<i>Direct subsidiaries</i>				
1) Bangkok Produce Merchandising Public Company Limited	Animal feed raw materials distribution	Thailand	99.44	99.44
2) Chester’s Food Co., Ltd.	Restaurant	Thailand	99.99	99.99
3) CPF (Thailand) Public Company Limited	Agro-industrial and integrated food	Thailand	99.99	99.98
4) C.P. Merchandising Co., Ltd.	Investment and international trading	Thailand	99.99	99.99
<i>Indirect subsidiaries</i>				
1) CP Hilai Harbour Co., Ltd.	Restaurant	Thailand	50.99	50.99
2) CPF Trading Co., Ltd.	Wholesale and retail food products	Thailand	99.99	99.97
3) CPF Food and Beverage Co., Ltd.	Production and sale of ready meals	Thailand	99.99	99.98

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
4) CPF Restaurant and Food Chain Co., Ltd.	Five stars business and restaurants	Thailand	99.99	99.98
4.1) Berice LLC	Investment in restaurant	United States of America	99.99	-
5) International Pet Food Co., Ltd.	Production and sale of pet food	Thailand	99.99	99.98
6) CPF Denmark A/S	Importer and distributor of processed meat and ready meals	Denmark	52.00	52.00
7) CPF Europe S.A.	Importer and distributor of processed meat and ready meals	Belgium	99.99	99.99
7.1) CP Chozen Limited	Investment	United Kingdom	79.99	79.99
7.1.1) Chozen Holdings Limited	Restaurant	United Kingdom	79.99	79.99
7.1.2) Chozen Noodle Trading Limited	Property lease-out	United Kingdom	79.99	79.99
7.2) Tops Foods NV	Production and distributor of ready meals	Belgium	84.07	84.07
7.3) Paulsen Food GmbH	Distributor of meat products and investment	Germany	99.99	94.99
8) CPF Food Trading Co., Ltd.	Importer and distributor of processed meat and ready meals	China	100.00	100.00
9) CP Foods (UK) Limited and subsidiaries	Importer and distributor of processed meat and ready meals	United Kingdom	99.99	99.99
10) Westbridge Food Group Limited	Investment	United Kingdom	100.00	100.00
10.1) Westbridge Foods Limited	Importer and distributor of meat and ready meals	United Kingdom	100.00	100.00
10.1.1) Westbridge Foods (Thailand) Limited	Provision and development for Asian food product	Thailand	99.99	99.99
10.2) Westbridge (Qingdao) Trading Co., Ltd.	Provision and development for Asian food product	China	100.00	100.00
10.3) Wignall Holdings Limited ⁽²⁾	Investment	United Kingdom	100.00	100.00
10.3.1) Westbridge Foods (Haydock) Limited	Distribution of meat products	United Kingdom	100.00	100.00
10.4) Westbridge Holding B.V.	Investment	Netherlands	100.00	100.00
10.5) Westbridge Foods (France) SARL	Distribution of meat products	France	100.00	100.00
10.6) Food Trac Limited	Distribution of meat products	United Kingdom	100.00	100.00
10.7) Westbridge Group License Companies	Importer of poultry meat products	United Kingdom	100.00	100.00
Aquaculture business				
Direct subsidiary				
1) Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd.	Shrimp farming	China	100.00	100.00
Indirect subsidiary				
1) C.P. Food Products, Inc.	Importer and distributor of seafood products	United States of America	100.00	100.00

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
Other businesses				
Direct subsidiaries				
1) CPF Training Center Co., Ltd.	Training center service provider	Thailand	99.99	99.99
2) CPF IT Center Co., Ltd.	Information technology service provider	Thailand	99.99	99.99
3) CPF Food Research and Development Center Co., Ltd.	Food research and development	Thailand	99.99	99.99
Overseas operations				
Direct subsidiaries				
1) Bellisio Investment, LLC	Investment	United States of America	100.00	100.00
1.1) Bellisio Parent, LLC ⁽²⁾	Investment	United States of America	100.00	100.00
1.1.1) Arden International, LLC ⁽²⁾	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.2) Bellisio Foods, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.3) Bellisio Foods Canada Corp.	Production and distributor of ready meals	Canada	100.00	100.00
1.1.4) FSI Parent Corp.	Investment	United States of America	100.00	100.00
1.1.4.1) Frozen Specialties, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.5) Overhill Farms, Inc.	Production and distributor of ready meals	United States of America	100.00	100.00
1.1.6) The All American Gourmet Company ⁽²⁾	Production and distributor of ready meals	United States of America	100.00	100.00
2) Charoen Pokphand Foods Kenya Co., Ltd. ⁽²⁾	Animal feedmill and livestock farming	Kenya	99.99	99.99
3) CPF Investment Limited	Investment	British Virgin Islands	100.00	100.00
3.1) Giant Crown Investments Limited	Investment	British Virgin Islands	100.00	100.00
3.2) CPF Hong Kong Co., Ltd.	Importer and distributor of eggs, processed meat, milk product and ready meals	Hong Kong	100.00	100.00
4) CPF Poland S.A.	Agro-industrial products and food	Poland	66.67	66.67
4.1) PetRepublic Ltd.	Production and sale of pet food	Poland	66.67	-
5) C.P. Aquaculture (Dongfang) Co., Ltd.	Shrimp hatchery business	China	100.00	100.00
6) C.P. Aquaculture (Hainan) Co., Ltd. ⁽²⁾	Aquaculture farming and hatchery business	China	100.00	100.00
7) C.P. Aquaculture (Zhanjiang) Co., Ltd.	Shrimp hatchery business	China	100.00	100.00
8) C.P. Foods Holdings Limited	Investment	British Virgin Islands	100.00	100.00
9) C.P. Foods International Limited	Investment	British Virgin Islands	100.00	100.00
10) CPF Netherlands B.V.	Investment	Netherlands	99.99	99.99
10.1) CPF Canada Holdings Corp.	Investment in integrated swine business	Canada	100.00	-
10.2) Russia Baltic Pork Invest ASA	Investment	Norway	75.82	75.82

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
10.2.1) Farm Construction Limited Liability Company	Swine farm construction	Russia	75.82	75.82
10.2.2) Finagro ASP	Financial service	Denmark	75.82	75.82
10.2.3) Kornevo Limited Liability Company	Livestock farming	Russia	75.82	75.82
10.2.4) Management Company RBPI Group Limited Liability Company	Property lease-out	Russia	75.82	75.82
10.2.5) NNPP Limited Liability Company	Livestock farming	Russia	75.82	75.82
10.2.6) NNPP-2 Limited Liability Company	Livestock farming	Russia	75.82	75.82
10.2.7) Pravdinsk Pig Production Closed Joint Stock Company	Livestock farming	Russia	75.82	75.82
10.2.8) Pravdinsk Pig Production-2 Limited Liability Company	Livestock farming	Russia	75.82	75.82
10.2.9) RBPI Partner West LLC	Slaughterhouse	Russia	75.82	-
10.2.10) Rechnoe Limited Liability Company	Biological waste management services provider	Russia	75.82	75.82
10.3) Stesha LLC	Investment	Russia	99.99	99.99
10.3.1) JSC Poultry Parent Stock Production Woyskovitsy (Formerly known as CJSC Poultry Parent Stock Production Woyskovitsy)	Livestock farming and breeding	Russia	99.99	99.99
10.3.2) JSC Poultry Production Severnaya (Formerly known as CJSC Poultry Production Severnaya)	Animal feedmill, livestock farming and food processing plant	Russia	99.99	99.99
11) Homegrown Shrimp (USA) LLC	Shrimp farming	United States of America	100.00	-
Direct and indirect subsidiaries				
1) Charoen Pokphand Foods Philippines Corporation	Production and sale of animal feed, farming and shrimp hatchery business	Philippines	99.99	99.99
1.1) A.P.P. Enterprise, Inc. ⁽¹⁾	Property lease-out	Philippines	39.60	39.60
2) Charoen Pokphand Foods (Overseas) LLC	Animal feedmill and livestock farming	Russia	99.99	99.99
2.1) CPF Agro LLC	Livestock farming	Russia	99.99	99.99
2.2) CPF Foods LLC	Livestock farming	Russia	99.99	99.99
2.3) CPF Ryazan LLC	Livestock farming	Russia	99.99	99.99

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
2.4) CPF Serebryanie Prudy LLC	Livestock farming	Russia	99.99	99.99
2.5) CPF Trading LLC ⁽³⁾	Importer and distributor of meat products	Russia	-	99.99
2.6) CPF Construction LLC (Formerly known as CPF Zaraysk LLC)	Provision of consulting service on construction	Russia	99.99	99.99
3) Chia Tai Enterprises International Limited	Investment	Bermuda	50.43	50.43
3.1) C.P. Enterprises Limited	Investment	Hong Kong	50.43	50.43
3.2) Chia Tai Huazhong Biochemistry Limited	Investment	Hong Kong	50.43	50.43
3.3) Chia Tai Pucheng Biochemistry Limited	Investment	Hong Kong	50.43	50.43
3.4) ECI Machinery Co., Ltd.	Investment	British Virgin Islands	50.43	50.43
3.5) Golden Industrial Investment Limited	Investment	Hong Kong	50.43	50.43
3.6) Henan Chia Tai Biochemistry Trading Co., Ltd. ⁽¹⁾	Trading of animal drugs	China	35.17	35.17
3.7) Pucheng Chia Tai Biochemistry Co., Ltd. ⁽¹⁾	Production and sale of chlortetracycline	China	35.17	35.17
3.8) Shanghai C.P. Industrial Trading Co., Ltd. ⁽²⁾	Sale of machine and spare part	China	50.43	50.43
3.9) Zhumadian Huazhong Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of chlortetracycline	China	35.17	35.17
4) C.P. Standart Gida Sanayi ve Ticaret A.S.	Agro-industrial and integrated food	Turkey	100.00	100.00
5) C.P. Pokphand Co., Ltd.	Investment in agro-industrial and food	Bermuda	52.24	50.43
5.1) AHM Lifestyles - Creative Hospitality Co., Ltd. ⁽¹⁾	Restaurant	Vietnam	46.32	-
5.2) Beijing CP Consultation Services Co., Ltd.	Provision of consulting service on economic and trade	China	52.24	50.43
5.3) CP Food Enterprise (Qinhuangdao) Co., Ltd.	Production and sale of processed food and ready meals	China	52.24	50.43
5.4) C.P. Aquaculture (Beihai) Co., Ltd. ⁽⁴⁾	Production and sale of animal feed	China	52.24	100.00
5.5) C.P. Aquaculture (Yangjiang) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.6) C.P. Food Enterprises (Ningbo) Co., Ltd.	Production and sale of processed food and ready meals	China	52.24	50.43
5.7) C.P. Food (Hengshui) Co., Ltd.	Production and sale of processed food	China	52.24	50.43
5.8) C.P. Food (Kaifeng) Co., Ltd.	Production and sale of processed food	China	52.24	50.43
5.9) C.P. Food (Nantong) Co., Ltd.	Production and sale of processed food and ready meals	China	52.24	50.43
5.10) C.P. Food (Xiangyang) Co., Ltd.	Production and sale of processed food	China	52.24	50.43
5.11) C.P. Food (Xuzhou) Co., Ltd.	Production and sale of processed food and ready meals	China	52.24	50.43
5.12) C.P. Food (Zhanjiang) Co., Ltd.	Production and sale of processed food	China	52.24	50.43
5.13) C.P. Premix (Guanghan) Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	47.54	45.89
5.14) C.P. Premix (Hangzhou) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.15) C.P. Premix (Liuzhou) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
5.16) C.P. Premix (Nantong) Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.35	30.26
5.17) C.P. Premix (Shenyang) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.18) C.P. Premix (Tianjin) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.19) C.P. Standard Resources Limited	Investment	Hong Kong	52.24	50.43
5.20) C.P. Vietnam Corporation	Production and sale of animal feed, farming and processed food	Vietnam	66.18	64.89
5.21) C.T. Progressive (H.K.) Limited	Investment	Bermuda	52.24	50.43
5.22) Changsha Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.23) Charoen Pokphand (China) Investment Limited	Investment	British Virgin Islands	52.24	50.43
5.24) Chengdu Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	36.57	35.30
5.25) Chia Tai Akesu Feed Co., Ltd.	Production and sale of animal feed	China	52.24	-
5.26) Chia Tai Aquaculture (Nantong) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.27) Chia Tai (Beijing) Investment Management Co., Ltd.	Rendering management and advisory service	China	52.24	50.43
5.28) Chia Tai Investment Co., Ltd. (Formerly known as Chia Tai (China) Investment Co., Ltd.)	Investment and trading	China	52.24	50.43
5.29) Chia Tai Feed (Chongyang) Co., Ltd.	Production and sale of animal feed	China	52.24	-
5.30) Chia Tai Feed Dongying Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.31) Chia Tai Feed (Harbin) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.32) Chia Tai Feed (Hefei) Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	-	50.43
5.33) Chia Tai Feed (Helin) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.34) Chia Tai Feed (Hengshui) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.35) Chia Tai Feed (Hengyang) Co., Ltd.	Production and sale of animal feed	China	52.24	-
5.36) Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.37) Chia Tai Feed (Suixi) Co., Ltd.	Production and sale of animal feed	China	52.24	-
5.38) Chia Tai Feed (Sui zhou) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.39) Chia Tai Feed (Yiwu) Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	28.73	27.74
5.40) Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.41) Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.42) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Production and sale of processed food and ready meals	China	52.24	50.43
5.43) Chia Tai Food (Suqian) Co., Ltd.	Poultry farming, production and sale of chicken meat products	China	52.24	50.43
5.44) Chia Tai (Hainan) Agro-Industry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	52.24	50.43
5.45) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.46) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.47) Chongqing Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.35	30.26
5.48) Chongqing Shuangqiao Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	36.57	35.30
5.49) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.50) CP Aqua Company Limited	Investment in aquaculture business	Hong Kong	52.24	-

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
5.51) CP China Investment Limited	Investment	Cayman Islands	52.24	50.43
5.52) CP Food Investment Limited	Investment	Hong Kong	52.24	50.43
5.53) CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.54) CPV Food Co., Ltd.	Livestock farming, production and sale of animal feed and processed food	Vietnam	66.18	64.89
5.55) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.56) Fujian Chia Tai Food Co., Ltd. ⁽¹⁾	Sale of processed poultry meat	China	36.57	35.30
5.57) Fujian Hetai Agro-Industry Co., Ltd. ⁽¹⁾	Farming and sale of poultry	China	36.57	35.30
5.58) Fujian Longzeji Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	36.57	35.30
5.59) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.60) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd. ⁽³⁾	Providing financial guarantee services	China	-	50.43
5.61) Ganzhou Chia Tai Industrial Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	41.79	40.34
5.62) Guang An Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.36	30.26
5.63) Guangdong Chia Tai Biotechnology Co., Ltd.	Production and sale of probiotics	China	52.24	50.43
5.64) Guangxi Chia Tai Financing Guarantee Co., Ltd. ⁽³⁾	Providing financial guarantee services	China	-	50.43
5.65) Guilin Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	44.41	42.86
5.66) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.67) Hainan Chia Tai Animal Husbandry Co., Ltd.	Property lease-out for use in production and sale of animal feed	China	52.24	-
5.68) Hannick Limited	Property investment	Hong Kong	52.24	50.43
5.69) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd. ⁽³⁾	Providing financial guarantee services	China	-	50.43
5.70) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.71) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	52.24	50.43
5.72) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.73) Hubei Chia Tai Co., Ltd.	Production and sale of animal feed, breeding and processed meat	China	52.24	50.43
5.74) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.75) Inner Mongolia Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	47.22	45.58
5.76) Jiangsu Chia Tai Agriculture Financing Guarantee Co., Ltd. (Formerly known as Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.)	Providing financial guarantee services	China	52.24	50.43
5.77) Jiangsu Huai Yin Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	45.97	44.38
5.78) Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd. ⁽³⁾	Providing financial guarantee services	China	-	50.43
5.79) Jilin Chia Tai Enterprise Co., Ltd.	Production and sale of animal feed	China	52.24	50.43

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
5.80) Jilin Chia Tai Food Co., Ltd.	Production and sale of processed food and ready meals	China	52.24	50.43
5.81) Jilin Deda Feed Co., Ltd.	Production and sale of animal feed	China	52.24	-
5.82) Jinan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	33.96	32.78
5.83) Jiujiang Chia Tai Feedstuff Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.35	30.26
5.84) Kaifeng Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.85) Kunming Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	48.26	46.59
5.86) Lanzhou Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	47.34	45.70
5.87) Longyan Baotai Agro-Industry Co., Ltd. ⁽¹⁾	Farming and sale of poultry	China	36.57	35.30
5.88) Longyan Chia Tai Co., Ltd. ⁽¹⁾	Production of processed poultry meat	China	36.57	35.30
5.89) Mianyang Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	41.79	40.34
5.90) Modern State Investments Limited	Investment	British Virgin Islands	52.24	50.43
5.91) Nanchang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.92) Nanning C.P. Food Co., Ltd. ⁽³⁾	Production and sale of processed food	China	-	50.43
5.93) Nanning Chia Tai Animal Husbandry Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	47.88	46.21
5.94) Nantong Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.35	30.26
5.95) Nantong Chia Tai Feedmill Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.35	30.26
5.96) Nanyang Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	47.54	45.89
5.97) Neijiang Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	36.57	35.30
5.98) Ningbo Chia Tai Agriculture Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	44.41	42.86
5.99) Pingdingshan Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	36.57	35.30
5.100) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.101) Shaanxi Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	50.15	48.41
5.102) Shanghai Han Tong International Trading Co., Ltd. ⁽³⁾	Sale of processed poultry meat	China	-	35.30
5.103) Shanxi Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.29	30.21
5.104) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.105) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.106) Shuangliu Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	36.57	35.30
5.107) Tai Zhou Chia Tai Feed Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	50.15	48.41
5.108) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.109) Urumqi Chia Tai Animal Husbandry Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	48.81	47.11
5.110) Weinan Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.111) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.112) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.113) Wuxuan Chia Tai Animal Husbandry Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	44.41	42.86

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			2019	2018
5.114) Xiamen Chia Tai Agriculture Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.35	30.26
5.115) Xiamen Sumpo Food Trading Co., Ltd. ⁽¹⁾	Sale of processed poultry meat	China	36.57	35.30
5.116) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.117) Xuzhou Chia Tai Feed Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	33.96	32.78
5.118) Yichang Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.119) Yinchuan Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	44.41	42.86
5.120) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.121) Zhangjiakou Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.35	30.26
5.122) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	China	52.24	50.43
5.123) Zhumadian Chia Tai Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	31.87	30.76
6) CPF Tanzania Limited ⁽²⁾	Animal feedmill and livestock farming	Tanzania	99.99	99.99
Indirect subsidiaries				
1) Bright Excel Investments Limited	Investment	British Virgin Islands	100.00	100.00
2) C.P. Cambodia Co., Ltd.	Production and sale of animal feed, livestock farming and processed food	Cambodia	100.00	100.00
2.1) Cambodia Property and Trading Co., Ltd. ⁽¹⁾	Property lease-out	Cambodia	49.00	49.00
3) C.P. Laos Co., Ltd.	Animal feedmill and livestock farming	Laos	99.99	99.99
4) Charoen Pokphand (Taiwan) Investment Limited	Investment	Bermuda	100.00	100.00
5) Charoen Pokphand (USA), Inc. ⁽²⁾	Broiler chicken integration	United States of America	99.97	99.97
6) Charoen Pokphand Enterprise (Taiwan) Co., Ltd. ⁽¹⁾	Chicken integration and livestock farming	Taiwan	39.00	39.00
6.1) Arbor Acres (Taiwan) Co., Ltd. ⁽¹⁾	Livestock farming	Taiwan	19.50	19.50
6.2) Charoen Pokphand (Taiwan) Co., Ltd. ⁽¹⁾	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	35.10	35.10
6.3) Chia Tai Lianyungang Co., Ltd. ⁽¹⁾	Investment	Hong Kong	39.00	39.00
6.4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. ⁽¹⁾	Production and sale of animal feed	China	27.30	27.30
6.5) Plenty Type Limited ⁽¹⁾	Investment	Cayman Islands	39.00	39.00
6.6) Rui Fu Foods Co., Ltd. ⁽¹⁾	Layer chicken business	Taiwan	19.89	19.89
6.7) Rui Mu Foods Co., Ltd. ⁽¹⁾	Layer chicken business	Taiwan	20.28	20.28
6.8) Sheng Da Foods Co., Ltd. ⁽¹⁾	Layer chicken business	Taiwan	19.89	-
7) Charoen Pokphand Foods (Malaysia) Sdn. Bhd.	Investment in aquaculture integration business and swine business	Malaysia	99.99	99.99

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2019	2018
7.1) Asia Aquaculture (M) Sdn. Bhd.	Shrimp farming and processing plant	Malaysia	99.99	99.99
7.2) Makin Jernih Sdn. Bhd.	Investment	Malaysia	99.99	99.99
7.2.1) AA Meat Shop Sdn. Bhd.	Livestock processing retailer	Malaysia	99.99	99.99
7.2.2) Chau Yang Farming Sdn. Bhd.	Livestock farming	Malaysia	99.99	99.99
7.2.3) Tip Top Meat Sdn. Bhd.	Livestock processing plant	Malaysia	99.99	99.99
7.3) Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution	Malaysia	99.99	99.99
8) Charoen Pokphand Foods Canada Inc.	Import and export food products	Canada	100.00	70.00
9) Coinaton Investments Limited	Investment	British Virgin Islands	100.00	100.00
9.1) Chun Ta Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
10) CPF (India) Private Limited	Production and sale of animal feed, farming and processed food	India	99.99	99.99
10.1) Lotus Aquaculture Lanka (Private) Limited	Shrimp hatchery and farming, and cold storage	Sri Lanka	75.00	-
11) CPF Japan Co., Ltd	Importer and distributor of processed meat and ready meals	Japan	99.99	99.99
12) CPVN Limited	Investment	British Virgin Islands	100.00	100.00
13) Forward Pass Limited	Investment	British Virgin Islands	100.00	100.00
13.1) Ta Chung Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
14) New Splendid Holdings Limited	Investment	British Virgin Islands	100.00	100.00
15) Norfolk Foods (Private) Limited	Production and sale of ready meals	Sri Lanka	80.00	80.00

(1) The Group has the power to govern those companies

(2) Operations wound up

(3) Closed

(4) During the year 2019, the Company sold the entire shares of investment in C.P. Aquaculture (Beihai) Co., Ltd. to a subsidiary of C.P. Pokphand Co., Ltd.

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2 Basis of preparation of the financial statements

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements except for initial applying TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue* and related interpretations. The effects of these changes, where such effects are considered material to the financial statements, are disclosed in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 35.

2.2 Functional and presentation currency

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

2.3 Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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

Note 12, 14 and 15	Consolidation of entities that the Group has control and significant influence over
Note 3 and 25	Revenue recognition

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Accounting policies which have the information about significant areas of estimation uncertainty and critical judgments that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 5	Measurement of fair value of assets acquired and liabilities assumed
Note 10	Measurement of biological assets
Note 12, and 14 to 19	Key assumptions underlying recoverable amounts
Note 22	Measurement of defined benefit obligations
Note 28	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised
Note 32	Measurement of financial instruments

3 Change in accounting policy

From 1 January 2019, the Group has adopted TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard as an adjustment to the retained earnings at 1 January 2019. Therefore, the Group has not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

Before TFRS 15 was effective, the Group recognised revenue when the significant risks and rewards of ownership of the goods have been transferred to the buyer. However, under TFRS 15, the Group recognises revenue when a customer obtains control of the goods in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and after deduction of any trade discounts. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Transfer of significant risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs. No revenue was recognised if there was continuing management involvement with the goods or there were significant uncertainties regarding recovery of the consideration due.

Summary of the impact, net of tax, from adopting TFRS 15 is as follows:

<i>As at 1 January 2019</i>	Consolidated financial statements	<i>(Unit: Million Baht)</i> Separate financial statements
Decrease in retained earnings	264	31
Decrease in non-controlling interests	92	-

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The following tables summarise the impacts of initial application of TFRS 15 on the financial statements.

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Amounts as reported	Adjustments	Amounts without adoption of TFRS 15	Amounts as reported	Adjustments	Amounts without adoption of TFRS 15
Statement of financial position						
As at 31 December 2019						
<i>Assets</i>						
Accounts receivable - trade and others	33,118	2,494	35,612	2,508	106	2,614
Current biological assets	37,104	(1,188)	35,916	1,059	(56)	1,003
Other current assets	4,887	(701)	4,186	60	-	60
Non-current biological assets	8,057	1	8,058	-	-	-
Deferred tax assets	3,156	(47)	3,109	956	(6)	950
		559			44	
<i>Liabilities</i>						
Accounts payable - trade and others	32,184	404	32,588	1,169	22	1,191
Other current liabilities	13,617	(28)	13,589	1,434	-	1,434
		376			22	
<i>Shareholders' equity</i>						
Unappropriated retained earnings	103,579	200	103,779	53,294	22	53,316
Currency translation differences	(31,798)	(20)	(31,818)	-	-	-
Non-controlling interests	50,597	3	50,600	-	-	-
		183			22	
Total		559			44	

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(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Amounts as reported	Adjustments	Amounts without adoption of TFRS 15	Amounts as reported	Adjustments	Amounts without adoption of TFRS 15
Statement of income for the year ended 31 December 2019						
Revenue from sale of goods	532,573	25,244	557,817	24,462	470	24,932
Cost of sales of goods	456,269	25,385	481,654	23,122	481	23,603
Gross profit	76,304	(141)	76,163	1,340	(11)	1,329
Profit before income tax expense (income)	29,544	(141)	29,403	6,985	(11)	6,974
Income tax expense (income)	5,446	7	5,453	757	(2)	755
Profit for the year	24,098	(148)	23,950	6,228	(9)	6,219

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4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations when the Group has control, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. All relevant facts and circumstances are considered in determining the acquisition date and determining whether control is transferred from one party to another. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Goodwill, at initial recognition, is measured at the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, when purchase price is more than the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When purchase price is less than net recognised amount of the identifiable assets acquired and liabilities assumed, gain on bargain purchase is immediately recognised in profit or loss.

Any consideration/contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. In the event that contingent consideration is classified as asset or liability, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

Transaction costs that are incurred in connection with a business combination are recorded as expenses as incurred.

If the business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period by the subsequently obtained information, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Step acquisition

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

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Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. If subsidiaries of the Group use accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to their financial statements to comply with the accounting policies of the Parent in preparing the consolidated financial statements.

Losses in a subsidiary which related to non-controlling interests are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree or the fair value.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently it is accounted for as new types of investment depending on the level of influence retained.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses, are eliminated in full in preparing the consolidated financial statements. Unrealised gains or losses arising from associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in foreign currency translation differences in equity until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the Group shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

A monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item and related hedging transactions are considered to form part of a net investment in a foreign operation and are presented in the same way as foreign exchange differences arising from translation.

(c) Derivatives

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

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

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(d) Hedging

Hedge of future foreign currency transactions

The Group has a policy to mitigate the foreign exchange risk of the foreign currencies monetary transactions by entering into forward exchange contracts. In this regard, all monetary transactions are translated to the functional currency of the Company and subsidiaries at the rates prevailing at the reporting date, adjusted by net receivables/ payables arising from the related forward exchange contracts and the remaining deferred forward premium/ discount. The related forward premium/ discount is recorded as income/expense over the forward contract term. The amortised forward premium/ discount and gains or losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange gains or losses on the foreign currency monetary transactions being hedged.

For hedges of anticipated future transactions, the Group recognises gains and losses on forward exchange contracts and the related forward premium/discount as deferred transaction until the transactions are completed then recognises gains or losses in profit or loss.

Hedge of interest rates

Interest differentials under swap arrangements are accrued in proportion to the interval of time and relevant underlying notional principal and recorded as adjustments to the interest expense relating to the hedged loans.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits, highly liquid short-term investments and bank overdrafts that are repayable on demand.

Deposits that have a restriction on use are presented separately in the account “Restricted deposits at financial institutions” in the statement of financial position.

(f) Trade and other accounts receivable

Trade and other accounts receivable are recognised when the Group has an unconditional right to receive consideration and are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off after performing the appropriate procedures prescribed in the Revenue Code.

(g) Inventories

Finished goods, raw materials, chemicals, medicals and supplies are measured principally at the lower of average cost and net realisable value.

Work in progress is measured principally at the lower of cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) *Biological assets*

Biological assets are measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of a biological asset), except for the case where the fair value cannot be measured reliably, they are measured at cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

Non-current biological assets, mainly consisting of swine breeders, are separately presented under the caption "Non-current assets". Other biological assets are presented under the caption "Current assets" in the statement of financial position.

(i) *Non-current assets classified as held for sale*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) *Investments*

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments held as available for sale

Investments held as available for sale are investments in marketable equity securities that are non-subsiaries and/or non-associates and/or non-joint ventures, other than those securities held for trading or intended to be held to maturity. Investments held as available for sale are, subsequent to initial recognition, stated at fair value which is determined using quoted bid price at the reporting date. The changes, therein, other than impairment losses are recognised directly in equity. When there is objective evidence that the value of the asset is impaired, impairment losses are recognised in profit or loss.

General investments

General investments are investments in equity securities of related and other companies that are non-subsiaries and/or non-associates and/or non-joint ventures, which are not marketable and are stated at cost less accumulated impairment losses.

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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(k) *Investment properties*

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, capitalised borrowing costs, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each type of property. The estimated useful lives are 5-50 years.

Transfers to property and plant

The carrying amount of investment properties is transferred to property and plant at the date of change in use and measured in accordance with accounting policy of property and plant.

(l) *Property, plant and equipment*

Recognition and measurement

Owned assets of the Group

Land used for operations is measured at revalued amounts. Land acquired after the latest revaluation was made is stated at cost less accumulated impairment losses.

Plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs, and other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchase software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation differences on assets are transferred to retained earnings.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets approximated to that which would be determined using fair values at the reporting date.

Any increase in value net of deferred tax liability is recognised in other comprehensive income and presented in "Revaluation differences on assets" in other components of equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. Any value of subsequent increase will credit to other comprehensive income only for the amount higher than the previous decrease in value.

A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset.

Transfers to investment properties

Transfers from owner-occupied property to investment property are stated at carrying amount of the property transferred at the date of the change in use.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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Depreciation

Depreciation is calculated based on the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Utilities system	3 - 40	years
Buildings and constructions	2 - 60	years
Building improvements and leasehold improvements	2 - 40	years
Water and electricity systems	3 - 30	years
Machinery and equipment	2 - 30	years
Furniture, fixtures and office equipment	2 - 20	years
Vehicles	2 - 25	years

No depreciation is provided on land and assets under construction and installation.

Depreciation methods, estimated useful lives and residual values are reviewed at each financial year-end.

(m) Intangible assets

Goodwill

The measurement of goodwill that arises upon the acquisition of subsidiaries at initial recognition is described in note 4 (a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. The carrying amount of goodwill related to associates and joint ventures is included in the carrying amount of the investment in associates and joint ventures.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, borrowing cost and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

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Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and trademarks, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use.

The estimated useful lives are as follows:

Development cost of software applications	3 - 20	years
Software licenses	3 - 20	years
Trademarks	8 - 20 years and indefinite	useful life
Customer relationship	10 - 15	years
Development cost of products	5, 15	years
Trademark licenses	15	years

Amortisation methods, estimated useful lives and residual values are reviewed at each financial year-end.

(n) Leasehold rights

Payments made by the Group for leasehold rights are measured at cost and amortisation is recognised in the profit or loss on a straight line basis over the periods of the leasehold.

(o) Impairment

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income.

When there is objective evidence that the value of the available-for-sale investments is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. The reversal of a financial asset is recognised as follows:

- (1) For financial assets carried at amortised cost and available-for-sale investments that are debt securities, the reversal is recognised in profit or loss.
- (2) For equity securities, the reversal is recognised directly in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss of the assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(q) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(r) *Contract liabilities*

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(s) *Employee benefits*

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in profit or loss in the periods during which services are rendered by employees.

Post-employment benefit - defined benefit plans

Obligations for defined benefit plans are calculated by using actuarial techniques and separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted by using the projected unit credit method to determine the present value of the defined benefit obligation and the current service cost.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

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When the benefits of a plan are changed, the resulting change in benefit that relates to past service is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed in profit or loss at the earlier of:

- (1) When the Group can no longer withdraw the offer of those benefits or
- (2) When the Group recognises costs for a restructuring

If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefit obligations are recognised in profit or loss in the periods during which services are rendered by employees.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(t) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(u) Treasury shares

Treasury shares are the Company's ordinary shares held by subsidiaries and recorded at fair value at the acquisition date. They are recognised at fair value and deducted in the equity in the consolidated financial statements. When the ordinary shares held by the subsidiaries are disposed, the Company will recognise the gain net of tax from the disposal as surplus and net losses of tax are debited to retained earnings after setting off against any remaining balance of surplus.

(v) Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable inputs.

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(w) *Revenue*

Sale of goods

Information about the Group's accounting policies relating to revenue from sale of goods are disclosed in note 3.

Rental income

Rental income from operating lease contracts is recognised in profit or loss on a straight line basis over the term of the lease.

Other income

Other operating income and interest income are recognised in profit or loss on the accrual basis. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

(x) *Finance costs*

Interest and expenses incurred from financing are charged to profit or loss for the period on the accrual basis, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The interest component of finance lease payments is recognised as finance costs in profit or loss using the effective interest rate method.

(y) *Expenses*

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

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Contingent lease payments are accounted for by revising the minimum lease payment over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

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

When an arrangement is or contains a lease, at inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group incremental borrowing rate.

(z) **Income tax**

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the income tax of business combination or the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax

Current tax is calculated from the taxable income for the year, using tax rates enacted at the reporting date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for goodwill which is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the temporary differences associated with investment in subsidiaries and associates that is probable that it will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(aa) *Basic earnings per share*

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated from the profit or loss attributable to ordinary shareholders of the Company less cumulative interest expense (net of income tax) on subordinated perpetual debentures and divided by the weighted average number of ordinary shares held by third parties outstanding during year.

(ab) *Segment reporting*

Segment results that are reported to the Group’s management (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 Significant acquisitions of subsidiaries and non-controlling interests

5.1 Share acquisition of Jilin Deda Feed Co., Ltd. (“Deda”)

On 31 December 2019, Chia Tai Investment Co., Ltd. (“CTI”), a 52.24% indirectly owned subsidiary of the Company, acquired the entire ordinary shares of Deda, from Chia Tai (China) Agro-Industrial Ltd., Chia Tai SongLiao Co., Ltd. and Mass Success Enterprise Ltd. at the amount of Renminbi 134 million or equivalent to approximately Baht 576 million.

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

The Group obtained control of Deda on 31 December 2019 (“Acquisition date”) through the acquisition of 52.24% of its total issued and paid-up share capital.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2018) *Business Combinations* to recognise the business combination transactions. Details of the total consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date were as follows:

Consideration transferred

(Unit: Million Baht)

	<u>Fair value</u>
Cash	<u><u>576</u></u>

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Identifiable assets acquired and liabilities assumed

(Unit: Million Baht)

	Fair value
Accounts receivable - trade and others	10
Inventories	60
Other current assets	44
Property, plant and equipment	188
Customer relationship	342
Other non-current assets	112
Accounts payable - trade and others	(49)
Other current liabilities	(46)
Deferred tax liabilities	(85)
Net assets	576
Consideration transferred	576
Cash received from acquisition of subsidiary	-
Net consideration paid for acquisition of subsidiary	576

As at 31 December 2019, the Group is still assessing the final fair value assessment of the net assets acquired in accordance with TFRS No. 3 (revised 2018). In this regards, the Group has provisionally estimated the fair value of the identifiable assets and liabilities assumed from the business combination for accounting record. However, if the Group obtains any new information within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities existed at the acquisition date, then the acquisition accounting will be revised.

If the acquisition of Deda had occurred on 1 January 2019, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the year ended 31 December 2019 would have been as follows:

(Unit: Million Baht)
For the year ended
31 December 2019

Revenue from sale of goods	533,277
Profit for the year attributable to equity holders of the Company	18,467

5.2 Acquisition of non-controlling interests of C.P. Pokphand Co., Ltd. (“CPP”)

During the year 2019, CPF Investment Limited, a 100% owned subsidiary of the Company, acquired an additional 1.81% non-controlling interest in CPP from the acquisition of common shares of CPP from the Stock Exchange of Hong Kong of 460 million shares with total consideration of U.S. Dollar 40 million or equivalent to Baht 1,265 million, increasing the Group’s ownership interest in CPP from 50.43% to 52.24%.

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For the year ended 31 December 2019

(Unit: Million Baht)

	Consolidated financial statements
	<u>2019</u>
Carrying amount of non-controlling interests acquired	877
Consideration transferred	1,265
A decrease in equity attributable to equity holders of the Company	<u>(388)</u>
A decrease in equity attributable to equity holders of the Company comprised:	
Surplus from change in shareholders' equity in subsidiaries	704
Fair value change on investments held as available for sale	5
Foreign currency translation differences	(1,097)
Total	<u>(388)</u>

6 Related party transactions

Related parties are those parties considered to be related to the Group. Related parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions or where the Group and parties are subject to common control or common significant influence.

The entity which holds significant influence over the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 48.93% of the Company's voting rights as of the latest closing date of shareholder register book on 8 May 2019.

The pricing policies for particular types of transactions with related parties are explained further below:

<u>Transactions</u>	<u>Pricing policies</u>
Sale of goods	The price list of the Group
Purchase of raw material and goods	The price list of the suppliers
Purchase and sale of property, plant and equipment	Fair value
Purchase and sale of investments	Fair value
Interest income/interest expense	Source of fund cost plus fund management expenses
Dividend income	Upon declaration
Rental and service fees	Standard rates as specified by the lessors or service providers
Technical service fees	Rate per quantity of feed production/rate per sale value of animal feed/rate per total revenue
Trademark license fee	Rate per sales value under trademark
Other income/other expenses	Standard service rates as specified by the service providers

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6.1 Significant transactions with related parties for the years ended 31 December

		<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
(a)	<i>Income</i>				
	Significant influence entity				
	Sale of goods	2	1	-	-
	Training and seminar income	1	1	-	-
	Software application income	1	1	-	-
	Rental, service and other income	1	1	-	-
	Subsidiaries				
	Dividend income	-	-	11,517	10,612
	Interest income	-	-	4,362	4,321
	Sale of goods	-	-	2,733	2,322
	Gain on sale of fixed assets	-	-	14	7
	Rental, service and other income	-	-	6	10
	Gain on sale of investment	-	-	-	6,455
	Associates, joint ventures and related companies				
	Sale of goods	63,079	67,129	1,248	1,057
	Rental, service and other income	214	182	4	3
	Dividend income	124	88	9	38
	Software application income	72	219	-	-
	Gain on sale of fixed assets	36	2	-	2
	Interest income	14	31	-	-
	Training and seminar income	8	8	-	-
(b)	<i>Expenses and others</i>				
	Significant influence entity				
	Purchase of raw materials and goods	9,537	10,748	2,296	2,699
	Trademark license fees	2,987	1,430	233	7
	Technical service fees	444	724	9	40
	Subsidiaries				
	Purchase of raw materials and goods	-	-	2,368	2,950
	Loss on sale of investment	-	-	454	-
	Software application fees	-	-	158	165
	Rental and service fees	-	-	56	56
	Interest expense	-	-	45	-
	Training and seminar fees	-	-	19	30
	Other expenses	-	-	44	36
	Associates, joint ventures and related companies				
	Purchase of raw materials and goods	65,512	76,610	544	534
	Construction costs of buildings, structures and others	3,648	2,944	196	380

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	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
(b) Expenses and others (Continued)				
Associates, joint ventures and related companies				
Rental and service fees	1,912	1,895	258	315
Training and seminar fees	258	218	28	32
Purchase of equipment and others	186	204	38	25
Trademark license fees	92	73	-	-
Software application fees	70	55	-	-
Interest expense	12	11	-	-
Other expenses	1,618	1,570	119	99

6.2 Balances with related parties as at 31 December were as follows:

6.2.1 Accounts receivable - trade and others

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Significant influence entity	2	3	-	1
Subsidiaries	-	-	659	1,003
Associates and joint ventures	5,182	4,553	39	46
Related companies	7,371	12,051	530	466
Total	12,555	16,607	1,228	1,516

6.2.2 Short-term loans

	(Unit: Million Baht)			
	Consolidated financial statements			
	Outstanding balance		Average balance	
	2019	2018	2019	2018
Joint ventures	188	17	64	357
Total	188	17	64	357

	(Unit: Million Baht)			
	Separate financial statements			
	Outstanding balance		Average balance	
	2019	2018	2019	2018
Subsidiaries	43,075	60,622	47,451	48,639
Total	43,075	60,622	47,451	48,639

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

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

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Functional currencies of each company in the Group	188	17	43,075	60,622
Total	188	17	43,075	60,622

6.2.3 Advance payments for purchase of goods

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Joint ventures	8	78	-	-
Related companies	3,685	5,580	-	-
Total	3,693	5,658	-	-

6.2.4 Accrued dividend income

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Subsidiaries	-	-	2,690	3,203
Associates	128	161	-	-
Related companies	37	40	-	25
Total	165	201	2,690	3,228

6.2.5 Accrued interest income

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Joint ventures	1	1	-	-
Total	1	1	-	-

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6.2.6 Long-term loans

(Unit: Million Baht)

	Consolidated financial statements			
	Outstanding balance		Average balance	
	2019	2018	2019	2018
Associate	29	6	6	4
Total	29	6	6	4

(Unit: Million Baht)

	Separate financial statements			
	Outstanding balance		Average balance	
	2019	2018	2019	2018
Subsidiaries	600	15,673	15,799	13,998
Total	600	15,673	15,799	13,998

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

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Functional currencies of each company in the Group	29	6	600
Foreign currencies				
- United States Dollar	-	-	-	15,391
Total	29	6	600	15,673

6.2.7 Accounts payable - trade and others

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Significant influence entity	429	257	63
Subsidiaries	-	-	97	48
Associates and joint ventures	497	405	6	6
Related companies	4,664	4,243	84	123
Total	5,590	4,905	250	234

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6.2.8 Short-term borrowings

		<i>(Unit: Million Baht)</i>			
		Consolidated financial statements			
		Outstanding balance		Average balance	
		2019	2018	2019	2018
Joint ventures		657	661	615	567
Total		657	661	615	567

		<i>(Unit: Million Baht)</i>			
		Separate financial statements			
		Outstanding balance		Average balance	
		2019	2018	2019	2018
Subsidiary		6,500	-	1,542	-
Total		6,500	-	1,542	-

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

6.3 Balances of loans/borrowings and interest rates

Balances of loans/borrowings and interest rates as at 31 December are summarised as follows:

		Consolidated financial statements					
		<i>(Unit: Million Baht)</i>					
		Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
		2019	2018	2019	2018	2019	2018
Short-term loans to joint ventures		188	17	-	-	4.74	4.85
Long-term loans to associate		29	6	-	-	3.51	4.95
Short-term borrowings from joint ventures		657	661	-	-	2.00	2.00

		Separate financial statements					
		<i>(Unit: Million Baht)</i>					
		Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
		2019	2018	2019	2018	2019	2018
Short-term loans to subsidiaries		-	-	43,075	60,622	6.88	7.13
Long-term loans to subsidiaries		600	6,328	-	9,345	5.00	6.25
Short-term borrowing from subsidiary		6,500	-	-	-	3.85	-

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6.4 Key management personnel compensation

Key management personnel compensation consists of:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<i>For the year ended 31 December</i>				
Short-term employee benefits	1,324	1,490	169	228
Post-employment under defined benefit plans	60	16	15	4
Total	1,384	1,506	184	232
<i>As at 31 December</i>				
Provisions for employee benefits	466	434	108	87
Total	466	434	108	87

6.5 Commitments

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

6.5.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	703	593	7	59

6.5.2 Commitments under operating lease agreements

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Within one year	1,302	1,228	210	273
Over one year but within five years	2,526	2,207	269	277
Over five years	545	415	-	-
Total	4,373	3,850	479	550

The Company and certain subsidiaries had lease agreements with related parties covering office premises (including related facilities service agreements), land, farms and vehicles for the periods of 1 to 16 years, expiring in 2020 to 2035.

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6.6 Significant agreements

As at 31 December 2019, the Group had the following significant agreements with related parties:

6.6.1 *Technical service agreement*

Certain foreign subsidiaries have a technical service agreement with a significant influence entity, Charoen Pokphand Group Company Limited (“CPG”) for the right to obtain technical service as stipulated in the agreement. In this regard, the foreign subsidiaries are committed to pay service fees to CPG in accordance with the terms, conditions and rates as stipulated in the agreement.

6.6.2 *Trademark agreements*

The Company and certain subsidiaries have trademark agreements with CPG, for the right to use trademarks as stipulated in the agreements. In this regard, the Company and subsidiaries are committed to pay trademark license fees to CPG in accordance with the terms, conditions and rates as stipulated in the agreements.

A subsidiary has a trademark agreement with a related company, Star Marketing Co., Ltd. (“STAR”), for the right to use trademarks as stipulated in the agreement. In this regard, the subsidiary is committed to pay trademark license fee to STAR in accordance with the terms, conditions and rates as stipulated in the agreement.

6.6.3 *Application system service agreement*

A subsidiary had an application system service agreement with a related company, Freewill Solutions Co., Ltd. (“Freewill”) as stipulated in the agreement. Under the terms of the agreement, Freewill agrees to provide the subsidiary the application system service. In this regard, the subsidiary is committed to pay the application system service fee to Freewill in accordance with the terms, conditions and rates as stipulated in the agreement.

6.6.4 *Service agreements for import and export transactions*

The Company and certain subsidiaries have service agreements with a related company, C.P. Intertrade Co., Ltd. (“CPI”) as stipulated in the agreements. Under the terms of the agreements, CPI agrees to provide documentation services and others relating to import and export transactions of the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the service fees to CPI in accordance with the terms, conditions and rates as stipulated in the agreements.

6.6.5 *Software application agreements*

A subsidiary (CPF IT Center Co., Ltd.) has information technology service and software application agreements with local and foreign related companies. The terms and the service fees are stipulated in the agreements. The agreements may be terminated upon either party agreeing to terminate the agreements or either party being in breach of the agreements.

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6.6.6 Agreements for the acquisition of assets

During the year 2019, Chia Tai Investment Co., Ltd. (“CTI”), a 52.24% indirectly owned subsidiary of the Company, entered into agreements with related companies (Yueyang C.T. Agricultural Husbandry Co., Ltd., Heilongjiang Chia Tai Enterprise Co., Ltd. and Hengyang Chia Tai Co., Ltd.) to acquire assets relating to production and sale of animal feed business in China for total consideration of Renminbi 58 million or equivalent to approximately Baht 260 million.

As at 31 December 2019, CTI had partially acquired the assets for total amount of Renminbi 8 million or equivalent to approximately Baht 39 million.

7 Cash and cash equivalents

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Cash at financial institutions and on hand	25,342	26,353	1,066	4,406
Highly liquid short-term investments	6,752	5,125	-	-
Total	32,094	31,478	1,066	4,406

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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Functional currencies of each company in the Group	29,333	29,467	1,059	4,392
Foreign currencies				
- United States Dollar	1,847	1,588	7	14
- Euro	430	153	-	-
- Norway Krone	179	2	-	-
- Zloty	102	19	-	-
- Taiwan Dollar	79	82	-	-
- Renminbi	64	47	-	-
- Hong Kong Dollar	23	21	-	-
- Others	37	99	-	-
Total	32,094	31,478	1,066	4,406

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8 Accounts receivable - trade and others

(Unit: Million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Related parties	6	12,555	16,607	1,228	1,516
Other parties		21,605	24,974	1,285	1,541
Total		34,160	41,581	2,513	3,057
Less allowance for doubtful accounts		(1,042)	(832)	(5)	(6)
Net		33,118	40,749	2,508	3,051
Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the year ended 31 December		544	388	(1)	1

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Periods over credit terms:				
Over 3 months to 6 months	42	108	-	-
Over 6 months to 12 months	96	122	-	-
Over 12 months	904	602	5	6
Total	1,042	832	5	6

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Functional currencies of each company in the Group	30,205	37,529	1,805	1,748
Foreign currencies				
- United States Dollar	1,281	2,103	205	590
- Won	453	393	-	-
- Euro	402	134	19	49
- Renminbi	373	32	373	395
- Singapore Dollar	212	272	-	-
- Swedish Krona	76	69	-	-
- Australian Dollar	43	42	66	198
- Yen	40	53	19	14
- Pound Sterling	10	107	21	54
- Others	23	15	-	3
Total	33,118	40,749	2,508	3,051

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9 Inventories

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Raw materials	32,346	33,648	1,495	1,932
Chemicals and supplies	2,874	2,878	154	157
Work in progress	1,620	1,840	268	465
Finished goods	18,023	16,927	853	1,149
Inventories in transit	6,677	4,893	3	3
Total	61,540	60,186	2,773	3,706
<i>Less</i> allowance for decline in value of inventories	(553)	(554)	(106)	(45)
Net	60,987	59,632	2,667	3,661

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2019 amounted to Baht 350,951 million (2018: Baht 370,223 million) in the consolidated statement of income and Baht 14,012 million (2018: Baht 15,082 million) in the separate statement of income.

In 2019, the Group and the Company recognised losses for decline in value of inventories of Baht 22 million (2018: Baht 233 million) and Baht 61 million (2018: recognised a reversal of allowance for decline in value of inventories of Baht 51 million) respectively.

10 Biological assets

Movements for the years ended 31 December were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
At 1 January	42,894	37,737	847	1,159
Increase due to purchase/raise	151,600	156,571	8,293	8,848
Decrease due to sale/harvest	(145,525)	(148,116)	(7,882)	(8,813)
Depreciation	(6,097)	(5,735)	(136)	(136)
Gains on change in fair value less costs to sell	3,235	3,975	-	-
Currency translation differences	(1,979)	(1,250)	-	-
Others	1,033	(288)	(63)	(211)
Balance at 31 December	45,161	42,894	1,059	847
Current				
Livestock	35,236	32,890	-	-
Aquatic	1,868	1,788	1,059	847
Total current	37,104	34,678	1,059	847
Non-current				
Livestock	8,057	8,216	-	-
Total non-current	8,057	8,216	-	-
Total	45,161	42,894	1,059	847

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Biological assets comprise livestock biological assets such as swine, chicken, duck etc. and aquatic biological assets such as shrimp and fish. Biological assets are measured at fair value using quoted prices at the end of reporting period as references. Except certain types of biological assets which have short production cycle or the market prices at present condition of the biological assets are unavailable; and valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, disease etc., they are measured at cost less accumulated depreciation and impairment losses.

Cost includes all costs incurred from the acquisition of biological assets and throughout the growth cycle such as cost of new-born animals, feed costs, and other costs.

Bearer biological assets, for example breeders, are depreciated using the straight line method over the productive period or the units of production method which ranges approximately from 4 months to 36 months depending on the type of biological assets.

An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Livestock	847,822	828,853	-	-
Aquatic	24,942	17,316	4,682	3,075

(Unit: Tons)

The estimates of physical quantities of biological assets were based on experience and historical data. The Group estimates the physical quantities of aquatic biological assets using a sampling method to project the overall weight.

Fair value measurement

The fair value of biological assets including carrying amount in the consolidated financial statements are as follows:

	Carrying amount	Consolidated financial statements			
		Fair value			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2019					
Biological assets at fair value					
less costs to sell	19,474	-	4,234	15,240	19,474
31 December 2018					
Biological assets at fair value					
less costs to sell	17,684	-	4,018	13,666	17,684

(Unit: Million Baht)

The valuation technique and the inputs used in measuring the fair value of those biological assets categorised in Level 2 is market comparison approach which used quoted prices based on market prices at the reporting date.

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The following table shows the valuation technique used in measuring the fair value of biological assets, as well as the significant unobservable inputs used for those categorised in Level 3.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market comparison approach	Reference market price as at 31 December 2019 <ul style="list-style-type: none"> • Suckling swine Baht 1,413 per head • Weanling swine Baht 2,081 per head • Fattening swine Baht 103 per kilogram • Sow Baht 13,962 to Baht 22,338 per head 	On the reporting date, if market price increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by Baht 1,768 million.

The fair value of biological assets is performed by the Group's relevant finance department and operations team using a series of systematic procedures. The fair value measurements are categorised into each hierarchy based on inputs of swine market in each country as reference. The fair value of swine is determined based on market price per head or weight of swine.

11 Investments held as available for sale

Movements for the years ended 31 December were as follows:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2019	2018	2019	2018
At 1 January	4,262	5,910	-	-
Disposals	-	(64)	-	-
Reclassification of change in fair value to profit or loss from disposals	-	(442)	-	-
Changes in fair value	(143)	(1,095)	-	-
Currency translation differences	(239)	(47)	-	-
At 31 December	3,880	4,262	-	-

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Details of investments held as available for sale

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

(Unit: Million Baht)

	Ownership interest (both direct and indirect)		Consolidated financial statements		Separate financial statements	
	(<i>%</i>)		2019	2018	2019	2018
	2019	2018				
Marketable securities						
- at fair value						
True Corporation Public Company Limited - at cost	2.21	2.21	7,157	7,381	-	-
Zhejiang Huatong Meat Products Co., Ltd.	1.43	1.38	150	165	-	-
Changes in fair value			(3,427)	(3,284)	-	-
Total			3,880	4,262	-	-

Carrying amounts and fair values of financial instruments carried at fair value

The fair values of financial assets together with the carrying amounts in the consolidated statement of financial position were as follows:

(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2019					
Non-current					
Equity securities available for sale	3,880	3,880	-	-	3,880
31 December 2018					
Non-current					
Equity securities available for sale	4,262	4,262	-	-	4,262

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12 Investments in subsidiaries

Movements during the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2019	2018	financial statements	2018
At 1 January	-	-	151,976	133,237
Acquisitions/additional investments	-	-	41,380	18,739
Disposals	-	-	(602)	-
Impairment losses	-	-	(204)	-
Classified as non-current asset available for sale	-	-	(1,084)	-
At 31 December	-	-	191,466	151,976

During the year 2019, the Company entered into the Share Purchase Agreement to sell 100% equity capital held by the Company in C.P. Aquaculture (Beihai) Co., Ltd., to Chia Tai Investment Co., Ltd., which is a foreign indirect subsidiary for a total consideration of Renminbi 35 million or equivalent to approximately Baht 148 million and entered into the Share Purchase Agreement to sell 100% equity capital held by the Company in C.P. Aquaculture (Dongfang) Co., Ltd., Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd., and C.P. Aquaculture (Zhanjiang) Co., Ltd., to CP China Investment Limited which is a foreign indirect subsidiary for a total consideration of Renminbi 231 million or equivalent to approximately Baht 975 million, Renminbi 129 million or equivalent to approximately Baht 545 million and Renminbi 65 million or equivalent to approximately Baht 276 million, respectively.

As at 31 December 2019, the transactions with Chia Tai Investment Co., Ltd. have been completed. The Company recognised loss on sale of investment amounting Baht 454 million in the separate statements of income. In addition, the transactions with CP China Investment Limited have not been completed; therefore, the Company classified these investments in subsidiaries to non-current assets classified as held for sale in the separate statement of financial position and recognised loss on impairment of investments amounting Baht 57 million in the separate statements of income.

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Details of investments in subsidiaries and dividend income

Investments in subsidiaries as at 31 December and dividend income for the years then ended were as follows:

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Marketable securities												
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	4,691	-	-	4,691	4,691	169	124
Chia Tai Enterprises International Limited	4.98	4.98	840	840	500	500	-	-	500	500	-	-
Total					5,191	5,191	-	-	5,191	5,191	169	124
Non-marketable securities												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	179	507
CPF (Thailand) Public Company Limited	99.99	99.98	15,289	12,900	48,510	38,955	-	-	48,510	38,955	-	-
CPF Training Center Co., Ltd.	99.99	99.99	20	20	20	20	-	-	20	20	-	-
CPF IT Center Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	200	-
C.P. Merchandising Co., Ltd.	99.99	99.99	9,000	9,000	9,000	9,000	-	-	9,000	9,000	8,280	6,750
Chester Food Co., Ltd.	99.99	99.99	80	80	450	450	-	-	450	450	-	-
CPF Food Research & Development Center Co., Ltd.	99.99	99.99	500	250	500	250	-	-	500	250	-	-
Bellisio Investment, LLC	100.00	100.00	26,991	20,925	26,991	20,925	-	-	26,991	20,925	-	-

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Details of investments in subsidiaries and dividend income (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
C.P. Aquaculture (Beihai) Co., Ltd.	-	100.00	-	602	-	602	-	-	-	602	-	-
C.P. Aquaculture (Dongfang) Co., Ltd. *	100.00	100.00	755	755	755	755	-	-	755	755	-	-
C.P. Aquaculture (Hainan) Co., Ltd.	100.00	100.00	126	126	126	126	-	-	126	126	-	-
C.P. Aquaculture (Zhanjiang) Co., Ltd. *	100.00	100.00	333	333	333	333	(57)	-	276	333	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	79.37	79.37	6,596	6,596	3,736	3,736	-	-	3,736	3,736	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	(8)	(8)	-	-	-	-
Charoen Pokphand Foods (Overseas) LLC	8.15	8.15	3,420	3,420	1,394	1,394	(1,085)	(938)	309	456	-	-
Charoen Pokphand Foods Philippines Corporation	23.81	27.78	4,487	3,954	1,055	1,055	-	-	1,055	1,055	-	-
CPF Investment Limited	100.00	100.00	55,662	55,662	55,644	55,644	-	-	55,644	55,644	1,793	-
CPF Tanzania Limited	58.26	58.26	224	224	129	129	(129)	(129)	-	-	-	-
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	896	3,231
C.P. Foods International Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
CPF Netherlands B.V.	99.99	99.99	37,663	12,541	38,148	12,926	-	-	38,148	12,926	-	-
CPF Poland S.A.	66.67	66.67	141	27	95	17	-	-	95	17	-	-

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Details of investments in subsidiaries and dividend income (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Homegrown Shrimp (USA) LLC	100.00	-	209	-	209	-	-	-	209	-	-	-
Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd. *	100.00	100.00	53	53	53	53	-	-	53	53	-	-
Total					188,638	147,860	(1,279)	(1,075)	187,359	146,785	11,348	10,488
Grand Total					193,829	153,051	(1,279)	(1,075)	192,550	151,976	11,517	10,612
* Classified as non-current assets held for sale					(1,141)	-	57	-	(1,084)	-	-	-
Net					192,688	153,051	(1,222)	(1,075)	191,466	151,976	11,517	10,612

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13 Non-controlling interests

Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations as at 31 December were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries		Chia Tai Enterprises International Limited and its subsidiaries		Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	
	2019	2018	2019	2018	2019	2018
Non-controlling interests percentage*	47.76	49.57	49.57	49.57	61.00	61.00
Current assets	69,090	74,437	2,718	2,940	6,683	6,173
Non-current assets	94,233	78,923	7,092	6,976	12,899	11,913
Current liabilities	(66,657)	(63,197)	(923)	(699)	(6,419)	(6,752)
Non-current liabilities	(34,751)	(31,907)	(1,423)	(1,485)	(3,535)	(2,253)
Net assets	61,915	58,256	7,464	7,732	9,628	9,081
Goodwill of non-controlling interests	12,875	15,136	273	1,179	-	-
Carrying amount of non-controlling interests**	40,910	42,970	2,917	4,027	5,080	4,805

* The non-controlling interests percentage of sub-group represents only direct holding on the respective intermediate subsidiary, whereas, many indirect subsidiaries are not wholly-owned by the intermediate subsidiary with various percentages of ownership interests.

** The carrying amount of non-controlling interests of sub-group are derived from the above various percentages of ownership interests of indirect subsidiaries.

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Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations for the year ended 31 December were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries		Chia Tai Enterprises International Limited and its subsidiaries		Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	
	2019	2018	2019	2018	2019	2018
Revenue	217,114	219,141	3,355	3,094	23,173	22,992
Profit for the year	13,946	12,318	525	713	1,546	1,072
Other comprehensive income	(747)	(3,614)	(632)	(449)	(119)	(169)
Total comprehensive income	13,199	8,704	(107)	264	1,427	903
Profit (loss) attributable to non-controlling interests	5,256	4,926	(746)	68	1,025	689
Other comprehensive income attributable to non-controlling interests	(281)	(1,445)	(253)	(186)	(79)	(109)
Cash flows from operating activities	17,729	8,350	(226)	721	1,941	1,012
Cash flows from investing activities	(10,349)	(5,703)	(331)	(116)	(1,057)	(1,700)
Cash flows from financing activities	(6,684)	1,235	97	87	156	567
Effect of exchange rate changes on balances held in foreign currencies	(160)	(451)	(6)	(53)	(7)	3
Net increase (decrease) in cash and cash equivalents	536	3,431	(466)	639	1,033	(118)
Dividend paid to non-controlling interests	2,291	2,028	74	-	541	576

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14 Investments in associates

Movements during the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	2019	2018	2019	2018
At 1 January	96,126	84,226	335	335
Share of profit	8,256	7,645	-	-
Dividend income	(3,843)	(3,615)	-	-
Acquisition/additional investments	10,774	12,865	-	-
Disposals	(4,458)	(2,937)	-	-
Exchange with Exchangeable Bonds	(23)	(1,577)	-	-
Currency translation differences	(651)	(494)	-	-
Others	(288)	13	-	-
At 31 December	105,893	96,126	335	335

The Group accounts for the investment in ordinary shares of an associate, CP ALL Public Company Limited (“CPALL”), which is a listed company in the Stock Exchange of Thailand, in the consolidated financial statements by the equity method. As at 31 December 2019, the fair value of this investment was Baht 219,824 million (2018: Baht 211,073 million).

During the year 2019, the Group sold a portion of the investment in an associate with the carrying amount of Baht 4,458 million (2018: Baht 2,937 million) with gain on sale of investment amounting to Baht 8,027 million (2018: Baht 5,759 million), and exchanged the Exchangeable Bonds (“EBs”) into ordinary shares of CPALL with the carrying amount of Baht 23 million (2018: Baht 1,577 million) since the holders of EBs had exercised the exchange rights pursuant to the details set out in the terms and conditions of the EBs with gain on the exchange amounting to Baht 41 million (2018: Baht 3,128 million) (see details in note 20).

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Details of investments in associates and dividend income

Investments in associates as at 31 December and dividend income for the years then ended were as follows:

(Unit: Million Baht)

Consolidated financial statements															
	Country of operation	Ownership interest (both direct and indirect) (%)		Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Marketable security															
CP ALL Public Company Limited	Thailand	33.86	34.17	8,983	8,983	81,914	74,776	98,848	89,228	-	-	98,848	89,228	3,624	3,344
Total						81,914	74,776	98,848	89,228	-	-	98,848	89,228	3,624	3,344
Non-marketable securities															
Nava 84 Co., Ltd.	Thailand	25.00	25.00	1,203	1,203	159	159	163	163	-	-	163	163	-	-
Ross Breeders Siam Co., Ltd.	Thailand	49.99	49.99	70	70	35	35	132	140	-	-	132	140	51	27
Siam Rivea Co., Ltd.	Thailand	29.99	29.99	60	5	18	2	17	2	-	-	17	2	-	-
Arbor Acres Thailand Co., Ltd.	Thailand	49.98	49.98	4	4	2	2	187	143	-	-	187	143	45	90
BHJ Kalino Food AB (“BHJ”)*	Sweden	15.08	15.08	5	5	24	24	28	30	-	-	28	30	4	2
C.P. Aquaculture (India) Private Limited	India	31.70	31.70	192	192	176	176	658	685	-	-	658	685	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	Malaysia	49.75	49.75	353	353	176	176	1,275	1,357	-	-	1,275	1,357	-	-

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

		Consolidated financial statements													
Country of operation	Ownership interest (both direct and indirect) (%)	Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for the year			
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
Chia Tai Conti (Cixi) Investment Management Co., Ltd.	China	26.12	25.21	15	15	8	8	5	6	-	-	5	6	-	-
Cixi Zhuda Investment Centre Limited Partnership **	China	0.52	0.50	7	6	-	-	-	-	-	-	-	-	-	-
Conti Chia Tai International Limited	China	26.12	25.21	767	767	1,052	1,052	1,977	1,755	-	-	1,977	1,755	-	-
Ningxia Xiao Ming Animal Husbandry Co., Ltd. **	China	8.40	8.10	362	362	749	749	745	727	-	-	745	727	5	-
Qingdao Yi Bang Bio Engineering Co., Ltd. **	China	6.27	6.05	147	147	1,358	1,358	1,346	1,359	-	-	1,346	1,359	94	152
Zhan Jiang Deni Carburetor Co., Ltd. ***	China	14.12	14.12	669	669	424	424	512	531	-	-	512	531	20	-
Total						4,181	4,165	7,045	6,898	-	-	7,045	6,898	219	271
Grand total						86,095	78,941	105,893	96,126	-	-	105,893	96,126	3,843	3,615

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* BHJ is an associate in which 29.00% of the total issued and paid share capital were held by CPF Denmark A/S (“CPF DM”), a 52.00% indirectly owned subsidiary. In this regard, the Group accounted for its investment in BHJ using the equity method based on 15.08% shareholding in the consolidated financial statements.

** Ningxia Xiao Ming Animal Husbandry Co., Ltd. (“Ningxia Xiao Ming”), Qingdao Yi Bang Bio Engineering Co., Ltd. (“Qingdao Yi Bang”) and Cixi Zhuda Investment Centre Limited Partnership (“Cixi Zhuda”) are associates in which 16.07%, 12.00%, and 1.00% respectively of the total issued and paid-up share capital were held by Chia Tai Investment Co., Ltd. (“CTI”), a 52.24% indirectly owned subsidiary. Therefore, the Group accounted for its investments in Ningxia Xiao Ming, Qingdao Yi Bang and Cixi Zhuda using the equity method based on 8.40%, 6.27%, and 0.52% shareholding in the consolidated financial statements respectively. In this regard, CTI exercises significant influence in these companies by having representatives in the board of directors and involving in setting the policy and making the significant decisions for them. Therefore, the Group classified the aforementioned investments as investments in associates.

*** Zhan Jiang Deni Carburetor Co., Ltd. (“Zhanjiang Deni”) is an associate in which 28.00% of the total issued and paid-up share capital were held by Chia Tai Enterprises International Limited (“CTEI”), a 50.43% directly and indirectly owned subsidiary. In this regard, the Group accounted for its investment in Zhanjiang Deni using the equity method based on 14.12% shareholding in the consolidated financial statements.

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

	Country of operation	Separate financial statements											
		Ownership interest (%)		Paid-up share capital		Cost method		Accumulated impairment		At cost - net		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>Non-marketable securities</i>													
Nava 84 Co., Ltd.	Thailand	25.00	25.00	1,203	1,203	159	159	-	-	159	159	-	-
C.P. Aquaculture (India) Private Limited	India	31.70	31.70	192	192	176	176	-	-	176	176	-	-
Total						335	335	-	-	335	335	-	-

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Significant associates

The following table summarises the financial information of an associate that the Group considered as material by reconciling financial information with the carrying amount of the interests in the associate as summarised below:

	<i>(Unit: Million Baht)</i>	
	CP ALL Public Company Limited and its subsidiaries	
	2019	2018
<i>Financial information of the associate</i>		
Revenue	571,110	527,860
Profit from continuing operations	22,694	21,183
Other comprehensive income	(1,274)	(632)
Total comprehensive income	21,420	20,551
Attributable to non-controlling interests	351	253
Attributable to the equity holder of the associate	21,069	20,298
Current assets	71,923	74,999
Non-current assets	303,694	298,748
Current liabilities	(112,917)	(123,757)
Non-current liabilities	(154,332)	(150,171)
Net assets	108,368	99,819
Attributable to non-controlling interests	32,038	33,397
Attributable to the equity holder of the associate	76,330	66,422
<i>Reconciliation of the carrying amount of the interests in the associate</i>		
Group's interest in net assets of the associate at 1 January	22,696	19,171
Total comprehensive income attributable to the Group	7,095	6,944
Dividends received during year	(3,624)	(3,344)
Difference from change in ownership	(322)	(75)
Group's interests in net assets of the associate at end of year	25,845	22,696
Goodwill	73,003	66,532
Carrying amount of the interests in the associate at 31 December	98,848	89,228

Immaterial associates

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2019	2018
Carrying amount of interests in immaterial associates	7,045	6,898
Group's share of:		
- Profit from continuing operations	733	484
- Other comprehensive income	(383)	(233)
- Total comprehensive income	350	251

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Contingent liabilities relating to the investments in associates as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Group's share of contingent liabilities	13	14

15 Investments in joint ventures

Movements during the years ended 31 December were as follows:

	Consolidated financial statements		<i>(Unit: Million Baht)</i> Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
At 1 January	9,596	6,949	4,360	1,882
Share of profit	637	698	-	-
Dividend income	(224)	(50)	-	-
Previous held interest in joint venture before status change to subsidiary	-	(217)	-	-
Acquisitions/additional investments	9,855	2,520	-	2,478
Currency translation differences	(430)	(304)	-	-
At 31 December	<u>19,434</u>	<u>9,596</u>	<u>4,360</u>	<u>4,360</u>

Significant investment in joint venture for the year ended 2019 was as follows:

Investment in HyLife Group Holdings Ltd.

On 30 December 2019, CPF Canada Holdings Corp., a 100.00% owned indirect subsidiary of the Company, completed the acquisition of the entire ordinary shares in HyLife Investments Ltd. ("HIL") which owns 50.10% interest in HyLife Group Holdings Ltd. ("HyLife") for total consideration of Canada Dollar 425 million or equivalent to approximately Baht 9,736 million which was fully paid. HyLife is incorporated in Canada and principally engages in integrated swine production business. Subsequent to the completion of the transaction, CPF Canada Holdings Corp. had amalgamated with HIL, and became a new entity which assumed the name CPF Canada Holdings Corp., under the laws of British Columbia, Canada and HyLife becomes the joint venture of the Group.

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Details of investments in joint ventures

Investments in joint ventures as at 31 December and dividend income for the years then ended were as follows:

(Unit: Million Baht)

Consolidated financial statements															
	Country of operation	Ownership interest (both direct and indirect) (%)		Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		<i>Non-marketable securities</i>													
CP-Meiji Co., Ltd. (“CP-Meiji”)*	Thailand	59.99	59.99	500	500	1,200	1,200	2,414	2,235	-	-	2,414	2,235	180	-
Dak Galbi Group Co., Ltd.	Thailand	41.35	-	133	-	55	-	36	-	-	-	36	-	-	-
Andhra Pradesh Broodstock Multiplicationcentre Private Limited**	India	74.99	50.00	132	68	98	34	92	35	-	-	92	35	-	-
Beijing Chia Tai Feedmill Co., Ltd.	China	26.12	25.21	157	157	128	128	231	224	-	-	231	224	-	-
Camamor Produtos Marinhos S.A.	Brazil	40.00	40.00	103	103	566	566	496	540	-	-	496	540	-	-
CP-MP Logistics Joint Stock Company	Vietnam	32.43	31.80	16	16	8	8	7	8	-	-	7	8	-	-
Handan Chia Tai Feed Co., Ltd.	China	26.12	25.21	56	56	-	-	20	19	-	-	20	19	1	3
Henan East Chia Tai Co., Ltd.	China	26.12	25.21	170	170	225	225	231	255	-	-	231	255	40	42
HyLife Group Holdings Ltd.**	Canada	50.10	-	1,555	-	9,736	-	9,736	-	-	-	9,736	-	-	-
ECI Metro Investment Co., Ltd.	China	25.21	25.21	378	378	1,296	1,296	2,666	2,630	-	-	2,666	2,630	-	-

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Details of investments in joint ventures (Continued)

(Unit: Million Baht)

		Consolidated financial statements													
Country of operation	Ownership interest (both direct and indirect)		Paid-up share capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for the year		
	(<i>%</i>)		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
SuperDrob S.A.	Poland	49.45	49.45	4,708	4,708	3,794	3,794	3,501	3,646	-	-	3,501	3,646	-	-
Westbridge Foods Holding B.V. **	Netherlands	50.00	50.00	1	1	6	6	4	4	-	-	4	4	3	5
Total						17,112	7,257	19,434	9,596	-	-	19,434	9,596	224	50

* CP-Meiji is a joint venture because the articles of association of CP-Meiji specifies that each investor has joint control over significant financial and operating decisions and has right to the net assets of CP-Meiji. The Group accounts for investments in joint ventures using the equity method in the consolidated financial statements.

** Andhra Pradesh Broodstock Multiplicationcentre Private Limited, HyLife Group Holdings Ltd. and Westbridge Foods Holding B.V. are joint ventures because each investor has joint control over significant financial and operating decisions and have rights to the net assets of Andhra Pradesh Broodstock Multiplicationcentre Private Limited, HyLife Group Holdings Co., Ltd. and Westbridge Foods Holding B.V. The Group accounts for investments in joint ventures using the equity method in the consolidated financial statements.

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The Group has considered that none of the joint ventures is regarded as individually material to the Group.

Immaterial joint ventures

The following is summarised financial information for the Group's interest in immaterial joint ventures based on the amounts reported in the Group's consolidated financial statements:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Carrying amount of interests in immaterial joint ventures	<u>19,434</u>	<u>9,596</u>
Group's share of:		
- Profit from continuing operations	637	698
- Other comprehensive income	<u>(429)</u>	<u>(522)</u>
- Total comprehensive income	<u>208</u>	<u>176</u>

Contingent liabilities and commitments relating to the investments in joint ventures as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2019</u>	<u>2018</u>
Group's share of the commitments	382	418

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Details of investments in joint ventures (Continued)

(Unit: Million Baht)

		Separate financial statements												
	Country of operation	Ownership interest		Paid-up share		Cost method		Accumulated		At cost - net		Dividend income		
		(%)		capital				impairment				for the year		
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
<i>Non-marketable securities</i>														
Camanor Produtos														
	Marinhos S.A.	Brazil	40.00	40.00	103	103	566	566	-	-	566	566	-	-
	SuperDrob S.A.	Poland	49.45	49.45	4,708	4,708	3,794	3,794	-	-	3,794	3,794	-	-
	Total						4,360	4,360	-	-	4,360	4,360	-	-

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16 Investments in related companies

Movements during the years ended 31 December were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
At 1 January	1,505	1,542	150	678
Disposal	-	-	-	(528)
Currency translation differences	(61)	(37)	-	-
At 31 December	1,444	1,505	150	150

Details of investments in related companies

Investments in related companies as at 31 December were as follows:

(Unit: Million Baht)

	Ownership interest (both direct and indirect) (%)		Consolidated		Separate	
			financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
<i>Non-marketable securities</i>						
General investments in equity securities - at cost						
CPPC Public Company Limited	6.58	6.58	110	110	55	55
C.P. Land Public Company Limited	6.49	6.49	276	276	95	95
Chia Tai (Jilin) Co., Ltd.	10.00	10.00	5	5	-	-
Kinghill Limited	13.96	13.96	1,053	1,114	-	-
Total			1,444	1,505	150	150

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17 Property, plant and equipment

(Unit: Million Baht)

	Consolidated financial statements					
	Land	Buildings, building improvements and utilities system	Machinery and equipment	Others	Assets under construction and installation	Total
Cost/revaluation						
At 1 January 2018	33,240	103,567	101,881	13,673	23,175	275,536
Additions	461	2,234	1,944	835	24,683	30,157
Acquired through business acquisitions	8	298	243	2	11	562
Transfers	503	12,048	9,675	908	(23,194)	(60)
Transfers from investment properties	-	52	-	-	-	52
Transfers to investment properties	(155)	-	-	-	-	(155)
Transfer to asset held for sale	(16)	(249)	(631)	(28)	-	(924)
Disposals	(50)	(776)	(2,018)	(801)	(114)	(3,759)
Currency translation differences	(543)	(5,686)	(4,726)	(601)	(1,185)	(12,741)
At 31 December 2018 and 1 January 2019	33,448	111,488	106,368	13,988	23,376	288,668
Additions	264	781	2,168	980	23,603	27,796
Acquired through business acquisitions	-	123	62	-	3	188
Surplus on revaluation	178	-	-	-	-	178
Transfers	262	10,066	12,339	653	(23,330)	(10)
Transfers from investment properties	-	126	8	-	-	134
Disposals	(293)	(1,956)	(2,775)	(673)	(70)	(5,767)
Currency translation differences	(370)	(4,966)	(5,612)	(738)	(952)	(12,638)
At 31 December 2019	33,489	115,662	112,558	14,210	22,630	298,549

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17 Property, plant and equipment (Continued)

(Unit: Million Baht)

	Consolidated financial statements					Total
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	
<i>Accumulated depreciation and impairment losses</i>						
At 1 January 2018	-	(34,325)	(43,638)	(8,513)	-	(86,476)
Depreciation charge for the year	-	(5,457)	(8,323)	(1,379)	-	(15,159)
Impairment losses	-	(35)	(13)	-	-	(48)
Transfers	-	188	832	(231)	-	789
Disposals	-	642	1,752	755	-	3,149
Currency translation differences	-	1,850	2,054	374	-	4,278
At 31 December 2018 and 1 January 2019	-	(37,137)	(47,336)	(8,994)	-	(93,467)
Depreciation charge for the year	-	(5,715)	(8,464)	(1,352)	-	(15,531)
Impairment losses	-	(395)	(514)	(3)	-	(912)
Transfers	-	12	(19)	5	-	(2)
Disposals	-	1,497	2,170	587	-	4,254
Currency translation differences	-	1,575	2,493	471	-	4,539
At 31 December 2019	-	(40,163)	(51,670)	(9,286)	-	(101,119)
<i>Net book value</i>						
Owned assets	33,240	69,242	58,189	5,136	23,175	188,982
Assets under finance leases	-	-	54	24	-	78
At 1 January 2019	33,240	69,242	58,243	5,160	23,175	189,060
Owned assets	33,448	72,754	58,981	4,800	23,376	193,359
Assets under finance leases	-	1,597	51	194	-	1,842
At 31 December 2018 and 1 January 2019	33,448	74,351	59,032	4,994	23,376	195,201
Owned assets	33,489	74,088	60,259	4,140	22,630	194,606
Assets under finance leases	-	1,411	629	784	-	2,824
At 31 December 2019	33,489	75,499	60,888	4,924	22,630	197,430

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17 Property, plant and equipment (Continued)

(Unit: Million Baht)

	Separate financial statements					Total
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Others	Assets under construction and installation	
<i>Cost/revaluation</i>						
At 1 January 2018	6,529	12,830	11,927	1,197	1,147	33,630
Additions	9	11	159	38	1,153	1,370
Transfers	20	770	840	3	(1,634)	(1)
Transfers to investment properties	(155)	-	-	-	-	(155)
Disposal	(20)	(276)	(556)	(69)	-	(921)
At 31 December 2018 and 1 January 2019	6,383	13,335	12,370	1,169	666	33,923
Additions	-	-	125	32	588	745
Transfers	-	570	190	3	(764)	(1)
Disposal	-	(1,369)	(1,267)	(160)	(3)	(2,799)
At 31 December 2019	6,383	12,536	11,418	1,044	487	31,868
<i>Accumulated depreciation and impairment losses</i>						
At 1 January 2018	-	(7,664)	(8,066)	(1,060)	-	(16,790)
Depreciation charge for the year	-	(839)	(819)	(63)	-	(1,721)
Disposals	-	224	517	66	-	807
At 31 December 2018 and 1 January 2019	-	(8,279)	(8,368)	(1,057)	-	(17,704)
Depreciation charge for the year	-	(687)	(741)	(52)	-	(1,480)
Disposals	-	1,109	1,143	156	-	2,408
At 31 December 2019	-	(7,857)	(7,966)	(953)	-	(16,776)
<i>Net book value</i>						
Owned assets	6,529	5,166	3,861	137	1,147	16,840
At 1 January 2018	6,529	5,166	3,861	137	1,147	16,840
Owned assets	6,383	5,056	4,002	112	666	16,219
At 31 December 2018 and 1 January 2019	6,383	5,056	4,002	112	666	16,219
Owned assets	6,383	4,679	3,452	91	487	15,092
At 31 December 2019	6,383	4,679	3,452	91	487	15,092

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The gross amount of the Group's and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 52,755 million (2018: Baht 51,512 million) in the consolidated statement of financial position, and Baht 9,622 million (2018: Baht 10,514 million) in the separate statement of financial position.

Capitalised borrowing cost in 2019 of the Group and the Company in accordance with acquisition of property, plant and equipment amounted to Baht 620 million and Baht 8 million respectively (2018: Baht 836 million and Baht 18 million respectively) is recognised as a part of cost of assets.

Fair value measurement

Appraisal prices of the Group and the Company's land were valued by the independent professional valuers using Market Comparison Approach, at fair market values totalling Baht 33,489 million and Baht 6,383 million respectively (2018: Baht 33,448 million and Baht 6,383 million respectively).

The fair value measurement for the land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Market comparison approach	Quotation and actual sales prices of comparable land adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

18 Goodwill

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Cost		
At 1 January	95,943	99,522
Acquired through business acquisitions	2	102
Fair value adjustments	(1)	(92)
Currency translation differences	(6,002)	(3,589)
At 31 December	<u>89,942</u>	<u>95,943</u>
Impairment loss		
At 1 January	(515)	-
Impairment loss	(1,665)	(515)
At 31 December	<u>(2,180)</u>	<u>(515)</u>
Net book value		
At 1 January	<u>95,428</u>	<u>99,522</u>
At 31 December	<u>87,762</u>	<u>95,428</u>

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Goodwill is allocated to cash-generating unit by segment and countries of operation. Goodwill was mainly arising from the acquisitions of shares of C.P. Pokphand Co., Ltd., Chia Tai Enterprises International Limited, JSC Poultry Production Severnaya and Bellisio Parent, LLC.

Impairment testing

In evaluating and testing of impairment, the Group determined the recoverable amount on the higher of its value in use by estimating discounted future cash flows and the fair value less cost of disposal if sale the business.

In this regard, the preparation of future cash flows that the Group expects to receive is derived from the determination of financial assumptions based on the management's assessment by considering the factors related to future trends in the relevant industries and historical financial data from external and internal sources of information.

The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as targeted capital structure, cost of debt and cost of equity.

Terminal growth rate

Terminal growth rates were determined based on average consumer price index, inflation rates, growth rates of the relevant industries of the countries of the operation and the long-term growth plan as well as the comparable businesses in the same industries.

Budgeted future cash flow that the Group expects to receive

Budgeted future cash flow that the Group expects to receive comprises of budgeted revenue growth, costs and related expenses, by taking the average growth rate in the past, budgeted sale quantities, selling price, and expenses into account and referencing to future trend of market growth along with the business strategies and the operation of the Group in the future.

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19 Other intangible assets

(Unit: Million Baht)

	Consolidated financial statements				
	Development cost of software applications	Development cost of products	Customer relationships	Trademarks, rights and others	Total
Cost					
At 1 January 2018	719	1,950	7,110	12,140	21,919
Additions	25	-	-	1,098	1,123
Acquired through business acquisitions	-	-	55	92	147
Transfers	28	-	-	5	33
Disposals	-	-	-	(6)	(6)
Currency translation differences	(20)	(32)	(207)	(588)	(847)
At 31 December 2018 and 1 January 2019	752	1,918	6,958	12,741	22,369
Additions	45	58	-	98	201
Acquired through business acquisitions	-	-	342	-	342
Transfers	24	-	-	(17)	7
Disposals	(32)	-	-	(24)	(56)
Currency translation differences	(29)	(152)	(579)	(936)	(1,696)
At 31 December 2019	760	1,824	6,721	11,862	21,167
Accumulated amortisation					
At 1 January 2018	(435)	(139)	(780)	(4,080)	(5,434)
Amortisation charge for the year	(63)	(128)	(507)	(489)	(1,187)
Transfers	-	-	-	1	1
Disposals	-	-	-	4	4
Currency translation differences	9	7	67	376	459
At 31 December 2018 and 1 January 2019	(489)	(260)	(1,220)	(4,188)	(6,157)
Amortisation charge for the year	(58)	(124)	(475)	(476)	(1,133)
Transfers	-	-	-	1	1
Disposals	32	-	-	4	36
Currency translation differences	22	25	109	335	491
At 31 December 2019	(493)	(359)	(1,586)	(4,324)	(6,762)
Net book value					
At 1 January 2018	284	1,811	6,330	8,060	16,485
At 31 December 2018 and 1 January 2019	263	1,658	5,738	8,553	16,212
At 31 December 2019	267	1,465	5,135	7,538	14,405

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19 Other intangible assets (Continued)

(Unit: Million Baht)

	Separate financial statements		
	Development cost of software applications	Others	Total
<i>Cost</i>			
At 1 January 2018	7	102	109
Additions	-	3	3
Transfer	-	1	1
At 31 December 2018 and 1 January 2019	7	106	113
Additions	-	3	3
Transfer	-	1	1
Disposals	-	(4)	(4)
At 31 December 2019	7	106	113
<i>Accumulated amortisation</i>			
At 1 January 2018	(6)	(66)	(72)
Amortisation charge for the year	-	(8)	(8)
At 31 December 2018 and 1 January 2019	(6)	(74)	(80)
Amortisation charge for the year	-	(7)	(7)
Disposals	-	2	2
At 31 December 2019	(6)	(79)	(85)
<i>Net book value</i>			
At 1 January 2018	1	36	37
At 31 December 2018 and 1 January 2019	1	32	33
At 31 December 2019	1	27	28

The gross amount of the Group's and the Company's fully amortised intangible assets that were still in use as at 31 December 2019 amounted to Baht 957 million in the consolidated statement of financial position, and Baht 44 million in the separate statement of financial position (2018: Baht 892 million and Baht 36 million respectively).

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20 Interest-bearing liabilities

		<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
<i>Note</i>		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<i>Current</i>					
	Bank overdrafts	1,717	1,435	3	3
	Short-term borrowings from financial institutions	70,487	59,877	2,850	-
	Bills of exchange	21,818	32,244	16,339	17,204
	Short-term borrowings from joint ventures	657	661	-	-
	Short-term borrowing from subsidiary	-	-	6,500	-
	Total	<u>94,679</u>	<u>94,217</u>	<u>25,692</u>	<u>17,207</u>
Current portion of long-term debts					
	Long-term borrowings from financial institutions	21,144	13,778	260	-
	Debentures	21,260	13,190	16,260	8,500
	Liabilities under finance leases	324	160	-	-
	Total	<u>42,728</u>	<u>27,128</u>	<u>16,520</u>	<u>8,500</u>
	Total current	<u>137,407</u>	<u>121,345</u>	<u>42,212</u>	<u>25,707</u>
<i>Non-current</i>					
	Long-term borrowings from financial institutions	58,634	67,725	2,968	2,879
	Debentures	132,592	136,501	76,240	92,500
	Exchangeable Bonds	2,797	3,042	-	-
	Liabilities under finance leases	2,472	1,680	-	-
	Total	<u>196,495</u>	<u>208,948</u>	<u>79,208</u>	<u>95,379</u>
	Total non-current	<u>196,495</u>	<u>208,948</u>	<u>79,208</u>	<u>95,379</u>
	Grand total	<u>333,902</u>	<u>330,293</u>	<u>121,420</u>	<u>121,086</u>

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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Functional currencies of each company in the Group	321,806	314,342	118,192	118,207
Foreign currencies				
- United States Dollar	11,886	15,618	3,228	2,879
- Euro	149	333	-	-
- Canada Dollar	61	-	-	-
Total	333,902	330,293	121,420	121,086

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Within one year	137,083	121,185	42,212	25,707
After one year but within five years	118,861	133,272	35,753	43,800
After five years	75,162	73,996	43,455	51,579
Total	331,106	328,453	121,420	121,086

As at 31 December 2019, certain foreign subsidiaries had secured long-term borrowings totalling Baht 14,590 million (2018: Baht 16,835 million) which were pledged by various assets as collateral including property, plant and equipment with net book value of Baht 13,558 million (2018: Baht 13,021 million), current and non-current assets mainly comprising of leasehold right, inventories and net accounts receivable and payable, with carrying amount of Baht 4,641 million (2018: Baht 4,434 million), ordinary shares of a foreign subsidiary registered and traded in Stock Exchange of Hong Kong with fair value of Baht 3,019 million (2018: Baht 3,415 million) and other ordinary shares of foreign subsidiaries with an issued and paid-up capital of 1,150 million (2018: Baht 1,110 million).

Long-term borrowings from financial institutions

As at 31 December 2019, the Group had significant borrowing agreements with financial institutions as follows:

CPF Investment Limited (“CPFI”)

CPFI, a 100.00% owned subsidiary of the Company had secured long-term borrowing agreements with various financial institutions. Details are as follows:

<u>Borrowing agreements</u>	<u>Credit facilities</u>	<u>Interest rate per annum</u>	<u>Term of payment</u>
Facility 1	U.S. Dollar 90 million	LIBOR plus specified rate	Every 6 months, mature in 2022
Facility 2	U.S. Dollar 880 million	LIBOR plus specified rate	Every 6 months, mature in 2023

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<u>Borrowing agreements</u>	<u>Credit facilities</u>	<u>Interest rate per annum</u>	<u>Term of payment</u>
Facility 3	U.S. Dollar 130 million	LIBOR plus specified rate	Every 6 months, mature in 2023
Facility 4	U.S. Dollar 800 million	LIBOR plus specified rate	Every 6 months, mature in 2024

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

C.P. Pokphand Co., Ltd. (“CPP”)

CPP, a 52.24% owned subsidiary of the Group, entered into a long-term loan agreement with various financial institutions (“the agreement”) amounting to U.S. Dollar 600 million.

Detail of the agreement is as follows:

<u>Credit facility</u>	<u>Interest rate per annum</u>	<u>Term of payment</u>
U.S. Dollar 600 million	LIBOR plus specified rate	Every 6 months, mature in 2021

CPP fully drew down the above long-term borrowing for loan repayment and investing activity and/or general corporate operations of CPP. In this regard, CPP must comply with the covenants as specified in the agreement.

Debentures

As at 31 December, the Company and certain subsidiaries had debentures as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Charoen Pokphand Foods Public Company Limited (the “Company”)				
Debentures #1/2011	7,000	7,000	7,000	7,000
Debenture #2/2011	6,000	6,000	6,000	6,000
Debentures #2/2012	9,000	15,000	9,000	15,000
Debentures #2/2013	5,500	8,000	5,500	8,000
Debentures #1/2015	12,000	12,000	12,000	12,000
Debentures #2/2015	6,940	6,940	6,940	6,940
Debentures #1/2016	9,060	9,060	9,060	9,060
Debentures #1/2018	12,000	12,000	12,000	12,000
Debentures #2/2018	25,000	25,000	25,000	25,000
Total	92,500	101,000	92,500	101,000
CPF (Thailand) Public Company Limited (“CPFTH”)				
Debentures #1/2016	16,000	16,000	-	-
Debentures #2/2016	13,000	13,000	-	-
Debentures #1/2018	15,000	15,000	-	-
Debentures #1/2019	17,000	-	-	-
Total	61,000	44,000	-	-

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Debentures (Continued)

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
C.P. Foods Holdings Limited (“CPFH”)				
Exchangeable Bonds	2,797	3,042	-	-
Total	2,797	3,042	-	-
Chia Tai Investment Co., Ltd. (“CTI”)				
Debenture	352	4,691	-	-
Total	352	4,691	-	-
Grand Total	156,649	152,733	92,500	101,000
<i>Less current portion</i>	(21,260)	(13,190)	(16,260)	(8,500)
Net	135,389	139,543	76,240	92,500

Details of debentures of the Company are as follows:

Debentures # 1/2011

On 19 August 2011, the Company issued Baht 10 billion unsubordinated and unsecured debentures in registered name form with debenture holder representative. The debentures are divided into:

- The first series of Baht 3 billion with a term of 7 years, bearing interest at the fixed rate of 4.65% per annum, was matured on 19 August 2018.
- The second series of Baht 3 billion with a term of 10 years, bearing interest at the fixed rate of 4.87% per annum.
- The third series of Baht 4 billion with a term of 30 years, bearing interest at the fixed rate of 5.42% per annum. The debenture holders have the redemption right at the end of year 15.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 19 August 2011.

Debenture # 2/2011

On 21 December 2011, the Company issued Baht 6 billion unsubordinated and unsecured debenture in registered name form with debenture holder representative, a term of 30 years and bearing interest at the fixed rate of 5.42% per annum. The debenture holders have the redemption right at the end of year 15.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 21 December 2011.

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Debentures # 2/2012

On 3 August 2012, the Company issued Baht 15 billion unsubordinated and unsecured debentures in registered name form with debenture holder representative. The debentures are divided into:

- The first series of Baht 6 billion with a term of 7 years and bearing interest at the fixed rate of 4.35% per annum in the first year to the fourth year and 5.00% per annum in the fifth year to the seventh year, was matured on 3 August 2019.
- The second series of Baht 4 billion with a term of 10 years, fully repayable on 3 August 2022 and bearing interest at the fixed rate of 4.40% per annum in the first year to the fourth year and 5.00% per annum in the fifth year to the ninth year and 6.00% per annum in the tenth year.
- The third series of Baht 5 billion with a term of 20 years, fully repayable on 3 August 2032 and bearing interest at the fixed rate of 5.30% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 3 August 2012.

Debentures # 2/2013

On 2 August 2013, the Company issued Baht 10 billion unsubordinated and unsecured debentures in registered name form without debenture holder representative. The debentures are divided into:

- The first series of Baht 2 billion with a term of 4 years, bearing interest at the fixed rate of 4.04% per annum, was matured on 2 August 2017.
- The second series of Baht 2.5 billion with a term of 6 years, bearing interest at the fixed rate of 4.54% per annum, was matured on 2 August 2019.
- The third series of Baht 5.5 billion with a term of 8 years, bearing interest at the fixed rate of 4.90% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 2 August 2013.

Debentures # 1/2015

On 13 May 2015, the Company issued Baht 12 billion unsubordinated and unsecured debentures in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 6.5 billion with the term of 5 years, bearing interest at the fixed rate of 3.21% per annum.
- The second series of Baht 5.5 billion with the term of 8 years, bearing interest at the fixed rate of 3.98% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 13 May 2015.

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Debentures # 2/2015

On 29 July 2015, the Company issued Baht 6.94 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 1.94 billion with the term of 8 years, bearing interest at the fixed rate of 3.97% per annum.
- The second series of Baht 3 billion with the term of 10 years, bearing interest at the fixed rate of 4.28% per annum.
- The third series of Baht 2 billion with the term of 12 years, bearing interest at the fixed rate of 4.51% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 29 July 2015.

Debentures # 1/2016

On 12 April 2016, the Company issued Baht 9.06 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 3.06 billion with a term of 4 years, bearing interest at the fixed rate of 2.28% per annum.
- The second series of Baht 3.5 billion with a term of 8 years, bearing interest at the fixed rate of 3.11% per annum.
- The third series of Baht 2.5 billion with a term of 15 years, bearing interest at the fixed rate of 3.73% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 12 April 2016.

Debentures # 1/2018

On 24 January 2018, the Company issued Baht 12 billion unsubordinated and unsecured debentures in registered name and with debenture holder representative. The debentures are divided into:

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

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 24 January 2018.

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Debentures # 2/2018

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

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

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 15 November 2018.

In this regard, the Company must comply with the specific covenants of the above debentures such as to maintain debt to equity ratio in the semi-annual and annual consolidated financial statements and separate financial statements throughout the terms of debentures, etc.

Details of debentures of CPFTH are as follows:

Debentures # 1/2016

On 20 January 2016, CPFTH issued Baht 16 billion unsubordinated and unsecured debentures in registered name without debenture holder representative. The debentures are divided into:

- The first series of Baht 7.45 billion with the term of 5 years, bearing interest at the fixed rate of 3.10% per annum.
- The second series of Baht 2.15 billion with the term of 7 years, bearing interest at the fixed rate of 3.47% per annum.
- The third series of Baht 3.35 billion with the term of 10 years, bearing interest at the fixed rate of 3.87% per annum.
- The fourth series of Baht 3.05 billion with the term of 12 years, bearing interest at the fixed rate of 4.15% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 20 January 2016.

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Debentures # 2/2016

On 15 July 2016, CPFTH issued Baht 13 billion unsubordinated and unsecured debentures in registered name without debenture holder representative. The debentures are divided into:

- The first series of Baht 5 billion with the term of 4 years, bearing interest at the fixed rate of 2.51% per annum.
- The second series of Baht 3.3 billion with the term of 7 years, bearing interest at the fixed rate of 3.09% per annum.
- The third series of Baht 1.4 billion with the term of 10 years, bearing interest at the fixed rate of 3.46% per annum.
- The fourth series of Baht 1.1 billion with the term of 12 years, bearing interest at the fixed rate of 3.65% per annum.
- The fifth series of Baht 2.2 billion with the term of 15 years, bearing interest at the fixed rate of 3.95% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 15 July 2016.

Debentures # 1/2018

On 24 May 2018, CPFTH issued Baht 15 billion unsubordinated and unsecured debentures in registered name with debenture holder representative. The debentures are divided into:

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

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 24 May 2018.

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Debentures # 1/2019

On 30 May 2019, CPFTH issued Baht 17 billion unsubordinated and unsecured debentures in registered name with debenture holder representative. The debentures are divided into:

- The first series of Baht 4 billion with the term of 4 years, bearing interest at the fixed rate of 2.91% per annum.
- The second series of Baht 2 billion with the term of 6 years, bearing interest at the fixed rate of 3.34% per annum.
- The third series of Baht 0.5 billion with the term of 8 years, bearing interest at the fixed rate of 3.65% per annum.
- The fourth series of Baht 4 billion with the term of 10 years, bearing interest at the fixed rate of 4.00% per annum.
- The fifth series of Baht 6.5 billion with the term of 12 years, bearing interest at the fixed rate of 4.18% per annum.

The debentures had a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 8 May 2019 and were registered with the Thai Bond Market Association on 30 May 2019.

In this regard, CPFTH must comply with the specific covenants of the above debentures such as to maintain debt to equity ratio in the annual separate financial statements throughout the terms of debentures.

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

Exchangeable Bonds

On 12 September 2016, the Board of Directors of CPFH, a 100% owned subsidiary of the Company, passed a resolution to approve CPFH to issue and offer U.S. Dollar 300 million 0.5% Exchangeable Bonds due 2021 (“EBs”). The EBs holders can exchange the EBs into a pro rata share of the Exchange Property with a sponsor undertaking from the Company. The Exchange Property, at the EBs issue date, initially comprised 135,285,000 shares in CP ALL Public Company Limited (“CPALL Shares”), which belong to CPFH and which were deposited with the Custody Account with a financial institution pursuant to the details set out in the terms and conditions of the EBs. Under the terms and conditions of the EBs, the EB holders have the options to (1) exchange the EBs into CPALL Shares as held by CPFH, or (2) put the EBs to CPFH on the date falling 2 years from the issue date of the EBs, or (3) hold the EBs until maturity, whereby in the case of (2) and (3) CPFH will repay the EB holders in cash. In accordance with the terms and conditions of the EBs, where the EB holders exercise the exchange right, CPFH has to deliver CPALL Shares to the EBs holders or redeem the EBs using cash of equivalent market value of CPALL Shares. The initial exchange ratio of EBs is 90,190 CPALL Shares for each U.S. Dollar 200,000 principal amount of EBs (1 CPALL Share equivalent to Baht 77.35 (rounded up) at the exchange rate U.S. Dollar 1: Baht 34.881). In addition, CPFH, as the EBs issuer, has option to early redeem the whole amount of the EBs as specified in the terms and conditions of the EBs.

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

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During the year 2019, CPFH derecognised the EBs with an aggregate principal amount of U.S. Dollar 2 million or equivalent to Baht 61 million (2018: U.S. Dollar 144 million or equivalent to Baht 4,580 million) on the Exchange Date and recognised the related transactions as a result of the exercise of exchange rights by the holders of the EBs into ordinary shares of CPALL as an exchange property, pursuant to the terms and conditions of the EBs. In this regard, CPFH delivered CPALL shares to the EBs holders in relation to the aggregate principal amount of the EBs for a pro rata share which the holders of the EBs exercised their exchange rights within the specified period.

As at 31 December 2019, the carrying amount of the EBs after derecognition were U.S. Dollar 94 million or equivalent to Baht 2,797 million (2018: U.S. Dollar 94 million or equivalent to Baht 3,042 million).

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

The First Tranche of Domestic Bonds (“Debenture”)

On 14 November 2016 CTI, a 52.24% indirectly owned subsidiary, issued a debenture with total aggregate value of Renminbi 1 billion with 3.69% interest rate per annum due in 2021. The debenture holders have the redemption right from CTI on the third years from the issuing date.

The debentures were listed on Shanghai Exchange Securities Trading Limited on 29 November 2016 with latest credit rating of “AA” rated by China Chengxin Securities Rating Co., Ltd. on 25 June 2019.

During the year 2019, CTI derecognised the debenture amount of Renminbi 918 million or approximately Baht 3,944 million as the debenture holders exercised their redemption rights to the terms and conditions of the debenture.

As at 31 December 2019, the carrying amount of the debenture after derecognition were Renminbi 82 million or equivalent to Baht 352 million (2018: Renminbi 998 million or equivalent to Baht 4,691 million).

21 Accounts payable - trade and others

	Note	<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Related parties	6	5,590	4,905	250	234
Other parties		26,594	30,554	919	1,012
Total		32,184	35,459	1,169	1,246

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

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Functional currencies of each company in the Group	28,517	30,302	1,163	1,243
Foreign currencies				
- United States Dollar	2,972	3,786	6	3
- Euro	501	1,195	-	-
- Yen	48	47	-	-
- Zloty	45	51	-	-
- Others	101	78	-	-
Total	32,184	35,459	1,169	1,246

22 Provisions for employee benefits

The Group has defined benefit plans for employee's retirement based on the labor law requirements of each country.

A foreign subsidiary established a retirement fund with a financial institution, and the retirement fund is managed by the financial institution.

Employee benefit obligations as at 31 December were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Present value of funded - defined benefit obligations	543	536	-	-
Fair value of plan assets	(331)	(324)	-	-
	212	212	-	-
Present value of unfunded - defined benefit obligations	9,384	5,754	2,726	1,689
Total	9,596	5,966	2,726	1,689

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Movements in the present value of the defined benefit obligations and the fair value of plan assets for the year ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Defined benefit obligations at				
1 January	6,290	6,106	1,689	1,620
Benefits paid by the plans	(394)	(427)	(262)	(88)
Current service costs and interest	825	648	205	157
Past service costs	2,126	-	680	-
Defined benefit plan actuarial losses	1,160	52	414	-
Others	(80)	(89)	-	-
Defined benefit obligations at 31 December	<u>9,927</u>	<u>6,290</u>	<u>2,726</u>	<u>1,689</u>
Fair value of plan assets at 1 January	324	337	-	-
Expected return on plan assets	2	3	-	-
Defined benefit plan actuarial gains	12	10	-	-
Contributions paid	23	25	-	-
Benefits paid by the plans	(11)	(39)	-	-
Currency translation differences	(19)	(12)	-	-
Fair value of plan assets at 31 December	<u>331</u>	<u>324</u>	<u>-</u>	<u>-</u>

Expenses or income recognised in the statement of income for the years ended 31 December were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current service costs	606	450	144	100
Interest costs	219	198	61	57
Past service costs	2,126	-	680	-
Expected return on plan assets	(2)	(3)	-	-
Total	<u>2,949</u>	<u>645</u>	<u>885</u>	<u>157</u>

On 5 April 2019, the Labor Protection Act in Thailand was announced in Royal Gazette, Section 15 of the Labor Protection Act includes a requirement for the employer to make severance payment of not less than 400 days of wages at the most recent rate for an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more. The Group has therefore amended its retirement plan and recognised the increase in the provision for retirement benefits as well as past service cost in accordance with the changes in the Labor Protection.

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Included in retained earnings:				
At 1 January	247	299	228	228
Recognised during the year	(1,079)	(52)	(331)	-
At 31 December	(832)	247	(103)	228

(Unit: Million Baht)

Principal actuarial assumptions at 31 December were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	0.65 - 13.50	0.75 - 13.50	2.50	3.00
Future salary increases	2.00 - 9.00	2.00 - 9.00	3.00 - 6.50	3.00 - 6.50

(Unit: %)

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

As at 31 December 2019, the weighted-average duration of the defined benefit obligation was 9 years (2018: 10 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Defined benefit obligation as at 31 December 2019				
Discount rate (1% movement)	(683)	794	(201)	233
Future salary change (1% movement)	760	(671)	222	(196)
Defined benefit obligation as at 31 December 2018				
Discount rate (1% movement)	(648)	755	(180)	211
Future salary change (1% movement)	723	(634)	201	(176)

(Unit: Million Baht)

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23 Additional paid-in capital and reserves

Premium on ordinary shares

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“Premium on ordinary shares”). Premium on ordinary shares is not available for dividend distribution.

Equity in subsidiaries and associates

Equity in subsidiaries and associates consist of:

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

Other components of equity

1) Revaluation differences on assets

Revaluation differences on assets recognised in equity relate to cumulative surpluses arising from the revaluations of freehold land until such assets are disposed.

2) Currency translation differences

The currency translation differences recognised in equity relate to:

- (a) Foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.
- (b) Foreign exchange differences arising from translation of monetary items, which are part of the Group’s net investment in foreign operations when certain conditions are met.

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

The fair value changes account within equity comprises the cumulative net change in the fair value of investments held as available for sale until the disposal of investments.

Revaluation differences on assets, currency translation differences and fair value changes on investments are presented net of deferred tax.

Surplus on common control transactions

Surplus on common control transactions recognised in equity relate to differences between the carrying amount of net assets and the consideration received from the transfer of the carrying amounts of assets and liabilities of certain parts of the Company’s business to a subsidiary. In addition, surplus on common control transactions were eliminated in the consolidated financial statements.

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Appropriate of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. Legal reserve is not available for dividend distribution.

As at 31 December 2019, the Company has the legal reserve totalling Baht 929 million (2018: Baht 929 million).

24 Subordinated perpetual debentures

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

- (a) declare or pay any dividend,
- (b) pay any interest or distribute any assets to any holder of Parity Securities or Junior Securities; and
- (c) redeem, reduce, cancel, acquire, or buy-back any of any securities issued by the Company which rank *pari passu* or junior to these Debentures.

During the year 2019, the Company paid interest to the Debentures holders amount of Baht 750 million (2018: Baht 750 million). The interest expense net of income tax of Baht 701 million (2018: Baht 605 million) was deducted from unappropriated retained earnings in the statements of financial position as at 31 December 2019.

As at 31 December 2019, the accumulated accrued interest expenses subsequent to the latest interest payment date was Baht 249 million (2018: Baht 249 million).

As at 31 December 2019, the Company classified subordinated perpetual debentures as part of equity in the consolidated and separate financial statements. TAS 32 *Financial instruments: Presentation*, which will become effective for annual financial reporting periods beginning on or after 1 January 2020, explains the classification of perpetual debentures as financial liability. However, the Federation of Accounting Professions issued the Announcement of Federation of Accounting Professions dated 3 December 2019 regarding *additional transition for classification of perpetual bonds* as an additional guideline during the transition period. The Company expects to apply this announcement which, as at 1 January 2020, the Company will classify the subordinated perpetual debentures as part of equity in the consolidated and separate financial statements. If, as at 1 January 2020, the Company classifies the subordinated perpetual debentures as financial liability, total liabilities of the Group and the Company will increase by Baht 15,000 million and total shareholders’ equity will decrease by Baht 15,000 million.

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25 Segment information and disaggregation of revenue

Segment information is based on the Group's management and internal financial reporting structure which is regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments.

Information about reportable segments

The Group comprises the following main segments:

Segment 1 : Livestock business

Segment 2 : Aquaculture business

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

(Unit: Million Baht)

	Consolidated financial statements					
	Livestock business		Aquaculture business		Total	
	2019	2018	2019	2018	2019	2018
<i>Statements of income</i>						
Revenue from sale of goods	457,937	467,425	74,636	74,512	532,573	541,937
Operating profit	<u>25,145</u>	<u>18,984</u>	<u>5,092</u>	<u>5,567</u>	30,237	24,551
Central income, net					4,209	6,649
Finance costs					(13,785)	(11,703)
Net foreign exchange losses					(10)	(203)
Share of profit of associates and joint ventures					8,893	8,343
Income tax expense					(5,446)	(6,212)
Profit for the year					<u>24,098</u>	<u>21,425</u>
<i>Assets</i>						
Property, plant and equipment and intangible assets (excluded goodwill), net	<u>180,329</u>	<u>177,841</u>	<u>30,211</u>	<u>32,030</u>	210,540	209,871
Central assets, net					1,295	1,542
Other assets					422,216	416,678
Total					<u>634,051</u>	<u>628,091</u>

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Information about geographical areas

In presenting information on the basis of information about geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group comprises the following main information about geographical areas:

- Area 1 : Thailand
- Area 2 : Asia
- Area 3 : Europe
- Area 4 : America
- Area 5 : Others

Detail of the geographic segment financial information of the geographical area of the Group as at 31 December and for the years then ended were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements			
	Revenue from external customers		Property, plant and equipment and intangible assets (excluded goodwill) and central assets	
	2019	2018	2019	2018
Thailand	143,910	149,178	83,376	82,362
Asia	307,537	313,241	93,683	93,690
Europe	55,484	54,413	16,939	16,795
America	24,431	23,789	17,837	18,566
Others	1,211	1,316	-	-
Total	532,573	541,937	211,835	211,413

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Information about major customer

During the year 2019 and 2018, there were no single external customer that contributed 10% or more of the Group's total revenue.

Disaggregation of revenue

Details of revenue disaggregated by categories of main products for the year ended 31 December were as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Livestock business		Reportable segments Aquaculture business		Total	
	2019	2018	2019	2018	2019	2018
Categories of main products						
Animal feed	154,592	183,819	45,275	45,720	199,867	229,539
Animal farm products	213,481	199,496	22,460	22,038	235,941	221,534
Processed foods and ready meals	89,864	84,110	6,901	6,754	96,765	90,864
Total	457,937	467,425	74,636	74,512	532,573	541,937

(Unit: Million Baht)

	Separate financial statements	
	Reportable segment Aquaculture business	
	2019	2018
Categories of main products		
Animal feed	13,290	13,980
Animal farm products	8,811	9,565
Processed foods and ready meals	2,361	2,476
Total	24,462	26,021

Contract Balances

As at 31 December 2019, the Group had contract liabilities of Baht 2,825 million (*31 December 2018: 3,069 million*), which represents the obligation to transfer goods to customers for which the consideration has been received.

The contract liabilities primarily relate to the advance consideration received from customers for sale of goods. The Group recognises such contract liabilities as revenue when transferring control of the goods to the customers. The outstanding balance of contract liabilities is included in the accounts "other current liabilities" in the consolidated statement of financial position as at 31 December 2019.

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26 Management and employee benefit expenses

Management and employee benefit expenses consisted of:

- (a) Management benefit expenses consisted of salaries and other benefit expenses of management, directors' remuneration, and sub-committees' remuneration totalling Baht 1,384 million and Baht 184 million in the consolidated and separate statements of income for the year ended 31 December 2019 respectively (2018: Baht 1,506 million and Baht 232 million respectively).
- (b) Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totalling Baht 58,934 million and Baht 6,745 million in the consolidated and separate statements of income for the year ended 31 December 2019 respectively (2018: Baht 54,616 million and Baht 6,331 million respectively).

27 Expenses by nature

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements	financial statements	Separate	financial statements
	2019	2018	2019	2018
Changes in finished goods, work in progress and biological assets	(3,288)	(4,722)	281	154
Raw materials and consumables used	348,976	376,024	12,468	13,995
Employee benefit expenses	60,318	56,122	6,929	6,563
Factory and office expenses	43,696	41,122	4,182	4,187
Depreciation and amortisation	16,939	16,673	1,487	1,729
Transportation expenses	12,716	11,635	510	502
Building and equipment rental fees	6,777	6,379	357	399
Vehicle and traveling expenses	3,964	3,920	232	230
Advertising, public relationship and sale promotion expenses	3,243	3,391	94	142
Taxes, government and bank fees	2,191	2,135	42	54
Professional fees	900	1,212	47	120
Losses from sale and disposal of assets	422	135	324	20
Others	14,234	13,689	262	131
Total cost of sales of goods, distribution costs and administrative expenses	511,088	527,715	27,215	28,226

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28 Income tax

Income tax recognised in profit or loss

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current tax				
Current year	6,227	5,588	-	-
Over provided in prior years	(570)	(292)	-	-
	5,657	5,296	-	-
Deferred tax				
Movements in temporary differences	(210)	(716)	(134)	(21)
Movements in tax losses	(1)	1,642	891	1,584
Effect from change in tax rate	-	(10)	-	-
	(211)	916	757	1,563
Income tax expense	5,446	6,212	757	1,563

Income tax recognised in other comprehensive income

(Unit: Million Baht)

	Consolidated financial statements					
	2019			2018		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	178	(10)	168	-	(16)	(16)
Fair value changes on investments	(91)	(24)	(115)	(1,537)	277	(1,260)
Currency translation differences	(13,301)	328	(12,973)	(13,449)	69	(13,380)
Defined benefit plan actuarial gains (losses)	(1,308)	229	(1,079)	(63)	7	(56)
Total	(14,522)	523	(13,999)	(15,049)	337	(14,712)

(Unit: Million Baht)

	Separate financial statements					
	2019			2018		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Defined benefit plan actuarial gains (losses)	(414)	83	(331)	-	-	-
Total	(414)	83	(331)	-	-	-

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Income tax recognised in shareholders' equity

(Unit: Million Baht)

	Consolidated financial statements					
	2019			2018		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Interest paid on subordinated perpetual debentures	751	(50)	701	751	(146)	605
Surplus on common control transaction	-	-	-	307	9	316
Revaluation differences on assets transferred to retained earnings	-	-	-	(1)	-	(1)
Total	751	(50)	701	1,057	(137)	920

(Unit: Million Baht)

	Separate financial statements					
	2019			2018		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Interest paid on subordinated perpetual debentures	751	(50)	701	751	(146)	605
Revaluation differences on assets transferred to retained earnings	-	-	-	(1)	-	(1)
Total	751	(50)	701	750	(146)	604

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Reconciliation of effective tax rate

(Unit: Million Baht)

Applicable tax rates	Consolidated financial statements				
	0%	10%	20%	Others	Total
2019					
Accounting profit before income tax, total	1,953	1,332	14,776	11,483	29,544
Tax at the applicable tax rates	-	133	2,955	2,201	5,289
Tax effect of income and expenses that are not taxable income or taxable expenses, total	-	366	(677)	1,038	727
Under (over) provided in prior years	-	-	5	(575)	(570)
Total	-	499	2,283	2,664	5,446
2018					
Accounting profit before income tax, total	3,730	1,545	12,456	9,906	27,637
Tax at the applicable tax rates	-	155	2,491	2,438	5,084
Tax effect of income and expenses that are not taxable income or taxable expenses, total	-	267	(347)	1,500	1,420
Under (over) provided in prior years	-	-	46	(338)	(292)
Total	-	422	2,190	3,600	6,212

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Reconciliation of effective tax rate

(Unit: Million Baht)

	Separate financial statements		
	0%	20%	Total
Applicable tax rates			
2019			
Accounting profit (loss) before income tax, total	(70)	7,055	6,985
Tax at the applicable tax rates	-	1,411	1,411
Tax effect of income and expenses that are not taxable income or taxable expenses, total	-	(654)	(654)
Total	-	757	757
2018			
Accounting profit before income tax, total	331	15,129	15,460
Tax at the applicable tax rates	-	3,026	3,026
Tax effect of income and expenses that are not taxable income or taxable expenses, total	-	(1,463)	(1,463)
Total	-	1,563	1,563

Deferred income tax

Deferred tax assets and liabilities as at 31 December were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets	3,156	3,384	956	1,573
Deferred tax liabilities	(7,882)	(9,087)	-	-
Net deferred tax assets (liabilities)	(4,726)	(5,703)	956	1,573

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Movements of deferred tax assets and liabilities during the year 2019 were as follows:

(Unit: Million Baht)

	Consolidated financial statements								
	At 31 December 2018 as reported	Effect from change in accounting policy	At 1 January 2019	Charged/Credited to			Acquired in business combination	Currency translation differences	At 31 December 2019
			Profit or loss	Other comprehensive income	Shareholders' equity				
<i>Deferred tax assets (liabilities)</i>									
Biological assets	(981)	(167)	(1,148)	(512)	-	-	-	61	(1,599)
Investments	(170)	-	(170)	-	(24)	-	-	7	(187)
Tax losses	5,014	-	5,014	(395)	-	-	-	(143)	4,476
Other intangible assets	(3,187)	-	(3,187)	188	-	-	(85)	220	(2,864)
Property, plant and equipment	(6,499)	-	(6,499)	(58)	(10)	-	-	429	(6,138)
Provisions for employee benefits	733	-	733	431	229	-	-	(14)	1,379
Others	(613)	209	(404)	557	-	50	-	4	207
Total	(5,703)	42	(5,661)	211	195	50	(85)	564	(4,726)

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

(Unit: Million Baht)

Consolidated financial statements

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

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Movements of deferred tax assets and liabilities during the year 2019 were as follows:

(Unit: Million Baht)

	At 31 December 2018 as reported	Effect from change in accounting policy	At 1 January 2019	Separate financial statements			At 31 December 2019
				Profit or loss	Other comprehensive income	Retained earnings	
<i>Deferred tax assets (liabilities)</i>							
Investments	29	-	29	-	-	-	29
Land	(705)	-	(705)	-	-	-	(705)
Provisions for employee benefits	294	-	294	124	83	-	501
Tax losses	2,031	-	2,031	(891)	-	-	1,140
Others	(76)	7	(69)	10	-	50	(9)
Total	1,573	7	1,580	(757)	83	50	956

As at 31 December 2019, the Group and the Company had temporary differences arising from unutilised tax losses which have not been recognised as deferred tax assets in the statement of financial position totalling Baht 11,668 million (2018: Baht 9,480 million) and Baht 1,581 million (2018: Nil), respectively because it is not probable that tax benefit will be utilised in the foreseeable future.

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

(Unit: Million Baht)

	Separate financial statements			At 31 December 2018
	At 1 January 2018	Charged/Credited to		
		Profit or loss	Other comprehensive income	
<i>Deferred tax assets (liabilities)</i>				
Investments	29	-	-	29
Land	(705)	-	-	(705)
Provisions for employee benefits	282	12	-	294
Tax losses	3,465	(1,584)	150	2,031
Others	(81)	9	(4)	(76)
Total	2,990	(1,563)	146	1,573

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For the year ended 31 December 2019

29 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E.2520, the Company and certain local subsidiaries have been granted privileges by the Board of Investment relating to certain feedmill operations, farming, breeding animals, processed foods and ready meals productions. The privileges granted include:

- an exemption from payment of import duty and tax on machinery as approved by the Board of Investment;
- an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificates; and
- a 50% reduction in the normal corporate income tax rate on the net profit derived from certain operations for a period of 5 years commencing from the expiry dates in (b) above.

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

Revenue from promoted and non-promoted businesses of the Company for the years ended 31 December were summarised as follows:

(Unit: Million Baht)

	Separate financial statements					
	Promoted businesses being granted exemption of corporate income tax		Non-promoted business being granted exemption of corporate income tax		Total	
	2019	2018	2019	2018	2019	2018
Local sales	7,354	5,892	13,787	16,324	21,141	22,216
Export sales	179	556	3,142	3,249	3,321	3,805
Total revenue from sale of goods	7,533	6,448	16,929	19,573	24,462	26,021

30 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December were based on the profit for the years attributable to ordinary shareholders of the Company less cumulative interest expense for the year net of income tax on subordinated perpetual debentures and the weighted average number of ordinary shares held by third parties outstanding during the years as follows:

(Unit: Million Baht/Million shares)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit for the year attributable to ordinary shareholders of the Company	18,456	15,531	6,228	13,897
<i>Less:</i> cumulative interest expense for the period net of income tax on subordinated perpetual debentures	(600)	(600)	(600)	(600)
Profit used in calculation of basic earnings per share	17,856	14,931	5,628	13,297

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(Unit: Million Baht/Million shares)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at 1 January	8,611	8,611	8,611	8,611
Treasury shares held by subsidiaries	(426)	(426)	-	-
Net	<u>8,185</u>	<u>8,185</u>	<u>8,611</u>	<u>8,611</u>
Basic earnings per share (in Baht)	<u>2.18</u>	<u>1.82</u>	<u>0.65</u>	<u>1.54</u>

31 Dividends

Details of dividends for the years ended 31 December were as follows:

<u>Approval date to pay dividends</u>	<u>Rate per share (Baht)</u>	<u>Number of entitled shares (Shares)</u>	<u>Total (in million Baht)</u>	<u>Source</u>
2019				
24 April 2019	0.30	8,611,242,385	2,583	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
13 August 2019	0.30	8,611,242,385	2,584	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			<u>5,167</u>	
2018				
24 April 2018	0.25	8,611,242,385	2,153	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
10 August 2018	0.35	8,611,242,385	3,014	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			<u>5,167</u>	

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32 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

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

Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group manages the interest rate risk of financial assets and financial liabilities by considering loan to or borrowing from including fixed and floating rate depend on the market situation. However, the interest rates of interest-bearing liabilities of the Group are mainly fixed rate. The Group had the interest rate swap agreements to manage exposure to fluctuations in interest rates on the said liabilities upon the appropriation.

The interest rates of loans as at 31 December and the periods in which the loans mature were as follows:

	Average interest rates (% per annum)	<i>(Unit: Million Baht)</i>			
		Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2019					
Current					
Short-term loans to joint ventures	4.74	188	-	-	188
Non-current					
Long-term loans to associate	3.51	-	29	-	29
Total		188	29	-	217
2018					
Current					
Short-term loans to joint ventures	4.85	17	-	-	17
Non-current					
Long-term loans to associate	4.95	-	6	-	6
Total		17	6	-	23

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For the year ended 31 December 2019

The interest rates of loans as at 31 December and the periods in which the loans mature were as follows:

(Unit: Million Baht)

	Interest rates <i>(% per annum)</i>	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2019					
Current					
Short-term loans to subsidiaries	6.88	43,075	-	-	43,075
Non-current					
Long-term loans to subsidiaries	4.85 - 7.50	-	600	-	600
Total		43,075	600	-	43,675
2018					
Current					
Short-term loans to subsidiaries	7.13	60,622	-	-	60,622
Non-current					
Long-term loans to subsidiaries	5.00 - 7.50	-	15,673	-	15,673
Total		60,622	15,673	-	76,295

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

(Unit: Million Baht)

	Average interest rates <i>(% per annum)</i>	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2019					
Bank overdrafts	1.95 - 7.14	1,717	-	-	1,717
Short-term borrowings from financial institutions	1.12 - 7.83	70,487	-	-	70,487
Bills of exchange	1.80 - 1.99	21,818	-	-	21,818
Short-term borrowings from joint ventures	2.00	657	-	-	657
Long-term borrowings from financial institutions	1.28 - 11.00	21,144	57,072	1,562	79,778
Debentures	2.84 - 4.27	21,260	61,789	73,600	156,649
Finance lease liabilities	1.32 - 16.72	324	720	1,752	2,796
Total		137,407	119,581	76,914	333,902

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

(Unit: Million Baht)

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

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

(Unit: Million Baht)

	Interest rates <i>(% per annum)</i>	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
2019					
Bank overdrafts	MOR	3	-	-	3
Short-term borrowings from financial institutions	1.65 - 1.75	2,850	-	-	2,850
Bills of exchange	1.61 - 2.27	16,339	-	-	16,339
Short-term borrowing from subsidiary	3.81 - 3.90	6,500	-	-	6,500
Long-term borrowings from financial institutions	4.01 - 4.81	260	2,968	-	3,228
Debentures	2.28 - 5.42	16,260	33,240	43,000	92,500
Total		42,212	36,208	43,000	121,420
2018					
Bank overdrafts	MOR	3	-	-	3
Bills of exchange	1.71 - 2.17	17,204	-	-	17,204
Debentures	2.28 - 5.42	8,500	43,800	48,700	101,000
Long-term borrowings from financial institutions	3.94 - 4.21	-	-	2,879	2,879
Total		25,707	43,800	51,579	121,086

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As at 31 December 2019, the Group had cross currency and interest rate swap agreements with the financial institutions to manage exposure of fluctuations in foreign exchange rates and interest rates as follows:

- 1) The Company had cross currency and interest rate swap agreements with certain financial institutions for long-term borrowing totaling U.S. Dollar 104 million. The Company has commitments to make payments for the fixed interest rate in Baht and the counterparty has commitments to make payments in U.S. Dollar for the interest rates refer to LIBOR plus specified rate.
- 2) A subsidiary had several cross currency and interest rate swap agreements with a financial institution for long-term borrowings totalling U.S. Dollar 100 million. The subsidiary has commitments to make payments for the fixed interest rate in Baht and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR plus specified rate.
- 3) A subsidiary had several cross currency swap agreements with a financial institution for long-term borrowings totalling Euro 7 million. The subsidiary has commitments to make payments for the fixed interest rate in Indian Rupee and the counterparty has commitments to make payments in Euro for the fixed interest rate.
- 4) A subsidiary had several cross currency and interest rate swap agreements with a financial institution for long-term borrowings totalling U.S. Dollar 4 million. The subsidiary has commitments to make payments for the fixed interest rate in Indian Rupee and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR plus specified rate.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily enters into forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies including anticipated future purchases and sales of goods denominated in foreign currencies. The forward exchange contracts have maturities of less than 1 year.

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As at 31 December the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		<i>(Unit: Million)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
Foreign currency		2019	2018	2019	2018
Accounts receivable - trade and others					
Foreign currencies	Won	17,549	13,656	-	-
	Yen	142	181	65	48
	Renminbi	87	7	87	83
	United States Dollar	43	65	7	18
	Swedish Krona	24	19	-	-
	Euro	12	4	1	1
	Singapore Dollar	10	12	-	-
	Rand	10	4	-	2
	Australian Dollar	2	2	3	8
	Pound Sterling	-	2	1	1
Currency forwards	Won	17,549	13,656	-	-
	Yen	142	181	65	48
	Renminbi	87	7	87	83
	United States Dollar	33	53	7	18
	Singapore Dollar	10	12	-	-
	Rand	10	4	-	2
	Australian Dollar	2	1	3	8
	Euro	-	-	1	1
	Pound Sterling	-	-	1	1
Long-term loans to subsidiaries					
Foreign currencies	United States Dollar	-	-	-	478
Interest-bearing liabilities					
Foreign currencies	United States Dollar	394	486	104	92
	Euro	11	9	-	-
	Canada Dollar	3	-	-	-
Currency forwards and cross currency and interest rate swaps	United States Dollar	369	386	104	92
	Euro	7	-	-	-

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		<i>(Unit: Million)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
Foreign currency		2019	2018	2019	2018
Accounts payable - trade and others					
Foreign currencies	Yen	173	158	-	-
	United States Dollar	99	117	-	-
	Euro	15	33	-	-
	Zloty	6	6	-	-
	Renminbi	3	3	-	-
	Swedish Krona	1	1	-	-
	Ringgit	1	-	-	-
	Singapore Dollar	1	-	-	-
Currency forwards	Yen	172	156	-	-
	United States Dollar	100	48	-	-
	Euro	3	21	-	-
	Renminbi	2	-	-	-
	Ringgit	1	-	-	-
Forecast sales					
Currency forwards	Yen	4,825	2,015	663	153
	Won	2,212	323	-	-
	United States Dollar	100	104	4	12
	Hong Kong Dollar	47	42	-	-
	Pound Sterling	31	53	2	-
	Canada Dollar	21	1	-	-
	Singapore Dollar	10	9	-	-
	Euro	9	9	-	-
	Renminbi	7	-	6	-
	Australian Dollar	3	9	2	8
	Rand	1	3	-	-
	New Zealand Dollar	1	-	-	-
Forecast purchases					
Foreign currencies	Euro	10	-	-	-
	United States Dollar	2	-	-	-
Currency forwards	United States Dollar	112	47	-	-
	Zloty	67	70	-	-
	Yen	20	44	-	-
	Euro	11	4	-	-
	Ringgit	1	1	-	-
	Renminbi	-	3	-	-
	Danish Krone	-	1	-	-

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit facilities. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in financial statement at the reporting date. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

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Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2019					
Financial assets					
Forward contracts	621	-	509	-	509
Cross currency and interest rate swaps	15	-	566	-	566
Financial liabilities					
Forward contracts	3	-	65	-	65
Cross currency and interest rate swaps	221	-	377	-	377
Debentures	153,852	-	164,899	-	164,899
Exchangeable Bonds	2,797	-	2,941	-	2,941

31 December 2018					
Financial assets					
Forward contracts	920	-	840	-	840
Cross currency and interest rate swaps	243	-	217	-	217
Financial liabilities					
Forward contracts	8	-	12	-	12
Debentures	149,691	-	153,916	-	153,916
Exchangeable Bonds	3,042	-	3,074	-	3,074

(Unit: Million Baht)

	Carrying amount	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2019					
Financial assets					
Forward contracts	29	-	9	-	9
Financial liabilities					
Cross currency and interest rate swaps	105	-	207	-	207
Debentures	92,500	-	100,447	-	100,447
31 December 2018					
Financial assets					
Forward contracts	59	-	30	-	30
Financial liabilities					
Cross currency and interest rate swaps	96	-	73	-	73
Debentures	101,000	-	104,633	-	104,633

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Level 2 fair values for over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate. The fair values of forward contracts, cross currency swaps and interest rate swaps were remeasurement of the rates initially quoted by the Group's bankers with the rates based on market conditions existing at the end of the reporting period.

Level 2 fair values for debentures of the Company and CPF (Thailand) Public Company Limited have been determined based on quoted prices in the debenture market from the Thai Bond Market Association by using the closing price at the end of the reporting period.

Level 2 fair values for debentures of Chia Tai Investment Co., Ltd. have been determined based on quoted prices in the bond market from the Shanghai Stock Exchange by using the closing price at the end of the reporting period.

Level 2 fair values for the Exchangeable Bonds ("EBs") have been determined based on quoted prices in the EBs market traded in overseas market by using the closing price at the end of the reporting period.

33 Commitments with non-related parties

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

33.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	5,211	2,407	-	2
Machinery, equipment and others	4,376	2,083	546	29
Total	9,587	4,490	546	31

33.2 Commitments under operating lease agreements

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	4,968	4,331	101	119
Over one year but within five years	14,227	12,136	112	88
Over five years	17,614	13,984	1	2
Total	36,809	30,451	214	209

The Group has lease agreements with non-related parties covering office premises including facilities, land, farms, vehicles and others for periods of 1 to 70 years expiring in 2020 to 2087.

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33.3 Other commitments

The Company had a Cooperative Technical agreement with Maejo University (the “university”) whereby the university allowed the Company to use its land and constructions thereon in developing shrimp ponds and as the research and training center which will be terminated as at 31 December 2022. Under the terms of the agreements, the Company is committed to pay total annual compensation of Baht 2.2 million and to transfer the ownership of the project property to the university at the expiration of the agreements. The net book value of the Company’s assets in respect to the agreement as at 31 December 2019 totalled Baht 14 million (2018: Baht 22 million).

33.4 Letters of credit

Certain subsidiaries had commitments under the issued letters of credit totalling Baht 2,065 million (2018: the Company and certain subsidiaries had commitments totalling Baht 3 million and Baht 1,559 million, respectively).

33.5 Letters of guarantee

- (a) The Company and certain subsidiaries had commitments with financial institutions for letters of guarantee issued by the financial institutions in favour of government agencies and others totalling Baht 16 million and Baht 9,192 million, respectively (2018: Baht 17 million and Baht 9,350 million, respectively). The letters of guarantee are principally covering the guarantee of taxes, duties and sale of goods.
- (b) Certain foreign subsidiaries have commitments with foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totalling Baht 314 million (2018: Baht 482 million).

34 Events after the reporting period

The COVID-19 coronavirus outbreak occurred after the reporting period could have brought the indirect impact to the business in the outbreak area in China. However, the Group has put the contingency measures in place to lower the impact from the outbreak.

35 Thai Financial Reporting Standards not yet adopted

New and revised TFRS, which are relevant to the Group’s operations, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

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(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS – Financial instruments are as follows:

(i) Classification – Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

Under TFRS 9, derivatives will be measured at FVTPL. It shall replace current accounting policies of the Group on recognition when the derivatives were exercised.

(ii) Impairment – Financial assets

TFRS 9 introduces forward-looking ‘expected credit loss’ (ECL) model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

(iii) Classification – Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

(iv) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Group is required to ensure that hedge accounting relationships are aligned with the Group’ risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.

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Notes to the financial statements

For the year ended 31 December 2019

Currently, the Group had derivative for currency exchange rate risk and interest rate risk which was recognised in accordance with the accounting policy as disclosed in note 4 (d). However, TFRS 9 had an option to apply the hedge accounting for any transactions that meet the specific requirement of hedge accounting under TFRS 9 at date of initial application.

Transition

The Group expects to initially adopt these TFRS by adjusting the impact to retained earnings or other component of equity on 1 January 2020, with no restatement of comparative information.

The Group has assessed the preliminary impact of initially applying the relevant Thai Financial Reporting Standards of financial instruments on the financial statements. As at 1 January 2020, total assets of the Group and the Company will increase approximately by Baht 10,000 million and Baht 500 million, respectively. Total liabilities of the Group and the Company will increase approximately by Baht 3,000 million and Baht 200 million, respectively. In addition, retained earnings of the Group and the Company will increase approximately by Baht 7,000 million and Baht 300 million, respectively.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Transition

The Group expects to initially adopt TFRS 16 using the modified retrospective approach by adjusting the impact to the retained earnings on 1 January 2020, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

The Group has assessed the preliminary impact of initially applying TFRS 16 on the financial statements. As at 1 January 2020, the Group and the Company expect to recognise the increase in right-of-use assets approximately by Baht 25,000 million and Baht 400 million, respectively, and recognise the increase in lease liabilities approximately by Baht 27,000 million and Baht 400 million, respectively. In addition, retained earnings of the Group will decrease approximately by Baht 2,000 million, and expect that there will be no significant impact to retained earnings of the Company.



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