

Annual Report **2008**

Charoen Pokphand Foods Public Company Limited



Kitchen
of the *World*



ชีวิตอร่อย ทุกวัน

ชีวิตอร่อย ทุกวัน



 Worldwide www.cpfworldwide.com
 Brandsite www.cpfbrandsite.com
 FreshMart www.cpfreshmartshop.com
 Consumer Center
 0 2800 8000
consumercenter@cpf.co.th

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រាល់



ថ្ងៃធុនរ័យ ពុករាល់



ថ្ងៃធុនរ័យ ពុករាល់



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The Company at a Glance



Charoen Pokphand Foods Public Company Limited and its subsidiaries or “**CPF Group**” is the leading agro-industrial and food conglomerate in Thailand. The greater part of the Company production bases is in Thailand and some operate overseas. Its market capitalization, as of December 31, 2008 was approximately THB 23,913 million.

With vision to be the “**Kitchen of the World**”, the Company is committed to fulfill the desire for quality food products that are nutritious, hygienic and have the highest level of safety by consumers, whose preference and habits have been continuously changing. The Company’s products are distributed not only in Thailand but also in many countries around the world. In addition, the Company also supports the developments in animal farming know-how in several countries in order to produce quality meat products supply in those countries.

Apart from maintaining its leading position in animal feed business, the Company also strives to be leader in meat and food business both in Thailand and in overseas countries where it has vested interest and operate with aim to achieve acceptable operating profit. The Company conducts business with environment friendliness and the responsibility to social at large, with focus on research and development, people development, and enhance a good corporate governance practices. All these are to strengthen its business to ensure sustainable growth and ability to compete internationally.

The Company’s core business divides into 2 main business lines: (1) the livestock business and (2) the aquaculture business. The livestock operations include chicken broiler, chicken layer, duck and swine. For aquaculture business, the two main marine animals are shrimp and fish. The products in each of these 2 business lines can be classified into 3 main categories, namely 1) animal feed, 2) meat (including live animal) and 3) cooked meat and ready-to-eat food products.

In 2008, the Company reported consolidated sales of THB 156,238 million, which comprises of 69% from domestic sales of Thailand operations, 16% from export revenues of Thailand operations, and the other 15% from overseas operations. The net profit of 2008 is at THB 3,128 million or THB 0.44 per share. The dividend declaration for the whole year 2008 is THB 0.19 per share.

Note : “The Company” or “CPF Group” in this annual report means Chareon Pokphand Foods Public Company Limited or “CPF” and its subsidiaries (companies that CPF directly or indirectly holds more than 50 percent of paid-up shares)

○ Quick Facts

[As of December 31, 2008]

Head Office	C.P. Tower, 15 th Floor, Zone A 313 Silom Road, Bangrak, Bangkok 10500, Thailand
Telephone Number	(662) 625-8000
Facsimile Number	(662) 638-2139
Web Address	http://www.cpfworldwide.com
Business Category	Agro-industrial and Food
Legal Status	Public limited company registered in Thailand
Registration Number	0107537000246
Registered Capital	THB 8,206.66 million
Number of Paid-up Shares	7,519.94 million shares (all in ordinary shares)
Number of Repurchased Share	401.57 million shares
Number of Outstanding Shares, Net of Repurchased Shares	7,118.37 million shares
Par Value	THB 1.00 per share
Subsidiaries	75 companies (Brief information is shown on page 117)
Trading Symbol on the SET	CPF for ordinary shares
Trading Symbol on the Thai Bond Market Association (TBMA) and/or the SET	CPF09NA for debentures No. 1/2004 Series 2 CPF106A for debentures No. 1/2005 Series 2 CPF097A for debentures No. 1/2006 Series 1 CPF117A for debentures No. 1/2006 Series 2 CPF100A for debentures No. 1/2007 Series 1 CPF120A for debentures No. 1/2007 Series 2 CPF118A for debentures No. 1/2008 Series 1 CPF138A for debentures No. 1/2008 Series 2 (Brief information of debentures is shown at “www.cpfworldwide.com” under section of “Investor Relations”, and the outstanding debentures is shown on page 54)

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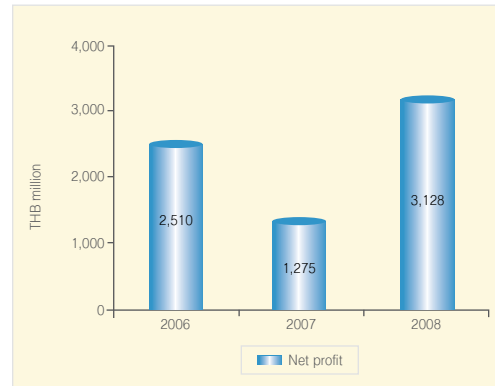


Financial Highlights in the Past 3 Years

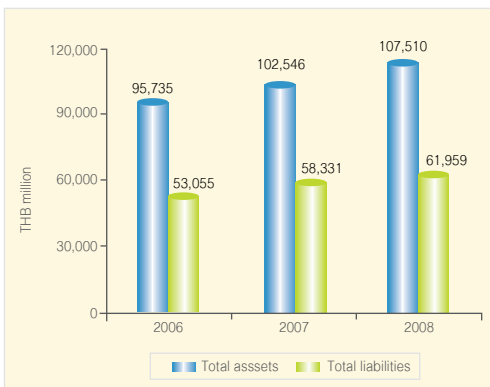
Net Sales



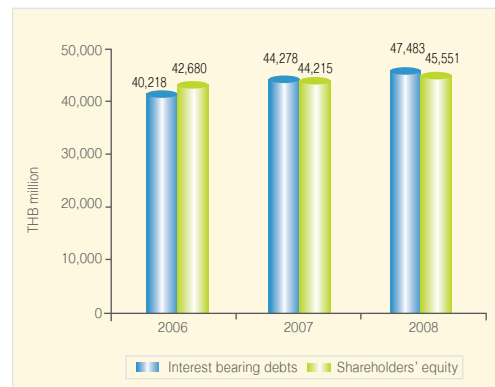
Net Profit



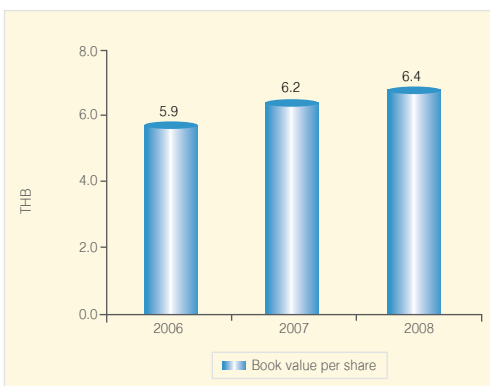
Total Assets and Total Liabilities



Interest Bearing Debts and Shareholders' Equity



Book Value per Share



Dividend per Share



Message to Shareholders



Mr. Dhanin Chearavanont
Chairman of the Board of Directors



Mr. Adirek Sripratak
President
and Chief Executive Officer

Charoen Pokphand Foods Public Company Limited and its related companies are the group of companies within the agri and food business. The Group has been acknowledged and trustworthy by Thai and foreigners over the World for many years. We dedicate to enhance our efficiency always. Thus, we presently are able to maintain our position as leader in the integrated agro-industry, and to internationally run the business by Thai. As a result, the Group has been expanding business into various countries in the World, and stepping into the integrated food business. Our focus has been dedicated in the production of quality food products with food safety integrity and meeting the requirements of consumers the world over. We are also committed to building our business with sustainable growth with solid foundation.

Operating Results

Countries around the world started to directly or indirectly face with economic crisis led by the US financial crisis in 2008. At the beginning of the year, crude oil price soared high causing various industries to suffer from high production costs. The drastic drop in oil price towards the end of the year caused the high-cost inventory held in stock.

The global financial crisis this past year had affected countries around the world leading to cut in consumer expenditures. That included the fluctuations on financial system in many countries, comprised of the rapid change of the foreign currency exchange and interest rates. Those have some impact to business. The agri and food industry was also experienced problems and difficulties. To meet these challenges, the Company focused on enhancing the efficiency of all operations, plus slowed down on investment and expansion projects, together with applied risk management to efficiently encounter all changes.

In 2008, sales of CPF Group was THB 156,238 million, with net profit of THB 3,128 million or growth over 2007 of 16% and 145% respectively. CPF Group sales achieved the target set. Sales from operations in Thailand accounted to 69% of total, export sales was 16% and sales revenue from overseas operations was 15%. All business units achieved a satisfactory growth rate, particularly meat operation in Thailand, which was faced with problems and difficulties in the previous year, has satisfactory been able to pass through those problems and difficulties.

Dividend Payment

For the fiscal year 2008, CPF declared dividend payment twice totaling THB 0.19 per share. The Board of Directors declared interim dividend considering from the first six months results of 2008 at THB 0.08 per share and paid out on September 11, 2008. At the Board meeting on February 25, 2009, the Board of Directors approved the annual dividend payment considering from the second half results of 2008 at THB 0.11 per share,

payable on May 21, 2009. The Board of Directors will propose the annual dividend payment for approval at the Annual General Meeting of Shareholders 1/2009 to be held on April 22, 2009.

Business Plan for the Year 2009

The global financial crisis which started in 2008 may continue to cause slow down in world economy and reduction in consumer spending. The Company continues its policy implemented last year in slow-down investment and expansion projects. Each business unit has been directed to emphasize on productivity and efficiency. Due to the economic crisis may still cause the volatility of the foreign currency exchange and financial costs in many countries in the World, the closed supervision and up-to-speed risk management is essential.

However, as the Company's end products are one of life's essentials, together with the expansion into food business under CP brand with focus on food safety and hygiene standard of manufacturing, including the expansion into Russia, it is expected that the impact of global financial crisis on the Company should be manageable.

Human resources development, and the development of organization competency, with the corporate social responsibility remain our long-term business plan. All these are material factors that would make the Group be able to achieve sustainable growth and step up to be the agri and food company in the global market. Hence, it would definitely also fulfill our vision of becoming "Kitchen of the World" as been mutually set.

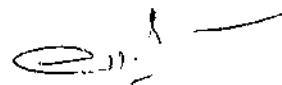
Nonetheless, the Company is committed to managing the business to consistently yield reasonable and sustainable return to shareholders. The Group, then, appreciates the importance of good corporate governance and being good corporate citizen. The management, staff and employees are dedicated to internationally and substantially improving capability and performance aiming to strengthen our organization.

In the name of CPF Group, we would like to express our sincere appreciation to our shareholders and bondholders for the continual trust and helpful suggestions given. We would also like to thank our trading partners and the financial institutions that have been believe and been supportive throughout. We look forward to receiving such kind consideration as always.



Dhanin Chearavanont

Chairman of the Board of Directors
On behalf of the Board of Directors




Adirek Sripratak

President
and Chief Executive Officer

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A large, stylized graphic in shades of green. It features a central flame-like shape with a diamond in the middle, surrounded by leaf-like patterns. The background is a solid light green color.

With vision to be the **“Kitchen of the World”** the Company is committed to produce quality food products that are nutritious, hygienic and have the highest level of safety while having business adhering to environmental friendliness and social responsibility.

CEPFA



CP

หมูสดอนามัย ซีพี

Hygienic Fresh Pork



○ Thailand Operations

Livestock Business

Operations of the livestock business are fully integrated. The livestock business covers broiler, layer, swine and duck. The products can be divided into 3 main categories, namely 1) animal feed, 2) animal breeder and 3) meat and food products, with detail as follows:

- **Animal Feed**

The Company is the leader and pioneer in the manufacture and distribution of livestock feed. The Company produces livestock feed in the forms of concentrate, powder and pellets for broilers, layers, swine and duck. The livestock feed is distributed by sales representatives throughout the country.

In addition, a portion of the livestock feed is sold directly to large animal farms in Thailand. Agriculture products such as corn, soybean meal and broken rice are used in the production of livestock feed under fully computerized formulation and production processes to ensure consistent quality as required. The Company has a system to randomly check the quality of raw materials and products. Quality control at different stages of production helps raise confidence in the quality of the Company's products.

As the leader in the business, the Company's products are well-known among customers. Therefore, an important marketing strategy is maintaining high product quality as well as continually providing excellent customer service. For the past year, the Company focused more on promotion due to more obstacles in feed industry.

- **Animal Breeder**

The Company is the leader in the research and development of natural animal breeds. The goal is to obtain quality breeds that are disease-free, suitable to the breeding environment in Thailand. The Company produces parent stock broiler chicks, parent stock layer chicks, parent stock swine, broiler chicks, layer chicks, layers and piglets for distribution to animal farms and domestic sales representatives.

As the Company's operations are fully integrated, livestock breeding is part of a continuous production process. Grandparent stock used in livestock breeding are imported from abroad to breed parent stock which are then raised on the Company's farms. Most of animal feed used in the Company's farms is the Company's products.

The Company's breeding farms, located in numerous provinces across the country, practice good farm management and use the evaporative cooling system.

The evaporative cooling system applies advanced technology to raise livestock and has proven to be an effective method to prevent and control disease, yielding quality products that are sought after in the market. The prices of livestock breeds depend on domestic demand and supply as well as the quality of the breeds.

In addition, the Company has its after-sales service with a number of branch offices located across the country. These branch offices are the centres to help provide farmers proper farming techniques and marketing as well as distribution management skills.

- **Meat and Food Products**

Products in this category can be further divided according to 2 types of production process, namely animal farming for commercial purposes and processing and manufacture of cooked food products. Details are as follows:

(1) Animal Farming for Commercial Purposes

Products from animal farming for commercial purposes include live chicken, eggs, live ducks and live swine which are distributed to sales representatives throughout the country. The products are also distributed in surrounding local areas, to wholesalers and retailers, or to the Company's processing plants or other processing plants in Thailand. The selling prices fluctuate according to domestic demand and supply.

Research and Development is applied to continuously improve the farming process, making it suitable to the conditions in Thailand. The Company's farm management system also has an effective system to control and prevent diseases. This results in faster growth in animals, higher yields and minimizing costs.

In addition, the Company has an office across the country, which acts as centers providing technical information to farmers on how to properly raise animals to obtain fast growth as well as assistance with marketing and distribution.

The Company has a support program for the farming of swine and broiler. The Company selects farmers who have their own farm and farming equipment. Selected farmers receive support in the areas of animal breeds, animal feed, medication and farming knowledge from the Company.

The Company then undertakes to purchase all yield which meets the CPF standards. Most of the farmers participating in this program also use the evaporative cooling system.

(2) Processing and Manufacture of Cooked Food Products

In meat processing, broilers, ducks and swine from the Company's farms are brought to processing plants to be cut into meat parts according to customer specifications. The meat parts are then packaged, frozen and distributed as chilled and frozen meat products to wholesalers, domestic retailers and importers in various countries. The selling prices fluctuate according to demand and supply in the country and the world market. The selling prices are also determined by agreement if the products have been manufactured according to customer specifications.

Furthermore, the Company adds more value to processed meat products to create cooked food products by flavoring and cooking through the process of boiling, steaming, frying, baking and grilling according to customer specifications. These products are then packaged, frozen and refrigerated, ready for distribution to wholesalers and retailers, fast food restaurants and modern trade outlets such as discount stores and supermarkets. Export products are distributed through importers in various countries, mainly countries in the European Union, Japan and Asian countries.

The selling prices of cooked food products distributed in Thailand and exported, for example frozen karaage chicken, frozen steamed chicken breast, chicken green curry with rice, egg tofu, meatballs and sausages, are determined by agreement with customers during the sell process. For ready meal products, the Company insists on using CP brand to sell both in domestic market and export.

Aquaculture Business

Operations of the aquaculture business are fully integrated. The aquaculture business includes mainly shrimp and some fish. The products can be classified into 3 main categories, namely 1) animal feed, 2) animal breeder and 3) meat and food products, with detail as follows:

- **Animal Feed**

The Company is the leader and pioneer in the production and distribution of aquatic feed with the main product being shrimp feed. Aquatic feed is produced in the forms of concentrate, powder and pellets and distributed through sales representatives that are located in shrimp farming areas throughout the country. A portion of the feed is distributed directly to shrimp farms in Thailand. Agriculture products such as soybean meal, fishmeal and wheat flour are used in the production of aquatic feed under fully computerized formulation and production processes to ensure consistent quality as required. The Company has a system to randomly check the quality of raw materials and products. Quality control at different stages of production help raise confidence in the quality of the Company's products and ensure that the aquatic feed is suitable for shrimp and fish farming in Thailand, resulting in good feed conversion ratio. Farmers using the Company's aquatic feed produce higher yields than the industry average.

As the leader in the business, the Company's products are well-recognized among customers. Therefore, an important marketing strategy is maintaining high product quality as well as continually providing excellent customer service. Customer service is enhanced by providing technical knowledge to sales representatives as well as directly to the farmers by organizing technical seminars, establishing centers to provide laboratory services and consultations to farmers, and distributing printed materials on news related to animal breeding. This will enable the aquatic farming industry to sustainability growth.

- **Aquatic Breeder**

Aquatic breeds come from culture farms and hatcheries, with details as follow:

(1) Shrimp Culture Farms and Hatcheries

Following the Company's policy of supporting sustained growth and development in the shrimp industry, the Company has developed quality shrimp fry to distribute to farmers, which will increase their opportunity to successfully farm shrimp. The Company's culture farms and hatcheries are located in the shrimp farming areas in the eastern and southern regions of Thailand. The culture farms and hatcheries practice good farm management, apply advance technology to raise shrimp and has an effective system to prevent and control disease, yielding quality products that are sought after in the market. The prices of shrimp fry depend on domestic demand and supply as well as the quality of the breeds.

(2) Fish Culture Farm and Hatcheries

The Company has developed fish breed to distribute fish fry to farmers, including the Tabtim fish fry, which was developed from Tilapia fish. In 2006, the Company also succeed in develop Morakot fish breed type, which was developed from Bassar fish.

The Company's fish culture farms and hatcheries, located in the central and northern regions of Thailand, have good farm management, incorporate modern technology and have an effective system to prevent and control disease, yielding quality products that are sought after in the market. The prices of fish fry depend on domestic demand and supply as well as the quality of the breeds.

- **Meat and Food Products**

Products in this category can be further divided according to 2 types of production process, namely shrimp and fish farming for commercial purposes and processing and manufacture of cooked food products. Details are as follows:

(1) Shrimp and Fish Farming for Commercial Purposes

The Company realizes the importance of traceability which has prompted the Company to expand its shrimp farming business, resulting in fully integrated operations that produce high quality shrimp for the Company's processing plants as well as other processing plants in Thailand.

In the management of the Company's shrimp farms, research and development and technology are applied to find ways to prevent the outbreak of disease in shrimp and farming methods, which are friendly to the environment and do not cause residue build-up. The Company promotes "Probiotic Farming" which avoids the use of drugs and chemicals.

(2) Processing and Manufacture of Cooked Food Products


Products derived from processing are one of the important products in the meat and food products category of the aquaculture business. The main products are processed fresh shrimp and value-added processed shrimp, most of which are produced for export as chilled and frozen products and distributed through importers in

various countries. The selling prices fluctuate according to demand and supply in the country and the world market. The selling prices are also determined by agreement if the products have been manufactured according to customer specifications.

Furthermore, the Company has added value to processed shrimp by producing ready to eat cooked food products. Research and development in this area focuses on processing fresh shrimp into semi-cooked and cooked food products by flavoring and cooking through the process of boiling, steaming, frying, baking, and grilling according to the specifications of customers. These products are then frozen and refrigerated, ready for distribution to wholesalers and retailers, and through modern retail outlets such as hypermarkets and supermarkets. The Company produces ready meals under the CP brand sold to both the domestic and overseas markets.

Export products are distributed through importers in various countries, mainly the USA, Japan and countries in the European Union. Besides applying advanced technology to ensure production meets international standards, the Company also places great importance on product safety and quality. The selling prices of food products under this category are determined by agreement with customers upon each sell.

Branding and Distribution

The Company has moved to brand its own products launched both in Thailand and overseas. This strategy is to differentiate the products and encourage consumers' perception. Presently, the Company's meat and food products are mainly distributed under the brand .

Moreover, the CPF Group has enhanced its distribution channels. This includes its own distribution channels, such as the Outlet of Five Star Chicken, and CP Fresh Mart. In overseas, the Company has set up branch offices and sales representatives to enable proximity to customers and market in various countries, such as in Japan, Korea, Singapore, Hong Kong, South Africa, the United Kingdom, Belgium, France, Switzerland, Italy, German, Denmark, and the United States.

Raw Materials Sourcing for Feed Production

Since raw material cost accounted for approximately 40% of the Company's cost of good sold; therefore, the Company set up a team of purchasing experts to source raw materials for both livestock and aquatic feed production, providing the Company with a competitive edge. The large purchase volume creates bargaining power for the Company as well as helps the Company to save on transportation and related costs.

The Company's procurement policy places great emphasis on obtaining high quality raw materials that meet the usage requirements. The Company places significant importance on traceability, ensuring that the source and production processes of the raw materials meet international quality standards. Procurement of raw materials produced in the country, especially around the area where the feedmill is located, is given first priority in order to support the country's farmers. In the case where local procurement is inadequate for production needs, whether due to insufficient

supply or substandard quality, then raw materials are imported from abroad. In 2008, 13% of raw material procurement imported from abroad.

Main raw material used in livestock feeds production are corn and soybean meal and the main raw material used in aquatic feeds production are fish meal, soybean meal and broken rice. As the raw materials are commodity products, their prices fluctuate according to market demand and supply.

○ **Businesses Related to Domestic Operations**

The Company has established trading offices or set up joint ventures in trading business in many countries including the United States, Japan, Hong Kong, China, Belgium, England, and Denmark, so as to enable proximity to the market and customers. In addition, the Company set up subsidiaries to provide services to its business operations including information technology, training center and international trading.

○ **Research and Development**

Continuous research and development stand behind the Company's success as the leader in the agro-industrial and food industry. The Company's research teams comprise high caliber professionals who are highly regarded in Thailand's agriculture industry. They cooperate with other outside parties, including research institutes both in Thailand and overseas, specialists, customers and various public agencies, with the mutual objective of sustaining the industry, while having business adhering to environmental friendliness.

Aside from developments for the sustainability for the overall industry, the Company emphasizes product development to satisfy consumer requirements and to meet the differing regulations and standards of each customer throughout the world.

As a result of the Company's successful and effective product development and farming system, providing customers with confidence that the Company's products are of high quality, delicious and safe, which forms the Company's competitive edge.

- **R&D in Animal Breeds**

The Company's continuous research to improve animal breeds has proven to be strength in operating an integrated agriculture business and plays an important part in putting the Company on the world stage. The Company's emphasis is on improving and selecting breeds through natural means to obtain animal breeds that are suitable to the farming environment and in line with consumer needs. Research in this area also leads to efficiencies in breeding and good feed conversion rates, which enhance profitability.

- **R&D in Animal Feed Production**

The Company has a team of researchers who study and develop animal feed production. They strive to produce quality animal feed with a good feed conversion rate and ultimately reduce production costs. Presently, the Company has brought in advanced technology, such as computerized control of the integrated production process, as well as an inventory system for raw materials and a production method that helps to reduce loss and damage.

- **R&D in Animal Farming**

The Company has adopted advanced technology and modern farm management systems for implementation at every step of the farming process, including computerized production controls. Some examples of the Company's achievements in animal farming include the following:

- **The Evaporative Cooling System on Livestock Farming**

This system provides a hygienic environment for raising animals and keeps the farms cool. The system is enhanced with the use of rice husks on the floor to reduce odor, an automated feeding system, and the use of a control system to help reduce pollutants which could arise from farming.

- **Probiotic Shrimp Farming**

Probiotic Farming yields chemical-free shrimp which are safe for consumption by employing natural products, namely the super biotic bacteria instead of chemicals to combat bad bacteria, which are the cause of various diseases in shrimp. Probiotic farming incorporates efficient pond management, which helps to produce healthy shrimp with high survival rate and good immunity against disease. Production costs are lowered, while yields are higher than through the use of chemicals.

- **Pork Free of Beta-agonist and Antibiotics**

The Company raises pigs without the use of beta-agonist and antibiotics, so that consumers are able to enjoy top quality pork.

- **R&D in Food Production**

The Company places great importance on research and development to add value to the Company's meat products as well as create new recipes with meat products to please consumer tastes around the world. The research team has worked closely with customers to develop a wide variety of ready-to-eat food products in line with customers' requirements.

Through research and development work done at the Company's research and development lab, a wide array of food products have been developed to serve the ever-changing consumer preference throughout the world emphasizing nutrition and taste.

Related research and development expense for the respective products have been included in the cost of production for each product. In 2008, the total cost of research and development related to livestock and aquatic business totaled 0.4% and 2.1% of sales revenue for the respective business.

○ Production Standards

The Company attaches utmost importance to “product quality” that meets standards, is tasty and hygienic and most important is safe for consumption. The Company has a system to randomly check the quality of raw materials and products at every stage of the production process. Control systems at every stage of production will help inform management of productivity in each stage and enable the Company to trace back to the raw materials used in production process.

The Company is committed to continuous improvements in its production process to meet internationally recognized standards of production. The Company’s production process has been certified with the Good Manufacturing Practices (GMP) which is an award for quality approach to manufacturing, Hazard Analysis and Critical Control Point (HACCP) which is a system that focuses on preventing food contamination, EST/TH, ISO 9002 which involves operating and production management systems that should be traceable with documentation, the British Retail Consortium Standard which is a standard for the food industry covering process control and personnel management, OHSAS 18000 (Occupational Safety & Health Administration Management System) which is an international occupational health and safety management system specification, ISO 14001 which concerns environmental management, ISO 18001 which involves the safety and welfare of employees and SHE (Safety, Health & Environment) which is a system that concerns safety, health and the environment. In addition, the Company is the first company outside the EU to achieve the Animal Welfare Standard in chicken production for export which is the most stringent of all current industry standards. Operators are required to consider the chickens’ “happiness” for the duration of the rearing process. The chickens have to be free from hunger and thirst (by ready access to fresh water and food), free from discomfort (by providing an appropriate, spacious environment), free from pain, injury and disease (by prevention and rapid diagnosis and careful handling), free to express normal behavior (by providing sufficient space, proper facilities and company of the animal’s own kind) and free from fear and distress (by ensuring conditions and care, which avoid mental suffering, such as before entering slaughterhouses).

○ Tax Privileges

Some of the Company's businesses are promoted by the Board of Investment (BOI). The significant benefits as of December 31, 2008 are outlined as follows:

Company / Business	Major Privileges	Commencing Year— Expiry Year
Charoen Pokphand Foods Plc.		
Shrimp Hatchery, Trat	* Income Tax Exemption	2002–2010
Shrimp Hatchery, Songkla	* Income Tax Exemption	2002–2010
Aquatic Feedmill, Samutsakorn	* Income Tax Exemption	2004–2012
Grandparent Stock Chicken Farm, Prajinburi	* Income Tax Exemption	2003–2011
Aquatic Feedmill, Songkla	* 50% Income Tax Exemption	2008–2013
Shrimp Hatchery, Trat	* Income Tax Exemption	2004–2012
Shrimp Hatchery, Chumporn	* Income Tax Exemption	2004–2012
Food Processing Plant, Nakhon Ratchasima	* Income Tax Exemption	2004–2012
Chicken Breeder Farm, Nakhon Ratchasima	* Income Tax Exemption	2005–2012
Feedmill, Nakhon Ratchasima	* Income Tax Exemption	2005–2013
Broiler Farm, Chicken Slaughterhouse, Feather Processing Plant, Nakhon Ratchasima	* Income Tax Exemption	2005–2012
Aquatic Processing Plant, Samutsakorn	* Income Tax Exemption	2005–2013
Aquatic Processing Plant, Rayong	* Income Tax Exemption	2005–2013
Aquatic Processing Plant, Songkla	* 50% Income Tax Exemption	2005–2009
Shrimp Hatchery, Phang-nga	* Income Tax Exemption	2006–2014
Aquatic Feedmill, Songkla	* Income Tax Exemption	2006–2014
Aquatic Feedmill, Saraburi	* Income Tax Exemption	2008–2016
Charoen Pokphand Northeastern Plc.		
Chicken Breeder Farm, Petchaboon	* 50% Income Tax Exemption	2006–2011
Chicken Breeder Farm, Prajinburi	* Income Tax Exemption	2003–2011
Bangkok Agro-Industrial Plc.		
Duck Farm, Prajinburi	* Income Tax Exemption	2002–2010
Swine Farm, Karnchanaburi	* Income Tax Exemption	2004–2012
Swine Farm, Prajinburi, Srakaew, Chonburi	* Income Tax Exemption	2005–2013
Duck Breeder Farm, Saraburi and Duck Farm, Prajinburi	* Income Tax Exemption	2003–2011

Company / Business	Major Privileges	Commencing Year— Expiry Year
Pullet Farm, Prajinburi	*Income Tax Exemption	2007-2015
Swine Farm, Chonburi	*Income Tax Exemption	2006-2014
Egg Processing Plant, Nakhon Nayok	*Income Tax Exemption (8 yrs.)	No revenues occur yet
Bangkok Produce Merchandising Plc.		
Animal Feedmill, Ayutthaya	* Income Tax Exemption	2001-2009
Food Processing Plant, Saraburi	* Income Tax Exemption	2002-2010
Broiler Farm, Saraburi	* Income Tax Exemption	2003-2011
Food Processing Plant, Saraburi	* Income Tax Exemption	2004-2012
Food Processing Plant, Saraburi	* Income Tax Exemption	2007-2015
CPF Food Products Co., Ltd.		
Broiler Farm, Prajinburi	* Income Tax Exemption	2002-2010
Broiler Farm, Prajinburi, Chachoengsao	* Income Tax Exemption	2003-2011
Broiler Farm, Chachoengsao	* Income Tax Exemption	2003-2011
Food Processing Plant, Bangkok	* Income Tax Exemption	2006-2014
Chicken, Duck Slaughterhouse, Bangkok	* Income Tax Exemption (8 yrs.)	No revenues occur yet
International Pet Foods Co., Ltd.		
Pet Food Plant, Saraburi	* Income Tax Exemption	2004-2012
Pokphand Aquatech Co., Ltd.		
Aquatic Feedmill, Chonburi, Samutsakorn, Songkla	* Income Tax Exemption	2002-2010
CP-Yonekyu Co., Ltd.		
Food Processing Plant, Chachoengsao	* Income Tax Exemption	2006-2014
Bangkok Food Products Co., Ltd.		
Swine Farm, Prachuabkirkhan	* Income Tax Exemption	2006-2014
Swine Farm, Chaiyaphum	* Income Tax Exemption (8 yrs.)	No revenues occur yet
B.P. Food Products Co., Ltd.		
Swine Farm, Rayong	* Income Tax Exemption	2007-2015
Swine Farm, Pitsanulok, Nakhonratchasima	* Income Tax Exemption	2008-2016

○ Industry Overview

The Agricultural Business in the Latter of 2008 and the Outlook in 2009: The Impact from the US Financial Meltdown

Source: Kra Sae Tad volume 2110, October 14, 2008, published by Kasikorn Research Centre

2008 was a golden year for the agricultural and agricultural-related sectors as global demand rose enormously. People were worried about a shortage of some agricultural products following global warming, which caused damages to many crops around the world.

This prompted import countries to stock more agricultural products while export nations moved to reduce or even suspend their exports for a while, so that they could have enough products for local consumptions. At the same time, they wanted to stabilize agricultural product prices and help consumers save their expenses.

For 2009, it is a challenging year for agricultural products and the agri business as it is a hope to help drive exports for Thailand while industrial products have been hit hard by the economic recession. However, agricultural producers have to adjust themselves to survive amid several negative factors and risks. Many countries will try hard to boost their crops, given the motivation from higher prices and food security. Global demand on agricultural products will weaken and the market will turn to be the buyer market. It is also expected that competition among agricultural products will get intense again and this will pressure global prices of agricultural products.

The falling oil prices will continue and this will lower demand of agricultural products that can be produced into bio-fuel. As a result, it is predicated that prices of food crops for bio-fuel production will go down and Thailand will lose its chance to export this kind of agricultural products as well.

Meanwhile, the impact from the US financial crisis needs close monitoring. Though agricultural products are less effected, everybody should closely monitor whether the fragile US economy will plunge into a recession or not, and the degree of impact on the other economies including EU, Japan, China and emerging markets, where Thailand want to penetrate and increase exports.

Exporters and manufacturers should adjust their products to meet changing needs of consumers and tackle stricter rules and regulations particularly on product hygiene in trade counterpart countries. The melamine tainted milk scandal in China triggered many countries to be more aware about product hygiene.

- **The surge in production capacity in 2008/2009...a windfall from higher prices in 2008**

For the harvest year in 2008/09, it is projected that the crops of main agricultural products will rise. The higher prices are a major incentive to expand farming areas and invest in agricultural infrastructures to increase crop yields.

As a big flood took place in Thailand in late 2008, rice paddy fields in low land areas got a severe impact. However, total rice production did not decrease that much because paddy fields in high land areas, especially in the Northeastern part of Thailand, yielded very good due to adequate water supply. Paddy fields were damaged during the harvest of second crop in some areas and those which just began planting. It is

expected that these paddy fields would have new rice plantation and their harvests would be delayed by 1-2 months. It is forecast that total rice production (main crop) in 2008/09 and second crop in 2009 will increase. Jasmine rice in the lower Northeast would be hit by the flood and the harvest of Jasmine rice in 2008/09 will reduce and high prices would be maintained.

The forecast of major economic crops

:million tonnes

Crop year	2006/07	2007/08	Change (%)	2008/09*	Change (%)
Rice	29.64	32.1	+8.3	30.55	-4.8
- Main crop	22.84	23.31	+2.1	24.05	+3.2
- Second crop	6.80	8.79	+29.3	6.9	-21.5
Maize	3.72	3.68	-1.1	3.74	+1.6
Tapioca	26.92	25.16	-6.5	29.15	+15.9
Rubber	3.02	3.19	+5.6	3.25	+1.9
Sugarcane	67.19	76.73	+14.2	74.0	-3.5
Pineapple	2.31	2.48	+7.4	2.60	+4.8
Oil palm	6.39	7.87	+23.2	9.4	+19.4
Chicken**(million)	879.98	900.17	+2.3	930.0	+3.3
Pig**(million)	13.54	11.07	-1.8	11.5	+3.9
Shrimp (thousand tonnes)	350	300	-14.2	310	+3.3

Source : Office of Agricultural Economics, compiled by Kasikorn Research Centre

Note : *forecast **annual production

However, some agricultural products such as sugarcane will see the production drop due to unfavorable prices. Farmers have turned to grow tapioca, which generated higher economic returns. It is expected that the production of tapioca in 2008/09 will reach a historic high at 29.15 million tonnes, up 15.9% from the previous year. Tapioca has been grown more as it can be used in bio-fuel production as well.

The livestock production, particularly chicken in 2009, is likely to rise further from 2008 as chicken exports to Japan and EU will continue to grow. Moreover, the price of maize is going down and this makes the cost of animal feeds go down and not pressure the price of livestock products as well.

The swine production is increasing as some exporters have expanded their pig farming on hopes to export more frozen pork. Currently, demand of pork in the global market is likely to increase. However, small swine raisers still have faced many hardships as they could not control costs of animal feeds and the proper quantity of pigs raised in the farm. Mostly, pork demand comes from the local market and some pig raisers may face losses due to volatility of pork prices in the country.

For fishery products in 2009, the overall trend is slowing down. Shrimp farmers will continue to deal with falling prices even the government has stepped in to intervene the market by introducing the shrimp mortgage scheme. It is expected that shrimp farmers have to adjust their proportions to supply Japanese and EU markets as the US market is shrinking due to its economic slump. The production of tiger pawn will increase as consumers in the EU and Japan prefer tiger pawn more than vanamide shrimp. However, the US is still the biggest export market for Thai shrimp but the export volume in 2009 is likely to decline following the flagging economic problems. But Thai shrimp exporters will benefit from the lower AD duties by the US.

Hence, the production of agro-industrial products will increase due to the windfall from the economic slowdown, which sends many consumers to consume more processed agricultural products, canned products and ready-to-eat products. Products such as canned and processed seafood, canned and processed fruits and vegetables will enjoy higher sales.

- **The export of agricultural and agro-industrial products in 2008 and its trend in 2009**

Kasikorn Research Centre forecast that the export of agricultural and agro-industrial products in 2008 would be valued USD 31.1 billion, up 26.1% from 2007. Exports of agricultural and agro-industrial products will continue to increase particularly farm and livestock products. In 2007, agricultural product prices, especially rice, jumped sharply to reach a historic high in the first half of the year due to rising global demand as people were concerned that food supply would be in shortage. For livestock, processed chicken exports to Japan saw a sharp increase as Japanese people switched to order from Thailand after Chinese chicken was found chemical tainted. The value of agricultural product exports in 2008 was expected to rise continuously particularly canned seafood and processed and canned fruit and vegetable.

Export values of agricultural and agro-industrial products

: USD million

	2006	2007	2008	2009		Export destination
				In case of big impact	In case of modest impact	
Agriculture	13,131.15	15,167.61	19,700	21,000	22,000	China 13.7%, Japan 13.1%, European Union 12.5%, Malaysia 9.0%, US 8.9%
	(+25.7)	(+15.5)	(+30.0)	(+6.6)	(+11.7)	South Korea 3.5%, Nigeria 3.0%
- Farming	10,127.94	11,683.16	15,800	16,970	17,800	China 16.2%, Malaysia 10.7%, European Union 8.9%, Japan 8.8%, US 6.7%, Nigeria 3.8%
	(+30.8)	(+15.4)	(+35.2)	(+7.4)	(+12.7)	
- Fishery	2,174.84	2,439.26	2,600	2,630	2,700	US 28.6%, Japan 27.4%, European Union 15.6%
	(+11.2)	(+12.2)	(+6.6)	(+1.2)	(+3.8)	China 5.7%, South Korean 4.8%, Canada 3.2%, Hong Kong 3.2%
- Livestock	828.37	1,045.19	1,300	1,400	1,500	Japan 37.0%, Vietnam 2.9%, HongKong 2.8%, Singapore 2.4%
	(+10.6)	(+20.2)	(+24.4)	(+7.7)	(+15.4)	
Agro-industry	7,970.61	9,489.47	11,400	12,500	13,100	US 16.2%, Japan 14.3%, European Union 12.6%, Indonesia 6.0%, Malaysia 3.5%, Australia 3.2%
	(+13.7)	(+19.1)	(+20.1)	(+9.6)	(+14.9)	
Total	21,101.76	24,657.68	31,100	33,500	35,100	
	(+20.9)	(+16.9)	(+26.1)	(+7.7)	(+12.9)	

Source: Commerce Ministry, compiled by Kasikorn Research Centre

Note: *estimation **forecast

Kasikorn Research Centre forecast that the trend of agricultural and agro-industrial product exports in 2009 will continue to expand but at a declining growth rate despite the higher supply of agricultural products in Thailand. Global economic conditions are not favorable and pressuring agricultural product prices to go down.

However, the supply of agricultural products is on a rise as many countries have increased their crops to respond to rising prices in 2008 and long-term food security. As well, there were no serious natural disasters hurting the crops in 2008.

Global demand is weakening and competition will get more intense. People's purchasing power is declining following the global economic downturn and speculation on agricultural products will not be as heavy as in 2008.

However, Kasikorn Research Centre made a forecast on agricultural and agro-industrial product exports in 2009 based on two assumptions as it was very difficult to evaluate the degree of impact from the US financial meltdown on Thai exports.

The first assumption is the modest impact. It is predicted that export of agricultural and agro-industrial products will continue to grow in 2009 at a slowing rate after the historic rise in export values in 2008. The stimulus measures of trading partners of Thailand are expected to help ease the deep impact from the US financial crisis and cushion the economic recession in Thailand. It is estimated that the export value of agricultural and agro-industrial products in 2009 will surge by 12.9% to USD 35.1 billion.

The second assumption is the big impact. The Wall Streets financial crisis will hardly hit the US economy and make it plunge into a deep recession. Its impact will be vast and spread to many economies such as EU and Japan, which are major export markets for Thailand, as they will face a recession as well. The economic problems will also affect China and India, which are new export markets, and this will make Thai agricultural exports to these countries slow down. It is forecast that the export value of agricultural and agro-industrial products will rise by only 7.7% to USD 33.5 billion.

The forecast of agricultural and agro-industrial product exports in 2009

	Forecast in 2009
Agriculture	<ul style="list-style-type: none"> It is estimated that the volume and price are likely to reduce as global demand declines and competition is getting tougher.
- Farming	<ul style="list-style-type: none"> Global demand of farm products is expected to weaken because many countries have turned to produce more farm products, especially rice, to build food securities for their nations and stabilize food prices and local inflation. At the same time, exports are facing serious competition when compared to 2008 as many competitors have returned to the market again. Product demand from China will decline from 2008 when China was the host of Olympics games. Products which will get effects are tapioca, fruits and vegetables. Falling oil prices may affect and delay the investment in alternative energy and this will dampen the export potential for alternative fuels. This will cause an oversupply of farm products that can be produced as bio-fuel and their prices will face a slump, especially tapioca and palm. The product which got the most impact from the US economic crisis is natural rubber because the global automobile industry is facing a big slump and car companies in US, Europe, Japan and even in China and South Korea have faced a big drop in car sales and have cut their productions. Demand for rubber tyre and other car components which are made of rubber will fall significantly and this will eventually affect rubber exports both smoked rubber sheets and rubber bars. It expected that the oil price in 2009 would face a decline. It would be a new threat to the world's rubber price because synthetic rubber is a by-product of oil production and can substitute natural rubber.
- Fishery	<ul style="list-style-type: none"> The World Trade Organization (WTO) ruled in favour of Thailand to win the unfair anti-dumping duties and the requirement of bonds on Thai imports by the US. It was viewed as the double taxation. The victory made the final rate of AD duties on Thai products even lower, resulting in higher competitive advantage. Beyond this, the benefit from Japan-Thailand Economic Partnership Agreement (JTEPA) and Generalize System of Preferences (GSP) will be a positive factor to boost the shrimp export volume to Japan and the European Union (EU).

	Forecast in 2009
	<ul style="list-style-type: none"> It is expected that the shrimp export will be hit as the shrimp is considered as a luxury product. Then, the tendency is that the shrimp consumption in the US, the EU, and Japan, which are major export markets, will be even lower because their people will further save their money in their pockets. Moreover, it is expected that competition in other export markets would be fiercer because of export nations shifting its focus to other markets as well.
- Livestock	<ul style="list-style-type: none"> A windfall from lower duty under JTEPA agreement and the discovery of chemically-tainted chickens from China leads Japan to import more chicken from Thailand. A limitation on export quota to the EU, which is in talks on the quota increase, is expected to take two years to reach a conclusion because it is under the negotiation of the ASEAN-EU framework. The hope of increasing the export of livestock products is the re-exporting of frozen chicken and also the rising export volume of pork.
Agro-industry	<ul style="list-style-type: none"> Agro-industrial products are the rising star to help drive export continuously. The products, which post the highest growth, are canned and processed seafood, especially canned and processed fishes. The increase in growth comes from the healthy-food awareness, which makes people turn their attentions to eat more fish. Although the export value of agro-agricultural products is not high, its growth is solid. Among the products are canned and processed vegetables, especially canned baby corn and sweet corn, wheat products such as instant noodle, animal feed, seasonings, soup and processed food, meat and processed meat, cocoa and processed products. The US economic recession, which emerged from the financial meltdown on Wall Streets, will not only affect the American economy but also other nations around the globe. However, it sends a slight impact on agro-industrial products. Its growth is still good because they are products that can match consumption of people during the economic recession. Canned fish products are for example.

Source : Kasikorn Research Centre

- A lot of risks: speedy adjustment for survival**

In 2009, agricultural and agro-industrial products are expected to be a growth driver of Thailand's export sector, similar to 2008. But in 2009, there are various threats to Thai exporters. And they are forced to define strategies in order to keep their businesses forward. They are as follow:

1. The US financial crisis, the world economic slowdown: Although agricultural and agro-industrial products will not be hit as much as other industrial products, thanks largely to the staple food products. Operators need to adjust their business plans because consumers will tighten their belts. The type of agricultural and agro-industrial products that can grow in the market will have to serve basic consumption of people. While premium products will have falling growth.

The impacts of US financial meltdown on agricultural and agro-industrial exports are as follow :

- **The impact on the export to the US:** In term of value, the export of agricultural and agro-industrial products to the US market makes up about 10% of the total agricultural and agro-industrial export in Thailand.

The agricultural products export of Thailand to the US makes up 8.9% of the total export of the agricultural products. It stays on the fifth rank, behind China (13.7%), Japan (13.1%), the EU (12.5%), and Malaysia (9%).

The agro-industrial products export to the US represents up to 16.2%. It is considered as the most important market. However, the products are slightly hit by US financial meltdown. At the time of economic hardship, the products showing a good trend are canned fishes and its products. While shrimp products and natural rubber are the group to be expected to be hit hard.

Thai exporters of agricultural and agro-industrial products, who rely heavily on the US market, should seek new markets to offset its market contraction. But they are more aware that exporters in other nations are also expanding their export to new markets. As a result, competition in those export markets will intensify.

- **The impact on export to other markets:** The US Financial collapse does not only deepen its national economy, but also other nations such as the EU, Japan, China, and India. Therefore, the hope of expanding export to other markets to offset the US market contraction is rare. The reason for it is that the volume of export to other foreign markets faces a drop as well. In sum, agricultural and agro-industrial export will be affected.

2. Oil price tends to decline: Oil consumption of the agricultural sector makes up 16.5% of the total oil use in the country. Also, it represents 14.4% of the total production cost in manufacturing agricultural products. Fishery is the biggest oil user. In 2009, the world's oil price will face a drop, caused by the falling economies of countries worldwide. The demand in oil will decrease as a result.

The fall in oil price will make the production cost of agricultural products, especially marine fisheries, coastal farming, and transportation, even lower, however it will shrink the demand of alternative-energy crops in the market. Clearly, the price of such the crops will go down, especially oil palm and tapioca, creating an over supply.

The drop in oil price also makes the price of synthetic rubber even lower. The price of natural rubber will be hurt as well because synthetic rubber is an alternative product for natural rubber.

3. The change in regulations/rules on importing of trade counterparts: Agricultural and agro-industrial products exports in 2009 will encounter the change in regulations/rules on importing of trade counterparts. Countries will impose non-tariff trade protectionism by citing that they want to protect their local manufacturers and consumers. The introduction of health and hygiene is for example.

For solution, exporters should not only have to study the regulations considerably, but also will have to keep the product image good, with the high standardization of health and hygiene. In particular, the origin

of product production can be re-checked easily. That means the agricultural and agro-industrial products from Thailand can beat Chinese products, which currently are facing the negative image on the hygiene. The Chinese products exported to Japan were found contaminated chemically, including dumplings and chicken products. In addition, milk products shipped to nations were found tainted with melamine and they were recalled for scientific test.

In this point, Thailand should increase the number of scientific laboratories to test the local products in the way of international standard and accepted by importers. The number of laboratories should cope with the rising export volume of agricultural and agro-industrial products in the future. Especially in 2009, Thailand will re-export frozen chicken, after the operators have already upgraded their farming to the closed system according to the demand of the major buyers, Japan and the EU. Currently, they are waiting for an approval, issued by World Organization for Animal Health at the conference held in 2009.

4. The drop in agricultural products price : In 2009, there are several threats to the price of agricultural products. The product price will face a decline because supply in the market is on the rise, caused by price attraction and food security scheme. The competition in the world market will also heat up.

Speculation on the Agricultural Future Exchange in 2009 is less than in 2008 because of the drop in profit earning. Therefore, investors will turn their interest to invest on the stock exchange and precious metal, especially gold instead.

The following impact from the falling price of agricultural products is the income of the farmers. The problem will force the government to impose the mortgage scheme for major agricultural crops as a way of market intervention to maintain the price. However, the action should be done carefully in order to create the fairness with all the parties involved - farmers, exporters, and consumers.

Conclusion

In 2009, it is a challenging year that the agricultural and agro-industrial products can play an important role in driving the export sector of the country at the time of the world market uncertainty and the falling demand in agricultural products.

The rising volume of products produced in early 2008, lured by price incentive and food security scheme of nations, and the higher competition in the market are also among the threatening factors to the price of agricultural and agro-industrial products, including rice, para rubber, tapioca products, and shrimp and its products.

However, livestock and agro-industrial products are estimated to grow continuously due to the rising demand of import nations and the products accepted increasingly such as processed chicken and canned fishes at the time of economic crunch.

However in 2009, exporting agricultural and agro-industrial products will face several risks. The exporters will have to adjust their business strategy to keep their lives on. Especially, they, who rely heavily on the US market, where is being hit by its financial meltdown, will have to look for new markets. However,

they should be more careful because they will have to meet more fierce competition because exporters from other nations will also follow the same step.

Volatile oil price and the change in regulations/rules on importing of trade counterparts are among worrying issues of Thai exporters. Therefore, adjusting themselves to meet the changing situation is important factors to keep their businesses survive.

The Export Outlook on Shrimp Products in 2009: The Sluggish Market

Source : Mong Setthakit volume 2425, February 6, 2009, published by Kasikorn Research Centre

Shrimp product is among farm products that receives severe effects from the world economic recession. The forecast of shrimp export outlook in 2009 is pessimistic as orders from importing countries are declining as well.

It is predicted that the shrimp exports in the last quarter of 2008 and the first quarter of 2009 will improve significantly due to better conditions of major export markets---the United States and Europe.

The World Trade Organisation (WTO) ruled in favour of Thai shrimp, by requiring Washington to adjust its dumping duties on Thai shrimp exports to the US market, Thailand's biggest export market. The new anti-dumping duty would be below the previous rate. As a result, Thai shrimp exports in this market could beat products from rivals such as Vietnam and China. At the same time, Thai shrimp products are able to enjoy tariff privilege because the European Union has resumed General System of Preferences (GSP) to Thai export products, including shrimp.

With the negative outlook of shrimp exports this year, it is possible that the whole industry ranging from shrimp farmers, animal feed producers, cold storage to processed shrimp manufacturers, will be hit hard by declining demand for exports. Large-scale business operators will get less affected but small and medium size business operators, who cannot adjust business plans to cope with changes, will struggle. The Commerce and Agriculture and Cooperatives Ministry, probably, have to give their hands to help businessmen in the shrimp industry sort out the problems this year.

Shrimp farmers have already reduced outputs in 2009 in line with an estimation of declining export demand. The production capacity is likely to decline to 392,000 tonnes from 490,000 tonnes the year before, or down by 20%, which is the biggest drop in the past decade. The shrimp farmers have been asked to lower the number of baby shrimp in their farms and the crops. As well, they would leave their shrimp ponds longer than usual and maintain the number of ponds. Eventually, they would be able to maintain and stabilize shrimp prices. However, if the global economic condition in the second half of 2009 picks up, Thai farmers will be able to increase their capacity to as much as 600,000 tonnes per year.

The shrimp export projection for 2009 is 340,000-350,000 tonnes, down by 5% from the year before. In term of values, the projection is about USD 2.15 billion, falling by 10% from 2008.

It is possible that export volumes this year will decrease beyond the projection by 5% or could increase depending on world economic conditions and exchange rates. Shrimp prices should not be higher than the previous year. The size 50 shrimps per kilogram would be around THB 233. However, the declining output and the government scheme to shore up prices would push shrimp prices higher than the previous year.

- **Keep the eyes on 2009 hindrances**

- **Trend of declining demand of shrimp products in the world market**

Consumers tend to cut their spending on unnecessary expenses to save money amid the economic recession. Unfortunately, shrimp is regarded a luxury food, so it will be a prior product that people will cut from their food list. Shrimp imports showed a declining trend since the last quarter of 2008 which was unusual. Basically, Thailand's trade partners import more during the festive season near the end of the year.

For 2009, people are likely to switch to lower-price and small-size shrimp. That might cause export values drop. The export competition might be tougher since the major markets including the US, EU and Japan would shrink at the same time. Expanding to new markets will be difficult as well because other producing countries have to explore new markets to avoid competition in the conventional markets.

- **The US market**

Thailand's shrimp exports to the US market are likely to decline because of falling demand hit by the economic crisis. The survey found that American consumer behaviors have changed since the financial crisis emerged. Two-third of respondents planned to cut expenses on food and a half of respondents stopped dining out. Meanwhile one-third of them switched to shop cheaper foods in supermarkets to cook at home.

Furthermore, the consumers choose to cut expenses on seafood before other items, which could be said that shrimp exports for restaurants, hotels and retailers would likely fall.

Due to the falling prospect of Thai shrimp exports to the US, they would miss opportunities to benefit from the new rate of anti-dumping duty, which lowers to average 2.85% following the WTO ruling. Before the announcement of new AD duty, Thai shrimp lost competitiveness to Vietnamese and Chinese shrimp. Moreover, the cancellation of continuous bond requirement (C-bond), of which its final announcement will be made on Feb 11, 2009, will benefit Thai exporters, helping them reduce costs when shipping products to the US market.

However, there are risks for Thai shrimp in this market. The US shifts to import products from headless shrimp and shelled shrimp which accounted 42% of total imports to shell off shrimp. The main rivals for Thailand are Malaysia, Indonesia, India and Vietnam. These countries increasingly exported shrimp to the US market last year.

- **The EU market**

The weaker Euro and British pound are pushing up prices of Thai shrimp products in the EU market. Previously, it was expected that the 2009 outlook of this market would be promising, thanks to GSP. Thai products once lost market shares to Argentina, Brazil, China, Ecuador and India. Thai shrimp was a champion only in the German market. The competition in the EU market is getting intense since shrimp exporting countries have shifted to this market to avoid the requirement of C-bond and the applying of anti-dumping (AD) duties in the US market.

When looking at the 25-nation trade bloc, the world economic crisis hit individual country differently. Some countries have fallen into a recession already while some just saw their economic slowdown and these affected attitude of local people in a different way. French people still carry on dining out in restaurants, which are main shrimp buyers. While Spanish, Italian and British have lower shrimp demand obviously, and this caused the shrimp prices fall in these markets.

- **The Japanese market**

Japan, the world's second largest economy, is entering a recession for the first time in seven years. Demand of shrimp imports is falling over there. Coincidentally, free trade partnership between Japan and Vietnam will drive Thailand's competitor Vietnam to export more shrimp to Japan with no duty. Besides, Thailand has to compete with Indonesia and India as well.

- **The Australian market**

Though Australia has shrimp farming but its farmers cannot produce the crops for the whole year. Therefore, there will have opportunities for Thai shrimp. But the weak Australian dollar and local shrimp preference and strict trade protectionism over there are serious issues for Thai shrimp products to explore this market.

- **Coping with the export slowdown**

- **Cut shrimp outputs**

It is estimated that this year shrimp hatchery factories will cut their capacities from 3-4 billion shrimp a month to only one billion. The lower supply will help save the whole industry from oversupply and falling prices.

- **Promote local shrimp consumption**

Currently, domestic shrimp consumption is about 10% of total production capacity. Thais consume shrimp 0.8 kilogram per capita. Both government and private sector involved in the industry should promote shrimp consumption to 1.2 kilogram per capita.

- **Increase variety of shrimp products for exports**

Orders of shrimp products from overseas dropped 30% during the first two months of 2009 due largely to the economic recession. The sharp order fall hit the shrimp prices domestically as well. People involved in the industry proposed an adjustment of bio-shrimp farming as an alternative. There is high demand for bio-shrimp abroad such as in Europe and Japan. Its price is as much as 30% higher than ordinary shrimp.

Supplying sergestid shrimp (600-700 shrimp per kg.) to the Japanese market is a good alternative for Thai products. The farming period for sergestid shrimp is only one month while vanamide shrimp needs four months to grow for a quality size at 60-70 shrimp per kilogram. Farmers can do sergestid shrimp farming for 365 days and it is disease-free.

In Japan, restaurants will serve deep fried sergestid shrimp with Japan traditional white spirit sage. Currently, it imports 30,000 tonnes from China. Products from Thailand can beat Chinese one because hygiene of Chinese food is infamous among Japanese people.

Processing shrimp products should gain popularity among Japanese consumers because they tend to do shopping for home cooking rather than dining out. Food sellers have an attempt to encourage shrimp products into fast food chain. Basically, in Japan, shrimp consumption increases significantly during festive seasons such as Christmas, New Year and OBON festival.

- **Troubled export market : Challenging problems**

It could be said that Thailand's shrimp export outlook for 2009 is gloomy because three main markets—the EU, Japan and the US, which make up 90% of total exports, are slowing down. Since the Thai shrimp industry heavily depends on export markets, the poor export outlook will affect the whole industry inevitably.

Though cutting shrimp outputs by 20% to cope with falling export demand will hit every operator from upstream to downstream. Currently, there are about 500,000 rais of shrimp farming in Thailand. About 31,000 households produce 350,000-400,000 tonnes of shrimp annually. Mostly, they are small farmers. About 180 various kinds of factories involved in this industry, creating 700,000 jobs.

However, it is less possible that the country can reduce outputs as much as 20% as it plans originally. Incomes of small farmers rely mainly on shrimp sales. It would be difficult for them to diversify to do something else.

The Commerce and Agriculture and Cooperatives Ministry should study the oversupply problem seriously. Trying to stimulate local consumption will be able to absorb some of the outputs. Amid economic difficulties, shrimp is a highly-priced product when compared to other protein-carrying food. As a result, it has brought down the shrimp price domestically. The solution is to urge the government for a market intervention to maintain the price similarly to other economical crops. The possible way is to buy it and keep in stock. However, the market intervention for shrimp costs higher than the other crops because they must be kept only in the cold storage. Then, the Agriculture and Commerce ministries as well as related agencies should put a big effort to seek ways for solutions to reduce relief in the industry in the near future.

Conclusion

Initially, shrimp exports were projected to improve in 2009, especially in the two major markets, the US and the EU, driven by encouraging factors.

In the US, its government has reduced the anti dumping duties for Thai shrimp products and this resulted in competitive advantage for Thai products in this market. While in the EU market, the trade bloc returned GSP to Thai shrimp exporters, who would eventually export more to this market. As a result, they can regain its market share from competitors and also climb up as the top shrimp products exporter to Germany.

However, the trend is changing at present. Export of shrimp products tends to decline in 2009, hit by the global falling economy. Its export volume is projected to drop to between 340,000 and 350,000 tonnes, worth USD 2.15 billion. Compared to 2008, the volume and the value will drop 5% and 10% respectively.

The relevant operators in the industry have to adjust themselves to cope with the changing situation in 2009. Shrimp farmers plan to reduce the overall shrimp outputs to 392,000 tonnes, or a 20% down from 2008.

Bio-shrimp, sergestid shrimp and processing shrimp products produced for retail and fast-food markets, show a business potential in export markets. However, the export of these two shrimp can not offset the declining shrimp export volume.

In 2009, the reduction in shrimp farming output by 20% will send an impact on the industry overall from shrimp farmers, shrimp hatcheries, shrimp feed manufacturing plants, cold storages, shrimp-processing plants, to exporters. However, it projects that the reduction may not reach 20% because most of the shrimp farmers are small, which they cannot adjust themselves to meet such the situation. The reason for this is they rely mainly on an income from shrimp farming. This will make the shrimp price even lower.

In 2009, three major export markets, representing 90% of the total shrimp export, will shrink. The local market is also in a decline, plus the lower purchasing power of the people, hit by economic slowdown. So, it is hard for operators to expand their market at home.

The Agriculture and Commerce ministries should set out measures against the problems, especially the introduction of the market intervention to maintain the price, similarly to other crops. What the government has to concern is that the cost of stocking shrimp under the scheme is quite high from cold storage and its price is also higher than other agricultural crops.

○ Overseas Operations

CPF has operated overseas business through its subsidiaries, as follows :

- (1) **Chicken integration in Turkey:** CPF invested in this business through its indirect 100% holding subsidiary, C.P. Standard Gida Sanayi ve Ticeret A.S. (“CPS”), who has operated chicken integration, including manufacturing and distribution of animal feed, chicken meat and food processing in Turkey.
- (2) **The aquaculture business in the People’s Republic of China:** CPF invested in this business through its direct wholly owned subsidiaries, C.P. Aquaculture (Beihai) Co., Ltd. and C.P. Aquaculture (Hainan) Co., Ltd. The main objectives are to manufacture and distribute aquatic feed and operate an aquatic culture farm in the People’s Republic of China. C.P. Aquaculture (Dongfang) Co., Ltd., a 100% direct holding subsidiary to run shrimp hatchery in the People’s Republic of China.
- (3) **The livestock and aquaculture businesses in India:** CPF invested in these businesses through its indirect 71.20% holding subsidiary, Charoen Pokphand (India) Private Limited (“CP India”). The main objectives are to manufacture and distribute animal feed and operate animal farming in India.
- (4) **The aquaculture business in Malaysia:** CPF Invested in this business through its indirect wholly owned subsidiaries, Star Feedmills (M) Sdn. Bnd (“SFM”) and Asia Aquaculture (M) Sdn. Bhd. (“AA”), in which Calibre Nature (M) Sdn. Bhd. has 100% direct holding. The main objectives are to manufacture and distribute aquatic feed, operate aquatic farming and aquatic processing in Malaysia for local usage and export.
- (5) **The chilled production plant in England:** CPF invested in this business through its indirect 52% holding subsidiary, CP Foods (UK) Limited. The main objective is to produce a chilled food products supply in European Union.
- (6) **The livestock business in Russia:** CPF invested in this business through its indirect 99.99% holding subsidiary, Charoen Pokphand Foods (Overseas) LLC (“CPF Overseas”). The main objectives are to manufacture and distribute animal feed and operate animal farming in Russia. It is expected that the animal feedmill will be completed and ready to run in the second quarter of 2009.
- (7) **The livestock business in Lao People’s Democratic Republic:** CPF invested in this business through its indirect 99.61% holding subsidiary, C.P. Laos Co., Ltd. (“CP Laos”). The main objectives are to manufacture and distribute animal feed and operate animal farming in Lao People’s Democratic Republic.
- (8) **The Aquaculture business in Philippines:** CPF directly holds 100% in Charoen Pokphand Foods Philippines Corporation (CPFP). The main objective is to run shrimp hatchery in Philippines.



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In investing CPF stocks, stakeholders and investors should consider the risks that may affect the Company's performance and financial position under extraordinary situations resulting in Company's inability to meet objectives set.

In addition to the risks listed herewith, there may be other risks which are not known to the Company at this time or which the Company views as insignificant to the operations. Known risk factors and deemed essential to affect Company's performance are listed below.

1) Volatility of Commodity Prices

1.1) Price Volatility of Raw Materials in Feed Production

Price volatility of major raw materials in the production of animal feed include corn, soybean meal and fish meal which are affected by global as well as demand and supply in Thailand. Prices of commodity are not only affected by the demand for animal feed production, but also by the demand for energy substitute such as corn. Price of this ingredient fluctuates with the global oil price and speculation in future trading.

Supply of these raw materials varies according to weather conditions and natural calamities which may result in supply being off target. These factors are beyond the Company's control and pose risk and affect production cost of feed and meat resulting in the Company's inability to meet target profit set. In 2008 feed business accounted to 36% of total revenue.

Risk Management

The Company manages risk through central purchasing of raw materials used in feed production and keeps a close watch on relevant information and situation of raw materials. The Company searches for quality suppliers and sources sufficient quantity to meet production demand. In addition, the Company has warehouse large enough to store sufficient quantity of raw materials in anticipation of future price increase. The Company also hedges through future trading.

1.2) Volatility of Price on Live Animals and Processed Meat

CPF's business on live animals and processed meat accounted to 60% of 2008 total revenue. Price of products depends on the demand and supply at any particular time and period as well as the economic condition and consumer purchasing power and confidence. When demand exceeds supply, selling price may be below cost and thus, will impact the Company's profitability.

Risk Management

The Company manages the risk of price volatility of live animals and processed meat by producing different types of meat products. In doing this, the Company reduces the risk of producing meat products that have selling price lower than its cost. Moreover, the Company aims to produce value added products such as ready meals and cooked meals whose prices are not as volatile as commodity products.

2) Disease Outbreak and Consumer Confidence

Currently, the Company has farms producing livestock such as day-old chicks, ducks, layers, swine and aquatic namely shrimp and fish. The products include live animals, processed meat, frozen product and processed foods. In addition to Company's own farms, we also have contract farmers as another alternative supplier. In 2008, the Company's revenue from livestock is THB 114,057 million and THB 42,181 million from aquaculture business.

The Company's performance and the industry as a whole will be greatly affected by disease outbreak. It will have major impact on consumer confidence. Serious disease outbreak will result in huge reduction in international trading and exports.

Risk Management

Through the years, the Company has researched and upgraded our farming technology, farm management system, sanitation and bio-security measures. Modern computer-controlled programming is employed to control evaporative cooling system for livestock farming and closed system shrimp farming. Pro-biotic shrimp farming emphasizes the use of friendly microbes to promote healthy environment and inhibits pathogen growth which is the cause of shrimp disease. No antibiotic medicines are used at any stage of our production.

In addition, the Company has teams of animal husbandry and aquaculturists who regularly visit our contract farmers, feed and breed customers to share and educate on new technology and information. This provides confidence to the consumers regarding farm management and disease control and safety of our products.

Regardless, the Company's profitability has been affected as in the year 2004 when Thai poultry industry was affected by the global bird flu outbreak. Since then, the situation has returned to normal except for export of fresh frozen chicken which is still restricted as Thailand has not yet been classified as a country free from bird flu.

3) Worldwide Recession

In addition to exports from Thailand to countries around the world, the Company has several overseas operations. Income from exports and overseas operations account to 31% of total revenue in 2008, of which were derived from the US with value of THB 2,894 million, the European Union THB 28,980 million, Asia THB 17,749 million and others THB 478 million.

Current worldwide recession which was started by the US housing sector crisis together with political instability in Thailand will have some impact on consumer purchasing power and may cause fluctuation in foreign exchange, interest and inflation rates, cost of energy and transportation as well as cash flow and current account of Thailand. All of these will have effects on the performance of the Company.

Risk Management

To cope with worldwide recession, the Company has set forth policy to control expenses and increase production efficiency and productivity. The Company shall manage its assets to produce highest returns and shall be very cautious on capital expenditures to ensure lowest risk. Close monitoring on financial planning and emphasis will be given to managing cash flow and foreign exchange.

Despite all considerations given to this matter, there may be other unforeseen incidences which may hamper the economy that will impact the Company's performance and objectives.

4) Fluctuation in Foreign Exchange

Fluctuation in foreign exchange may affect the import of raw materials used in the production of animal feed. In 2008 the Company imported raw materials totaled THB 17,498 million accounting to 13% of total cost. Export totaled THB 25,482 million or 16% of total sales revenue. Weak baht will make cost of raw materials imported higher and strong baht will lower the revenue of products exported. In addition to import of raw materials, the Company also imports equipments and machineries and has foreign loans. Thus, fluctuation in foreign exchange may affect Company's performance and profitability.

Risk Management

The Company has policy to fix exchange rate to know cost and price setting in Thai baht. This measure guarantees profitability set. However, this does not guarantee that Company will perform better than the market. The Company also has policy to buy raw materials and trade in other currencies other than US dollar to spread the risk.

5) Overseas Investment

On overseas investment, the Company has invested in animal feed production, farming and meat processing in 8 countries namely, Turkey, Malaysia, India, People's Republic of China, England, Russia, Laos, and the Philippines. (Details of overseas investment are shown under the section "Overseas Operations" on page 38.) In 2008, revenues from overseas operation totaled 15% of total revenue.

Performance of overseas operations may be affected by global recession, changes in the rules and regulations of each country such as tax rate, minimum wage, import and export quotas, foreign exchange and political changes. All these factors will have impact on performance and profitability of the Company.

Risk Management

The Company has investment policy which clearly stipulates control and follow-up system which incorporates the appointment of Managing Director and Financial Controller. The Company also has monthly meeting in Thailand to review performance and updating plan and objectives.

6) Consumers Confidence on Food Safety

Consumers are more concerned with the freshness, cleanliness and food safety of meat and food products. Thus, the Company's performance may be affected if consumers confidence was lower due to food contamination, spoilage from raw materials used in processing, distribution system or poor stock keeping by distributor and retailers.

Risk Management

The Company gives full attention to its production process to ensure international standards are met, with strict quality control at all stages of production, distribution and storage. The Company continues to support its brand with advertising, public relations and promotions to provide assurance on the quality and food safety of its products.

7) Trade Barriers

The Company exports to many countries around the world. In 2008 export value accounted to THB 25,482 million or 16% of total revenue. With free trade policy, import duty and tariff are taking less active role. However, trade barriers in non-tariff forms are being implemented by importing countries. These trade barriers will affect the competitiveness of the export industry as well as individual company performance. They may also indirectly affect different operations of the Company. Examples include antidumping duty on Thai shrimp, restriction on import quota of chicken meat by the European Union, restriction on the number of factory that can export cooked chicken to Japan, and the strict regulations on import of value-added pork by Singapore and the European Union.

Risk Management

The Company gives great importance to continual study and close monitoring on international trade regulations. The up-to-date information will be the basis for the Company to develop strategy that would be in line and cope with the regulations. However, trade barriers can be implemented any time and could not be precisely forecast.

The Company has set up sales offices in many countries around the world in order to be in the market place. Expansion of investment to other countries will also lessen the impact from the risks aforementioned.

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 generally accepted accounting principles in Thailand. Appropriate accounting policies are chosen and consistently applied, estimates and underlying assumptions are prudently made, and significant information is adequately disclosed in the Notes to the financial statements to ensure that the financial statements are reliable and benefit to shareholders and investors.

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

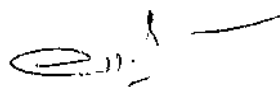
The Audit Committee, whose members are independent directors, was designated by the Board to review the quality of the financial reporting and the effectiveness of internal control system and report the review result to the Board.

In this regard, the Board has the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance of the reliability of the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2008.



Mr. Dhanin Chearavanont

Chairman



Mr. Adirek Sripratak

President and Chief Executive Officer



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Management's Discussion and Analysis

Highlights of the Consolidated Financial Statements and Key Financial Ratios

Consolidated balance sheet of CPF and its subsidiaries as of 31 December 2006 – 2008

	As of 31 December					
	2006		2007		2008	
	THB million	%	THB million	%	THB million	%
Cash and cash equivalents	1,727	2	3,080	3	3,453	3
Accounts receivable-trade and others	12,825	13	13,560	13	14,115	13
Current portion of long-term receivable from related company for sale of investment	167	-	260	-	269	-
Inventories	26,498	28	27,112	27	27,888	26
Other current assets	1,141	1	1,259	1	1,535	2
Total current assets	42,358	44	45,271	44	47,260	44
Total non-current assets	53,377	56	57,275	56	60,250	56
TOTAL ASSETS	95,735	100	102,546	100	107,510	100
Current liabilities	36,550	38	37,937	37	39,909	37
Non-current liabilities	16,505	17	20,394	20	22,050	21
TOTAL LIABILITIES	53,055	55	58,331	57	61,959	58
SHAREHOLDERS' EQUITY	42,680	45	44,215	43	45,551	42

Consolidated income statement of CPF and its subsidiaries for the years ended 31 December 2006 –2008

	2006		2007		2008	
	THB million	%	THB million	%	THB million	%
Revenue from sale of goods	124,931	98	134,809	98	156,238	98
Share of profits from investments in associates						
accounted for using the equity method	763	1	959	1	1,176	1
Other income	1,841	1	1,893	1	1,257	1
TOTAL REVENUES	127,535	100	137,661	100	158,671	100
Cost of sale of goods	108,158	85	117,936	86	135,738	85
Selling and administrative expenses	14,472	11	15,852	11	16,983	11
Share of losses from investments in associates						
accounted for using the equity method	37	-	11	-	14	-
Others	38	-	38	-	36	-
TOTAL EXPENSES	122,705	96	133,837	97	152,771	96
Profit before interest expense and income tax expense	4,830	4	3,824	3	5,900	4
Interest expense	1,953	2	2,347	2	2,458	2
Income tax expense	329	-	49	-	218	-
Profit after income tax expense	2,548	2	1,428	1	3,224	2
Add net profit of minority interest	(38)	-	(153)	-	(96)	-
Profit for normal activities	2,510	2	1,275	1	3,128	2
NET PROFIT	2,510	2	1,275	1	3,128	2

Consolidated statements of cash flows for the years ended 31 December 2006 – 2008

	2006	2007	2008
Net cash provided by operating activities	3,782	5,801	6,424
Net cash used in investing activities	(7,848)	(5,767)	(4,816)
Net cash provided by (used in) financing activities	2,884	1,660	(1,252)
Net increase (decrease) in cash and cash equivalents	(1,182)	1,694	356
Cash and cash equivalents at the beginning of the year	2,457	1,167	2,906
Effect of exchange rate changes on the balances			
held in foreign currencies	(108)	45	128
Cash and cash equivalents at end of the year	1,167	2,906	3,390

Key financial ratios of the consolidated financial statements of CPF and its subsidiaries

	2006	2007	2008
Liquidity ratios			
Current ratio ¹ (times)	1.16	1.19	1.18
Quick ratio ² (times)	0.40	0.44	0.44
Cash flow liquidity ratio ³ (times)	0.11	0.16	0.17
Accounts receivable turnover ⁴ (times)	9.75	9.97	11.01
Collection period ⁵ (Days)	37	36	33
Inventory turnover ratio ⁶ (times)	14.19	18.54	24.42
Inventory turnover ⁷ (Days)	25	19	15
Accounts payable turnover ⁸ (times)	16.57	15.88	17.43
Payable period ⁹ (Days)	22	23	21
Cash Cycle ¹⁰ (Days)	40	32	27
Profitability ratios			
Gross profit margin ¹¹ (%)	13.43	12.52	13.12
Operating profit margin ¹² (%)	3.87	2.84	3.78
Net profit margin ¹³ (%)	1.97	0.93	1.97
Return on Equity ¹⁴ (%)	5.81	2.93	6.97
Operating efficiency ratios			
Return on fixed assets ¹⁵ (%)	16.08	13.03	17.16
Asset turnover (times) ¹⁶	1.38	1.39	1.51

¹ Current ratio = Total current assets / Total current liabilities

² Quick ratio = (Cash and cash equivalent + Short term investment + Accounts receivable, Trade and others) / Total current liabilities

³ Cash flow liquidity ratio = Net cash provided by operating activities / Average current liabilities

⁴ Accounts receivable turnover = Net sales / Average accounts receivable, trade and others

⁵ Collection period = 360 / Accounts receivable turnover

⁶ Inventory turnover ratio = Cost of sale of goods / Average finished goods

⁷ Inventory turnover = 360 / Inventory turnover ratio

⁸ Accounts payable turnover = Cost of sale of goods / Average accounts payable

⁹ Payable period = 360 / Accounts payable turnover

¹⁰ Cash Cycle = Average collection period + Inventory turnover - Payable period

¹¹ Gross profit margin = Gross profit / Net sales

¹² Operating profit margin = Profit before interest expense and income tax expense / Net sales

¹³ Net profit margin = Net profit / Total revenues

¹⁴ Return on Equity = Net profit / Average shareholders' equity

¹⁵ Return on fixed assets = (Net profit + Depreciation) / Average fixed assets

¹⁶ Asset turnover = Total revenues / Average total assets

	2006	2007	2008
Leverage ratios			
Debt to equity ¹⁷ (times)	1.24	1.32	1.36
Interest coverage ¹⁸	1.94	2.47	2.61
Commitment coverage ¹⁹	0.23	0.44	0.50
Dividend payout ²⁰ (%)	56.92	50.13	44.02

This management's discussions and analysis is based on the consolidated financial statements of CPF and its subsidiaries for the year ended December 31, 2008. It includes financial statements of CPF and 75 subsidiaries, comprise of 27 companies that were set up in Thailand and 48 companies that were set up overseas.

2008 Operating Results

(1) The overview of the operating results

The Company had net sales of THB 156,238 million in 2008, increasing 16% year-on-year, resulted from the 17% increase of Thailand operations and 11% increase of overseas operations. Sales from the livestock business in Thailand increased by 24%, while sales from the aquaculture business in Thailand rose 1%. The increase of the overseas operations' sales was from 10% increase in the livestock business and 13% increase in aquaculture business.

The Company's operating profit in 2008 was THB 3,128 million, increasing 145% compared to the previous year. It was from the net loss incurred in the first quarter of 2007 amounting to THB 1,135 million due to the price of the meat products in domestic market lowering than the usual situation. However, the situation has gradually improved since the second quarter of 2007 till the year 2008.

¹⁷ Debt to equity = Total liabilities / Total shareholders' equity

¹⁸ Interest coverage = Net cash provided by operating activities / Interest expenses

¹⁹ Commitment coverage = Net cash provided by operating activities /
(Debt payment + Investment expenses + Purchase of assets + Dividend paid)

²⁰ Dividend payout = Dividend paid / Net profit

(2) Operating results of each business line

Sale structure of CPF and its subsidiaries for the years ended 31 December 2006–2008

	2006		2007		2008		Change from the last year
	THB million	%	THB million	%	THB million	%	
1. Thailand operations	109,551	88%	112,905	84%	131,980	85%	17%
1.1 Livestock business	78,272	63%	79,176	59%	98,012	63%	24%
– Animal feed	22,897	18%	23,169	17%	29,258	19%	26%
– Breeder	2,649	2%	2,350	2%	2,645	2%	13%
– Meat and Food – Domestic	36,407	29%	36,773	27%	46,412	30%	26%
– Meat and Food – Export	13,310	11%	14,653	11%	16,647	10%	14%
– Others	3,009	3%	2,231	2%	3,050	2%	37%
1.2 Aquaculture business	31,279	25%	33,729	25%	33,968	22%	1%
– Animal feed	15,800	13%	15,333	11%	16,257	10%	6%
– Breeder	1,686	1%	1,530	1%	1,605	1%	5%
– Meat and Food – Domestic	3,659	3%	6,573	5%	6,596	4%	-
– Meat and Food – Export	9,388	7%	9,019	7%	8,835	6%	-2%
– Others	746	1%	1,274	1%	675	1%	-47%
2. Overseas operations	15,380	12%	21,904	16%	24,258	15%	11%
2.1 Livestock business	9,993	8%	14,622	11%	16,045	10%	10%
2.2 Aquaculture business	5,387	4%	7,282	5%	8,213	5%	13%
TOTAL SALES	124,931	100%	134,809	100%	156,238	100%	16%

Operating results of each business line and business location

(1) Livestock business in Thailand

Sales from the livestock business in Thailand was THB 98,012 million in 2008, or 63% of the Company's total net sales, increasing 24% year-on-year. The proportion of domestic sales to export sales was 83:17.

In 2008, the gross profit margin of the livestock business in Thailand was 14%, increasing from the previous year's gross profit margin of 11%, as a result of the price of the meat products in domestic market in the first quarter of 2007 lowering than the usual situation. However, the situation has gradually improved since the second quarter of 2007 till now.

(2) Aquaculture business in Thailand

Sales from the aquaculture business in Thailand amounted to THB 33,968 million in 2008, rising 1% from THB 33,729 million of the previous year. This was from the growth in price of aquatic feed.

In 2008, the gross profit margin of the aquaculture business in Thailand was 16%, increasing from the previous year's gross profit margin of 13%.

(3) Overseas operations

Sales from overseas operations totaled THB 24,258 million in 2008, increasing 11% year-on-year. This arising was from the sales increase in livestock business in Turkey and India and in aquaculture business in US, Malaysia and China.

In 2008, the gross profit margin of overseas livestock business and aquaculture business was 4% and 12%, respectively.

Dividend payment

In accordance with CPF's dividend policy, the sum of dividend payments from each year operating results will be approximately 50% of net profit after tax and appropriations to legal reserve (based on the separate financial statements of the Company). The Company had paid THB 0.08 per share or total of THB 602 million as an interim dividend for the year 2008. In addition, the Company's Board of Directors had a resolution on February 25, 2009 to pay an annual dividend at the rate of THB 0.11 per share or THB 775 million (excluding the repurchased shares which do not have rights to receive dividend). Such dividend was derived from the profits which were exempted from corporate income tax. This annual dividend when combined with the interim dividend paid during the year 2008 will totally be THB 1,377 million or equivalent to 58% of net profit of the separate financial statements of the Company. The Board of Directors shall propose the annual dividend payment to the Annual General Shareholders' Meeting No. 1/2009 which will be held on April 22, 2009 for further approval.

Financial position

(1) Assets

As of December 31, 2008, the Company's total assets amounted to THB 107,510 million, comprising of THB 47,260 million in current assets, THB 44,706 million in property, plant and equipment, and THB 15,544 million in long-term investments and others.

Assets as of December 31, 2008 increased by 5% from the year earlier mainly due to an increase in long term investment derived from the gain recognizing in investments in associates.

(2) Liquidity

In 2008, the Company had net cash from operating activities and financing activities of THB 6,424 million and THB 1,252 million, respectively. The sources of cash was generated from debentures issuance of CPF118A and CPF138A worth a total of THB 6,000 million and loans from other financial institutions of THB 2,280 million. The uses of cash comprised of payments made on debentures, notes payable, loans, interest expenses and others amounting to THB 9,532 million. The Company is obliged to make payments on long term loans and debentures in the amounts of THB 5,463 million in 2009, THB 5,765 million in 2010, and THB 12,594 million in 2011-2013. The Company had net cash used in investment activities of THB 4,816 million. The cash and cash equivalent as of December 31, 2008 was amounted to THB 3,390 million.

The Company's current ratio of the consolidated financial statements at December 31, 2008 was 1.18 times, which slightly decreased from 1.19 times at the end of previous year. As of December 31, 2008, cash cycle was at 27 days, decreased from 32 days at the end of 2007. It was resulted from the decrease of the Company's average inventory turnover which declined from 19 days to 15 days.

As of December 31, 2008, the Company's outstanding debentures totaled THB 22,500 million as follows:

- 1) A debenture issue worth THB 3,500 million was issued on November 17, 2004. It has a maturity of 5 years and a fixed interest rate of 5.50% per year.
- 2) A debenture issue worth THB 2,000 million was issued on June 16, 2005, It has a maturity of 5 years and a fixed interest rate of 5.00% per year.
- 3) A debenture issue worth THB 5,000 million was issued on July 5, 2006, divided into 2 series. The first series worth THB 1,200 million has a maturity of 3 years and fixed interest rate of 6.30% per year. The second series worth THB 3,800 million has a maturity of 5 years and a fixed interest rate of 6.90% per year.
- 4) A debenture issue worth THB 6,000 million was issued on October 19, 2007, divided into 2 series. The first series worth THB 3,500 million has a maturity of 3 years and fixed interest rate of 4.25% per year. The second series worth THB 2,500 million has a maturity of 5 years and a fixed interest rate of 4.90% per year.
- 5) A debenture issue worth THB 6,000 million was issued on August 15, 2008, divided into 2 series. The first series worth THB 3,000 million has a maturity of 3 years and fixed interest rate of 5.15% per year. The second series worth THB 3,000 million has a maturity of 5 years and a fixed interest rate of 5.70% per year.

(3) Source of funds

The debt to equity ratio as of December 31, 2008 was 1.36 times (lower than the indicated Net debt to equity ratio specified in the Term and Condition of bond issuer and representatives for the Bond No.1/2004, No.1/2005, No.1/2006, No.1/2007 and No.1/2008 that the Company committed to maintain this ratio not above 2.00 times). Total liabilities were THB 61,959 million comprised of THB 39,909 million in current liabilities and THB 22,050 million in long-term liabilities, or in the proportion of 64:36.

As of December 31, 2008, shareholders' equity was THB 45,551 million, increasing 3% year-on-year. Major changes in shareholders' equity in 2008 were mostly from the increase in gain on investments in associates and assets revaluation and retained earning from net profit in 2008.

(4) Investment in 2009

In 2009, the Company has a capital expenditure of THB 4,635 million approved by the Board of Directors. The investment budget is for maintenance. THB 2,986 million will be invested in the livestock business while THB 1,649 million will be invested in the aquaculture business. Investment plans may change according to changes in the business environment.

Significant changes of accounting policy in 2008

Since January 1, 2008, the Company has changed the accounting policy for recognizing of goodwill and negative goodwill arising from a business combination and investments in associates which recorded by equity method. This was complying with the Federation of Accounting Professions issued the new Thai Accounting Standard No. 43 (revised 2007) Re: Business Combination, which is effective for accounting periods beginning

on or after January 1, 2008. Such accounting standard requires that the acquirer shall, at the acquisition date, recognize any difference between the cost of the business combination or the cost of investments in associates and the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities as follows:

1. Business combination

1.1 The acquirer, at the acquisition date, recognizes the excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities as a goodwill at cost on the asset side. After the initial recognition, the acquirer measures a goodwill at cost less accumulated impairment losses.

1.2 The acquirer, at the acquisition date, recognizes any discount of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities less than cost immediately in the statement of income.

2. Equity accounted investments in associates

2.1 The investor, at the acquisition date, recognizes the excess of investor's interest in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities as a goodwill included as part of the carrying amount of the investments in associates. The amortization of that notional goodwill shall not be included in the share of profits and losses from investments in associates.

2.2 Any discount included in the carrying amount of the investment of the entity's interest in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities less than the cost of investment shall be included in the determination of the entity's share of the investee's profits or losses for the period in which the investment is acquired.

In addition, the mentioned accounting standard determined the accounting treatment for immediate recognition of goodwill and negative goodwill acquired in a business combination or including as part of the carrying amount of investments in associates prior to January 1, 2008 as follows:

Goodwill: The acquirer must discontinue amortization of goodwill, eliminate the carrying amount of the related accumulated amortization and test the goodwill for impairment in accordance with TAS No.36 (revised 2007) Re: Impairment of Assets.

Negative goodwill: The acquirer, at the beginning of period, derecognizes the negative goodwill at book value and make an adjustment to the opening balance of retained earnings.

Equity accounted investments: The acquirer must discontinue the amortization of goodwill included in the carrying amount of that investment and derecognizes the negative goodwill included in the carrying amount of that investment and make an adjustment to the opening balance of retained earnings.

The book value of CPF's goodwill arising from a business combination and including as part of the carrying amount of investments in associates which discontinued the amortization, based on the consolidated financial statements as of January 1, 2008 amounted to THB 457 million and THB 802 million respectively. The negative goodwill from a business combination and including as part of the carrying amount of investments in associates with an adjustment to the opening balance of retained earnings was THB 825 million and THB 85 million respectively. In addition, the management has tested and recorded the impairment of goodwill of THB 28 million for the year ended December 31, 2008.

However, there is no effect of the changes of such accounting policy on the separate financial statements of the Company.

*Kitchen
of the World*



○ Investment and Management Policy

The management structure of CPF is functioned by business line. Following consolidation of agro-industry business of Charoen Pokphand Group to be under the Company in 1999, CPF has distinct investment policy of investing only in core-business and/or businesses relating to core-business only.

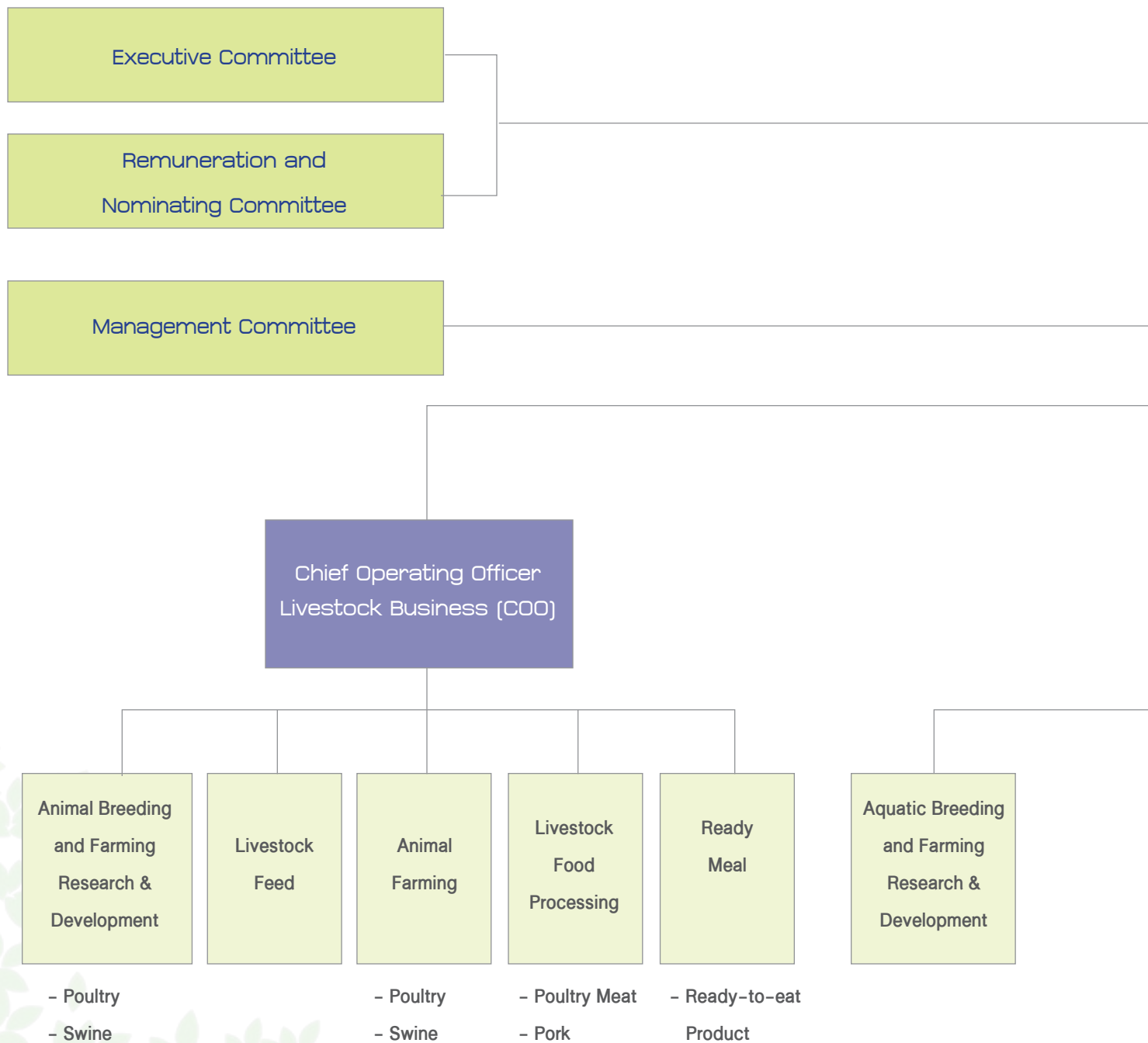
As of December 31, 2008, CPF has investments in subsidiaries, associated companies, and related companies of THB 18,424 million, equivalent to 26% of CPF's total assets. CPF's policy is to appoint management representatives to be directors with authority to control, govern and manage subsidiaries effectively and efficiently. CPF monitors performance of its group of companies by conducting monthly meeting to review performance, set and guide in business planning to ensure target is achievable.

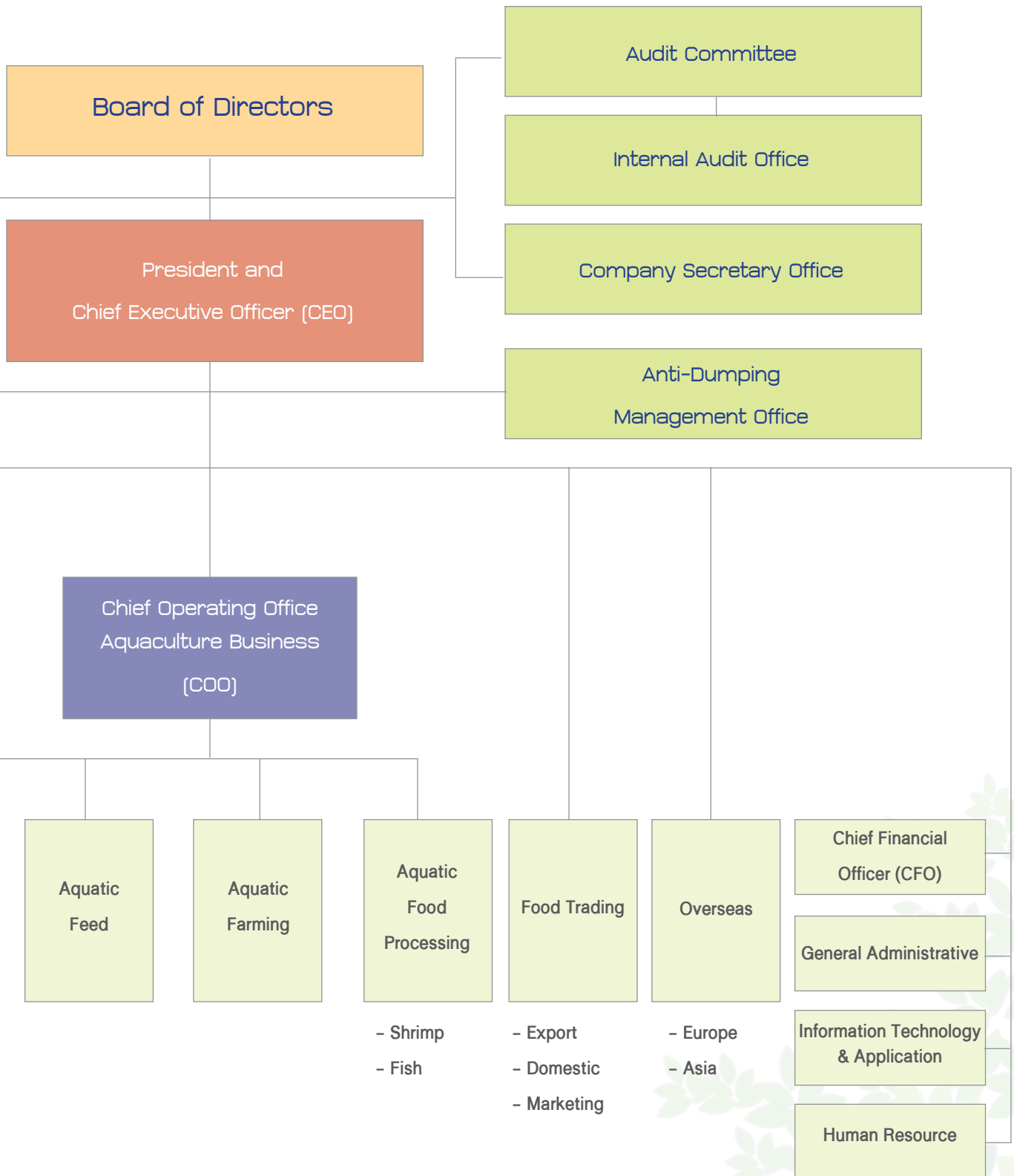
For each investment consideration, CPF may be investing directly or through one of its subsidiaries which already operates related-business. Regardless, CPF's policy is to have 100% holding in its subsidiaries, except for joint-ventures with strategic partners.



Management Structure

As of December 31, 2008





○ Board of Directors

As of December 31, 2008, CPF has 14 Board of Directors as follows:

Name	Position	Attendance at the Meeting during 2008
1. Pol. Gen. Pow Sarasin	Honorary Chairman & Independent Director ⁽¹⁾	14/14
2. Mr. Dhanin Chearavanont	Chairman ⁽²⁾	10/14
3. Mr. Prasert Poongkumarn	Vice Chairman ⁽²⁾	6/14
4. Mr. Min Tieworn	Vice Chairman ⁽²⁾	13/14
5. Mr. Chingchai Lohawatanakul	Vice Chairman ⁽²⁾	13/14
6. Mr. Arsa Sarasin	Independent Director ⁽¹⁾	12/14
7. Professor Dr. Athasit Vejjajiva	Independent Director ⁽¹⁾	14/14
8. Mr. Thanong Tempangpun	Independent Director ⁽¹⁾	14/14
9. Mr. Phongthep Chiaravanont	Director ⁽²⁾	12/14
10. Dr. Veeravat Kanchanadul	Director ⁽²⁾	13/14
11. Mr. Adirek Sripratak	Director ⁽²⁾	14/14
12. Mr. Pong Visedpaitoon	Director ⁽²⁾	11/14
13. Mr. Sunthorn Arunanondchai	Director ⁽²⁾	13/14
14. Mrs. Arunee Watcharananan	Director ⁽²⁾	13/14

Note : ⁽¹⁾ Directors No.1, and 6-8 are independent directors with qualifications in accordance to the Notification of the Office of the Securities and Exchange Commission No. Kor Jor, 12/2543 (before the Notification amended by the Capital Market Supervisory Board) Re: Application for Permission and Approval on Sales Offer for new shares issued.

⁽²⁾ Directors No.2-5 and 9-14 are authorized directors whereby any two of the authorized directors shall sign on behalf of the Company with the Company's seal affixed.

Composition of the Board of Directors

The Company's Board of Directors must consist of at least 5 directors and at least half of the directors must have residence within Thailand.

As of December 31, 2008, the Company's Board of Directors comprised 4 independent directors, 5 management directors and 5 non-management directors. The Board of Directors appoints the Honorary Chairman, the Chairman and the Vice Chairman. The Board chairman will conduct the Board of Directors' meeting except in case that the chairman may lack of independence or in a matter that the chairman has conflict of interest, the Honorary Chairman or an independent director shall preside as Chairman of the meeting in considering the matter.

Every board member of the Company has residence in Thailand. They have experience and comprehend the various obstacles that may arise. They are performance oriented and can create competitive advantage and provide beneficial insights on risk management. Furthermore, every board member is qualified and meets all the qualifications stipulated under the Public Limited Company Act and the Notification of the Office of the Securities and Exchange Commission.

Every Independent Director has qualifications in accordance with the Notification of the Office of the Securities and Exchange Commission No. Kor Jor, 12/2543 (before the Notification amended by the Capital Market Supervisory Board) Re: Application for Permission and Approval on Sales Offer for new shares issued, that is, the Independent Directors do not hold more than 1% of the voting shares of the Company, its subsidiaries, or others of the Company's connected persons, and have no conflict of interest. Independent directors do not have any involvement with the Company in terms of management and/or are provider of professional services. They do not represent any specific shareholder group, nor do they have any financial or personal involvement with the Company, thus allowing independent judgment and ensuring that interests of all shareholders are equally protected.

Appointment and Selection

The directorship of the Company has a 3-year term, except when it is the replacement of director who left before the terms is up. At every annual general meeting, one-third of the directors shall retire from office. If the number of directors is not in multiple of three, then the number nearest to one-third shall retire from office. The directors serving the longest shall retire. The departing directors may be re-elected if approved by the shareholders. In appointing a new director, the Remuneration and Nominating Committee shall recruit persons with qualifications, knowledge and expertise suitable for the position.

In case of a vacancy in the Director and/or Independent Director position, for reasons other than completion of term and the remaining term left is at least two months, the Remuneration and Nominating Committee shall recruit persons with required qualification and do not have prohibited qualification by law to serve as Director starting from the next Board of Directors' Meeting. The resolution must be passed by at least three-fourths of the remaining number of directors. The newly appointed director shall assume the position for the remaining term of the previous director.

In assuming the position of Director and/or Independent Director, each director will be informed on important company information, Board of Directors' codes of conduct that clearly describe the roles and responsibilities of directors, advice concerning the legal obligations, rules, regulations and conditions on being a Director of a listed company in the Stock Exchange of Thailand as well as an orientation of the Company's business.

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

1. Each shareholder shall have a number of votes equal to one share one vote.
2. Each shareholder must exercise all the votes he has to appoint one individual or several individuals to be director(s) but shall not split his votes among persons or group of persons.
3. Persons receiving the highest number of votes in descending order shall be appointed as directors depending on the position available at such time. In the event that more than one person receive same number of votes for the last directorship position, the chairman of the meeting shall have the final casting vote.
4. At shareholder's meeting, any director may be dismissed from directorship before his term is up by the resolution of not less than three-fourths of the number of shareholder in attendance who have the right to vote and collectively hold no less than half of the number of shares of the shareholders who attend the meeting and have the right to vote.

Roles and Responsibilities of the Board of Directors

The Board of Directors are appointed by the Company's shareholders based on qualifications, knowledge, competency and ability of the person to devote his/her time to perform duties to maximize benefits for the Company and all stakeholders.

The Board of Directors have been entrusted by shareholders to honestly and fairly manage the Company's business as indicated in the Memorandum of Association and in compliance with the Articles of Association of the Company, the resolutions of the shareholders' meetings and related regulations. The Board of Directors may assign one or several directors or any other person to perform any act on its behalf with clear indication of roles and responsibilities to the assignee.

The Board of Directors regulates the policy, sets direction of the Company and oversees duties performed by management to ensure that it is in line with the Company policy. The Board of Directors delegates authority and responsibility of day-to-day management to the President and top management and appoints various committees to assist with specific operations. The duties of the Chairman of the Board and the President do not overlap. In assigning duties and responsibilities to manage the Company's operations to top management, the President reports to the Board of Directors.

In addition, the Board of Directors appoints the Company Secretary Office to counsel and assist the Board of Directors in areas of legal and corporate compliance. The Company Secretary Office also coordinates with and takes care of the Company's shareholders to ensure that they receive appropriate treatment.

The Board of Directors' Duties and Responsibilities in Managing the Company's Business Include:

1. Perform duties in accordance with the law, the Company objectives and Articles of Association and the resolutions of shareholders' meeting, and with accountability, care and integrity.
2. Set out the main policy with respect to business operation and the policies in finance, fund raising, fund management and risk management for the Company, and supervise the management to perform its duties efficiently and effectively under such policies.
3. Consider and approve the Company's objectives, strategy and business plans, and monitor the operational results as set out by the approved plans.
4. Consider and approve important matters which are required by relevant laws or the Company's rules and regulations to be granted approval by the Board of Directors or the Company's shareholders meeting.
5. Set up the internal audit system for the operation, financial reports and compliance with the laws and the Company's Rules and Regulations. The Internal Audit Office is assigned to inspect and monitor compliance with the internal audit system and report to the Audit Committee. The Board of Directors will make an annual assessment on the adequacy and appropriateness of the internal audit system and include its opinion in the annual report.
6. Make an assessment on compliance with the supervision policy and revise such policy at least once a year.
7. Appoint the managing director and supervise and monitor the performance of the President in accordance with the Company's supervision policy within the framework of duties authorized by the Board of Directors. Make an annual evaluation of the Managing Director performance in order to support the determination of the Managing Director remuneration.

8. Appoint the Company Secretary to be responsible for the matters as required by the law. At the Board of Directors Meeting dated August 27, 2008, the Board of Directors resolved to appoint Miss Patchara Chartbunchachai to be the Company Secretary.
9. Appoint the Audit Committee, the Executive Committee and other sub-committees in order to assist the Board of Directors in supervising the Company's business undertaking to achieve the Company's objectives. Majority of the sub-committees consist of independent directors, and the Chairmen of subcommittees are all independent directors.
10. Set up the director and management development plan and succession plan.

○ Audit Committee

CPF's Audit Committee was appointed by the Board of Directors. The current Audit Committee was appointed by the Board of Directors on December 17, 2008 for a term of 3 years, comprising of 4 independent directors as follows:

Name	Position	Attendance at the Meeting during 2008
1. Pol. Gen. Pow Sarasin	Chairman of the Audit Committee	12/12
2. Mr. Arsa Sarasin	Member	9/12
3. Professor Dr. Athasit Vejjajiva	Member	12/12
4. Mr. Thanong Termpongpan	Member	12/12

Mr. Voravit Janthanakul had carried out duties as Secretary of the Audit Committee until December 23, 2008.

Mr. Chalermchon Koonthonwan has carried out duties as Secretary of the Audit Committee since December 24, 2008

The Board of Directors appoints the Chairman and Secretary of the Audit Committee. The Secretary of the Audit Committee has no voting right. At least one committee member must have knowledge, understanding and experience in accounting and finance and be consistently knowledgeable of events affecting the changes in financial reporting. The Audit Committee can seek advice from an independent specialist.

The term of service of committee members is 3 years to ensure continuity of the performance of the work of the Audit Committee. A departing committee member may be re-appointed for another term. In case that any committee member wishes to resign before the expiration of his term of service, he should give a written notice one month in advance. A new committee member who replaces a resigning committee member assumes the remaining term of service of the departing committee member.

The Audit Committee has to conduct the meeting at least 4 times a year. In each Audit Committee meeting, the Audit Committee is empowered to invite the President, Chief Operating Officer, Chief Financial Officer, management, Auditor and Head of the Internal Audit Office to attend the meeting for clarification purposes. The Audit Committee also meets the Company's external Auditor without management at least one time a year.

Roles and Responsibilities of the Audit Committee

The Board of Directors revised the roles and responsibilities of the Audit Committee in compliance with the Notification of the Stock Exchange of Thailand Re: Qualification and Scopes of Duties of the Audit Committee 2008 dated June 9, 2008. This revision has applied to the Audit Committee related operation since 2009 onward as follows:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient;
3. To review the Company's compliance with the law on securities and exchange, the Stock Exchange's regulations and the laws relating to the Company's business;
4. To determine the independence of the internal audit department, as well as to approve the appointment, transfer and dismissal of the internal audit department's chief;
5. To consider, select, nominate the independent person to be the Company's auditor, and to propose such person's remuneration, as well as, to attend a non-management meeting with the auditor at least once a year;
6. To review the connected transactions or the transactions that may lead to conflict of interests, to ensure that they are in compliance with the laws and Stock Exchange's regulations, and are reasonable and for the highest benefit of the Company;
7. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the Audit Committee's chairman and consist of at least the following information;
 - an opinion on the accuracy, completeness and creditability of the Company's financial report;
 - an opinion on the adequacy of the Company's internal control system;
 - an opinion on the compliance with the law on securities and exchange, Stock Exchange's regulation or the laws relating to the Company's business;
 - an opinion on the suitability of the auditor;
 - an opinion on the transactions that may lead to conflicts of interests;
 - the number of the audit committee meetings and the attendance of such meetings by each committee member;
 - an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the Audit Committee charter; and
 - other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
8. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

In its performance of duties under the scope aforementioned, the Audit Committee must be directly responsible to the Company's Board of Directors, while the Company's Board of Directors shall remain responsible to third parties for the operations of the Company.

○ The Remuneration and Nominating Committee

CPF's Remuneration and Nominating Committee was appointed by the Board of Directors as of February 8, 2006. Its main duties are to select qualified persons with proper knowledge, ability and experience to assume positions in the Board of Directors, including set remuneration framework and then propose to the Board of Directors for considerations.

The Remuneration and Nominating Committee comprises 3 members, with term of 3 years. The 2 members are independent directors, and another is the President namely as follows :

Name	Position	Attendance at the Meeting during 2008
1. Pol. Gen. Pow Sarasin	Chairman	1/1
2. Mr. Arsa Sarasin	Member	1/1
3. Mr. Adirek Sripratak	Member	1/1

The Board of Directors appoints the Chairman and member of the Remuneration and Nominating Committee. The term of service of committee members is 3 years to ensure continuity of the performance of the work. The term may be changed by the approval from the Board of Directors. A departing committee member may be re-appointed for another term upon the agreement from the Board of Directors. In case that any committee member wishes to resign before the expiration of his term of service, he should give a written notice one month in advance. The meeting of Remuneration and Nominating Committee shall be held at least once a year. Additional meetings shall be properly arranged upon the agreement of its Chairman. In each Committee meeting, the Committee is empowered to permit other persons such as external consultants to attend the meeting if deemed appropriate.

Roles and Responsibilities of the Remuneration and Nominating Committee

1. In case of a Directorship vacancy, the Committee shall propose persons, who have already been through the selection process and are qualified to assume that positions to the Board of Director for considerations.
2. Review the structure, size, and composition of the Board of Directors, and suggest any appropriate change if any.
3. Assess the performance of the Board of Directors annually for reporting to the Board of Directors.
4. Set and review proper remuneration policy, guidelines, and compensation of the Board of Directors in accordance with their responsibilities as well as in comparison to the industry average. The benefit that the Company shall have from each Director is also a factor for considering his/her compensation. However, the compensation should be in accordance with policy set by the Board of Directors by considering his/her performance in relation to the Company's operating performance. Any change in the remuneration from the existing shareholder's approval must be proposed through the directors and approved by the shareholders.
5. Others matters related to its duties that required by the Board of Directors.

Orientation of a New Director

The Company shall arrange for its newly appointed director to attend the program of the Thai Institute of Directors Association to familiarize the new director on the following:

1. The Role of Director and its Legal Responsibilities,
2. The Directors' Guidelines of Practicing its Role according to Regulations and Guidelines of the Stock Exchange of Thailand together with the Securities and Exchange Commission, and also the Corporate Governance Principles.

Executive Committee

The Board of Directors appoints the Executive Committee by considering persons with qualifications, knowledge, competency and experience related to the Company's business to assist the Board of Directors with efficient and effective management of operations according to the Company's policies and objectives laid down by the Board of Directors. As of December 31, 2008, CPF's Executive Board consists of the following members:

Name	Position
1. Mr. Chingchai Lohawatanakul	Chairman of the Executive Board
2. Mr. Adirek Sripratak	President and Chief Executive Officer (CEO)
3. Mr. Pong Visedpaitoon	Chief Operating Officer (COO)
4. Mr. Phongthep Chiaravanont	Executive Director
5. Mrs. Arunee Watcharananan	Executive Director
6. Mr. Voravit Janthanakul	Executive Director
7. Mr. Teerasak Urunanon	Executive Director
8. Mr. Vitit Pootanasap	Executive Director
9. Ms. Patchara Chartbunchachai	Executive Director
10. Mr. Paisan Chirakitcharern	Chief Financial Officer (CFO) and Secretary

The Board of Directors appoints the Chairman of the Executive Board, Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer. In the case that the Chairman of the Executive Board is unable to attend the Executive Board meeting, he will assign the President or the Chief Operating Officer to act as Chairman of the meeting. In each meeting, the Executive Board may invite other persons such as management representatives and/or external advisors to attend the meeting if deemed necessary.

Primary Responsibilities of the Executive Committee Include:

1. Scrutinize the goals, business strategies, budgets and investment decisions of each business before submitting to the Board of Directors for approval and subsequently adjust the approved budgets to be suitable for the changing situation, if there is any.
2. Follow-up on the operating performance and the progress of investment projects in each business as well as report problems and obstacles encountered and propose possible solutions to the Board of Directors.
3. Follow-up and monitor developments in management and risk management system of each business.
4. Follow-up and monitor human resource development, management promotion and rotation in each business according to the Company's plans, including determination of man power plan and criteria on remuneration and performance assessment of top management.
5. Evaluate alternative sources of funding necessary for various investment projects to be approved by the Board of Directors.
6. Follow-up and monitor uses of funds, fund management and financial status of each business.



○ Management

As of December 31, 2008, CPF management comprises the following :

Name	Position
1. Mr. Adirek Sripratak	President, Chief Executive Officer (CEO) and Acting Chief Operating Officer - Livestock Business
2. Mr.Pong Visedpaitoon	Chief Operating Officer - Aquaculture Business
3. Mr. Teerasak Urunanon	Executive Vice President, Livestock Food Processing Unit
4. Mr. Virachai Ratanabanchuen	Executive Vice President, Livestock Feed Unit
5. Mr. Anek Boonnoon	Executive Vice President, Regional Integration Unit
6. Mr. Vitit Pootanasap	Executive Vice President, Aquatic Feed Unit
7. DVM Sujint Thammasart	Executive Vice President, Aquatic Research & Development Unit
8. Mr. Prajit Udnoon	Executive Vice President, Poultry Research & Development Unit
9. Mr. Somkuan Choowatanapakorn	Executive Vice President, Swine Research & Development Unit
10. Mr. Sommai Tachasirinugune	Executive Vice President, Aquatic Food Processing Unit
11. Mr. Pisit Ohmpornnuwat	Executive Vice President, Foods Trading Unit
12. Mr. Sukhawat Dansermasuk	Executive Vice President, Ready Meal Unit
13. Mr. Voravit Janthanakul	Executive Vice President, General Administration Unit
14. Mr. Praderm Chotsuparach	Executive Vice President, Information Technology & Application Unit
15. Mr. Tinakorn Ruenthip	Executive Vice President, Human Resource Unit
16. Mr. Paisan Chirakitcharearn	Chief Financial Officer

Roles and Responsibilities of the President

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

1. To enter into connected transactions which do not comply with the principle approved by the Board of Directors or the Notification of the Capital Market Supervisory Board and such matters need to obtain approval from the Board of Directors or the Company's shareholders.
2. To sell or write off any assets from the accounting book as prescribed in the Company financial principle must be approved by the Board of Directors or the Company's shareholders.
3. To enter into any transaction to provide financial assistance to other parties such as lending money, guaranteeing, providing assets as collateral including other similar acts except:
 - the short-term loans between the Company and subsidiaries in which the Company directly or indirectly holds at least 90 percent shares.
 - the short-term loans between the Company and subsidiaries in which there is no connected party of the Company holding in excess of 10 percent shares.
4. To approve annual budget or additional new investment project during the year in which the value of the project is more than THB 100 million.
5. To acquire or dispose of investment in equity or debt instruments of any company as prescribed in the Company's financial principle must be approved by the Board of Directors or the Company's shareholders.
6. Any matters as prescribed by the laws or the Article of Association must be approved by the Board of Directors or the shareholders' meeting.

Note: * Revised by the Board of Directors' resolution and has been effective since December 17, 2008

Selection of Management

The Board of Directors assigns the Executive Committee to be responsible for selecting qualified persons with knowledge, competency and related experience to assume senior management positions.

Remuneration of Management

The Board of Directors assigns the Executive Committee to determine and review the remuneration for the Company's management in accordance with their responsibilities and performance in relation to the Company's operating performance as well as in comparison to the industry average.

○ Remuneration for Directors and Management

Remuneration for the Board of Directors

Cash remuneration in 2008 for 15 members of the Board of Directors was THB 25.4 million in accordance with the approval of the shareholders at the Annual General Meeting of Shareholders No. 1/2008 held on April 23, 2008. In addition, some directors also received remuneration as being directors of subsidiaries. The details of remuneration of directors in the Company and its subsidiaries can be illustrated as follows:

Name	Remuneration as being directors in 2008 (THB)	
	The Company	Subsidiaries
1. Pol. Gen. Pow Sarasin	3,500,000	-
2. Mr. Dhanin Chearavanont	2,800,000	-
3. Mr. Prasert Poongkumarn	2,100,000	30,000
4. Mr. Min Tieworn	2,100,000	-
5. Mr. Chingchai Lohawatanakul	2,100,000	30,000
6. Mr. Arsa Sarasin	1,400,000	-
7. Professor Dr. Athasit Vejajiva	1,400,000	-
8. Mr. Thanong Tempangpun	1,400,000	-
9. Mr. Phongthep Chiaravanont	1,400,000	30,000
10. Dr. Veeravat Kanchanadul	1,400,000	-
11. Mr. Adirek Sripatak	1,400,000	480,000
12. Mr. Pong Visedpaitoon	1,400,000	120,000
13. Mr. Thong Chotirat ⁽¹⁾	200,000	-
14. Mr. Sunthorn Arunanondchai	1,400,000	-
15. Mrs. Arunee Watcharananan	1,400,000	340,000

Note: ⁽¹⁾ Resigned from the director position, effective on March 1, 2008

Other Remuneration: None

Remuneration for the Audit Committee

Cash Remuneration in 2008 for four members of the Audit Committee was THB 7.7 million with details as follows:

Position	Remuneration per person in 2008 (THB)
Chairman of the Audit Committee	3,500,000
Member	1,400,000

Other Remuneration: None

Remuneration for the Executive Board and Management

Cash Remuneration in 2008, including monthly salary and bonus, for 11 members of the Executive Board and the management of CPF amounted to THB 150 million.

Other Remuneration: None

○ Brief profile of Directors and Management



Pol.Gen. Pow Sarasin - 79 years of age

- Honorary Chairman, Independent Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nominating Committee

Education

- Bachelor of Criminology from University of California, USA
- Bachelor of Science in Chemistry from Johns Hopkins University, USA
- Honorary Doctorate in Public Administration from Ramkamhaeng University, Thailand
- Commercial Defense College, Thailand
- Enrollment in Directors Accreditation Program No. 5/2003, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 880,000 shares, equivalent to 0.0117%

Family relations with other executives

- Elder brother of Mr. Arsa Sarasin

Work Experience for the past 5 years

- Vice Chairman, Kasikornbank Plc.
- Director, Quality House Plc.
- Director, Mitsubishi Elevator Asia Co. Ltd.



Mr. Dhanin Chearavanont- 69 years of age

- Chairman of the Board of Directors

Education

- National Defense College, Thailand
- Commercial School, Hong Kong
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Family relations with other executives

- Cousin of Mr. Phongthep Chiaravanont

Work Experience for the past 5 years

- Chairman and Chief Executive Officer, Charoen Pokphand Group Co., Ltd.
- Chairman, True Corporation Plc.
- Chairman, C.P. All Plc.
- Honorary Chairman, Siam Makro Plc.
- Chairman, True Move Co., Ltd.



Mr. Prasert Poongkumarn - 72 years of age

- Vice Chairman

Education

- Honorary Doctorate in Social Development from Prince of Songkla University, Thailand
- Honorary Doctorate in Agriculture from Jejiang University, Chengchou province, the People's Republic of China
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Family relations with other executives

- Brother-in-Law of Mr. Phongthep Chiaravanont

% shareholding in the Company as of December 31, 2008

- 1,809,283 shares, equivalent to 0.0241%

Positions in the Company's subsidiaries

- Director, C.P. Food Product (Shanghai) Co., Ltd.
- Director, Charoen Pokphand (India) Private Limited

Work Experience for the past 5 years

- Vice Chairman, Charoen Pokphand Group Co., Ltd.
- Director, C.P. Intertrade Co., Ltd.
- Director, CPPC Plc.



Mr. Min Tieworn - 72 years of age

- Vice Chairman

Education

- Honorary Professor in Economics from Jejiang University, Chengchou province, the Peoples Republic of China
- Honorary Doctorate in Sociology and Anthropology from Ramkhamhaeng University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, CPF Investment Limited

Work Experience for the past 5 years

- Director, Charoen Pokphand Group Co., Ltd.



Mr. Chingchai Lohawatanakul - 69 years of age

- Vice Chairman and Chairman of the Executive Board

Education

- Master of Science from Arizona State University, USA
- Enrollment in Directors Certification Program No. 5/2001, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 3,139,140 shares, equivalent to 0.0417%

Positions in the Company's subsidiaries

- Director, CPF Investment Ltd.
- Director, C.P. Aquaculture (Beihei) Co., Ltd.
- Director, C.P. Aquaculture (Hainan) Co., Ltd.
- Director, C.P. Aquaculture (Dongfang) Co., Ltd.

Work Experience for the past 5 years

- Director, Charoen Pokphand Group Co., Ltd.



Mr. Arsa Sarasin - 72 years of age

- Independent Director, a member of the Audit Committee and a member of the Remuneration and Nominating Committee

Education

- Bachelor degree in Business Administration from Boston University, USA
- Enrollment in Directors Accreditation Program No. 5/2003, the Thai Institute of Directors
- Enrollment in Audit Committee Program (ACP) No.19/2007, the Thai Institute of Directors
- Enrollment in Finance for non-Finance Director Program (FND) No.39/2008, the Thai Institute of Directors

Family relations with other executives

- Younger brother of Pol. Gen. Pow Sarasin

Work Experience for the past 5 years

- Principal Private Secretary to His Majesty the King of Thailand
- Director, the Thai Tapioca Development Institute
- Chairman, Siam Makro Plc.
- Chairman, Padaeng Industry Plc.
- Chairman, Thai Asia Pacific Brewery Co., Ltd.
- Chairman, Maesod Palang-ngarn Sa-ad Co., Ltd.
- Director, Siam Cement Plc.
- Director, Thai Pure Drinks Co.,Ltd.



Professor Dr. Athasit Vejajiva - 73 years of age

- Independent Director and a member of the Audit Committee

Education

- FRCP from the Physician's College of London, UK
- Honorary Doctorate in Internal Medical from Mahidol University and Rangsit University Thailand
- Honorary Doctorate in Clinical Science from Mahidol University, Thailand

- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Work Experience for the past 5 years

- Honorary Professor, Mahidol University



Mr. Thanong Tempangpun - 72 years of age

- Independent Director and a member of the Audit Committee

Education

- Master of Business Administration from the American University, USA
- Bachelor Degree in Accounting and in Commerce, Thammasat University, Thailand

- Enrollment in Directors Certification Program No. 9/2001, the Thai Institute of Directors

- C.P.A. Registration No. 932

Work Experience for the past 5 years

- Advisor, Worachak International Co., Ltd.



Mr. Phongthep Chiaravanont - 58 years of age

- Director and Executive Director

Education

- Master Degree in Avian Sciences from University of California at Davis, USA
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 500,000 shares, equivalent to 0.0066%

Family relations with other executives

- Cousin of Mr. Dhanin Chearavanont
- Brother-in-Law of Mr. Prasert Poongkumarn

Positions in the Company's subsidiaries

- Chief Executive Officer, Charoen Pokphand (USA), Inc.

Work Experience for the past 5 years

- Director, Charoen Pokphand Group Co., Ltd.



Dr. Veeravat Kanchanadul – 70 years of age

- Director

Education

- Doctorate in Business Administration from University of Illinois, USA
- Chairman Program 7/2002, the Thai Institute of Directors
- Enrollment in Directors Certification Program No.99/2008, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 15,765,170 shares, equivalent to 0.2096% (increased 160,000 shares from as of December 31, 2007)

Positions in the Company's subsidiaries

- Director, CPF Investment Limited

Work Experience for the past 5 years

- Honorary President, Association of Thai Listed Companies
- Senior Director, National Institute of Development Administration, Thailand
- Director, Program for Joint Doctorate in Business Administration (JDBA)
- Senior Director, Thammasat University Council



Mr. Adirek Sripratak – 62 years of age

- President, Chief Executive Officer, a member of the Remuneration and Nominating Committee and Acting Chief Operating Officer – Livestock Business

Education

- Honorary Doctorate in Science from Maejo University, Thailand
- Honorary Doctorate in Economics, Chiang Mai University
- Enrollment in Directors Certification Program No. 5/2001, the Thai Institute of Directors
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 3,500,000 shares, equivalent to 0.0465% (decreased 5,000,000 shares from as of December 31, 2007)

Family relations with other executives

- Elder brother of Mrs. Arunee Watcharananan

Positions in the Company's subsidiaries

- Director, C.P. Merchandising Co., Ltd.
- Director, CP-Yonekyu Co., Ltd.
- Director, CPF Training Center Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, Charoen Pokphand (India) Private Limited
- Director, CPF Investment Limited
- Director, C.P. Laos Co., Ltd.

Work Experience for the past 5 years

- Honorary Chairman of the Thai Broiler Export Association
- Director, CP All Plc.
- Senior Director, Chiang Mai University Council
- Advisor to Executives, Chiang Mai University



Mr. Pong Visedpaitoon – 63 years of age

- Director, Executive Director and Chief Operating Officer – Aquaculture Business

Education

- Honorary Doctorate in Fisheries from Maejo University, Thailand
- Enrollment in Accreditation Program on May 4, 2005, the Thai Institute of Directors

Position in the Company's subsidiaries

- Director, Pokphand Aquatech Co., Ltd.
- Director, Asia Aquaculture (M) Sdn. Bhd.
- Director, Calibre Nature (M) Sdn. Bhd.
- Director, Star Feedmills (M) Sdn. Bhd.
- Director, Charoen Pokphand Foods Philippines Corporation



Mr. Sunthorn Arunanondchai – 66 years of age

- Director

Education

- Master of Business Administration from University of Arkansas, USA
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors
- Enrollment in Directors Certification Program N.98/2008, the Thai Institute of Directors
- Enrollment in Top Management Program No.6, the Capital Market Academy

% shareholding in the Company as of December 31, 2008

- 14,748,299 shares, equivalent to 0.1961% (increased 500,000 shares from as of December 31, 2007)

Work Experience for the past 5 years

- Director, C.P. Plaza Co., Ltd.
- President, C.P. Land Co., Ltd.
- Chairman, Ek-Chai Distribution System Co.,Ltd.
- Chairman of the Audit Committee, Bangkok Life Insurance Plc.



Mrs. Arunee Watcharananan – 60 years of age

- Director and Executive Director

Education

- Bachelor degree in Economics from Thammasat University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 7,639,999 shares, equivalent to 0.1016%

Family relations with other executives

- Younger sister of Mr. Adirek Sripratak

Position in the Company's subsidiaries

- Director, Bangkok Agro-Industrial Products Plc.
- Director, C.P. Merchandising Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, CPF Investment Limited

Work Experience for the past 5 years

- Vice President-Finance, Charoen Pokphand Group Co., Ltd.



Mr. Voravit Janthanakul – 62 years of age

- Executive Director and Executive Vice President, General Administrative

Education

- Master of Business Administration from Thammasat University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, Bangkok Agro-Industrial Products Plc.
- Director, Bangkok Produce Merchandising Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Food Products Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, C.P. Agro-Industry Co., Ltd.
- Director, C.P. Food Products Co., Ltd.

- Director, CPF Logistics Co., Ltd.
- Director, CPF Training Center Co., Ltd.
- Director, CPF Food Products Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, B.P. Food Products Co., Ltd.
- Director, Bangkok Farm Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, Universal Foods and Marketing Co., Ltd.
- Director, Rajburi Foods Co., Ltd.
- Director, CPF Trading Co., Ltd.
- Director, International Pet Foods Co., Ltd.



Mr. Teerasak Urunanon – 59 years of age

- Executive Director and Executive Vice President, Livestock Food Processing Unit

Education

- Professional Diploma from Thonburi Commercial College, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 21,000 shares, equivalent to 0.0003%

Positions in the Company's subsidiaries

- Director, CPF Food Products Co., Ltd.

Work Experience for the past 5 years

- Executive Director of the Thai Feedmill Association



Mr. Vitit Pootanasap – 55 years of age

- Executive Director and Executive Vice President, Aquatic Feed Unit

Education

- Bachelor degree in Business Administration, Ramkhamhaeng University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 12,100 shares, equivalent to 0.0002%

Positions in the Company's subsidiaries

- Director, Pokphand Aquatech Co., Ltd.



Mr. Virachai Ratanabanchuen – 59 years of age

- Executive Vice President, Livestock Feed Unit

Education

- Bachelor degree in Accounting from Thammasat University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 230 shares, equivalent to 0.0000% (decreased 200,000 shares from December 31, 2007)

Positions in the Company's subsidiaries

- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Food Products Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, CPF Trading Co., Ltd.
- Director, CP-Yonekyu Co., Ltd.
- Director, C.P. Laos Co., Ltd.

Work Experience for the past 5 years

- President, Thai Feedmill Association



Mr. Anek Boonnoon – 55 years of age

- Executive Vice President, Regional Integration Unit

Education

- Bachelor degree in Agriculture, major in Veterinary Sciences, Kasetsart University, Thailand

Positions in the Company's subsidiaries

- Director, Bangkok Agro-Industrial Products Plc.
- Director, Charoen Pokphand Northeastern Plc.

- Director, B.P. Food Product Co. Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, C.P. Agro-Industry Co., Ltd.
- Director, Rajburi Foods Co., Ltd.
- Director, CPF Logistics Co., Ltd.
- Director, CPF Trading Co., Ltd.



DVM. Sujint Thammasart – 55 years of age

- Executive Vice President, Aquatic Research & Development Unit

Education

- Bachelor degree in Veterinary Medicine, Kasetsart University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, Shrimp Improvement Systems (Thailand) Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, Seafoods Enterprise Co., Ltd



Mr. Prajit Udnoon – 58 years of age

- Executive Vice President, Poultry Research & Development Unit

Education

- Bachelor of Science in Animal Husbandry, Chiang Mai University
- Enrollment in Director Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, Charoen Pokphand Northeastern Plc.



Mr. Somkuan Choowatanapakorn – 60 years of age

- Executive Vice President,
Swine Research & Development Unit

Education

- Master of Animal Breeding, Kasetsart University
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 4,300,000 shares, equivalent to 0.0572%

Positions in the Company's subsidiaries

- Director, Bangkok Agro-Industrial Products Plc.
- Director, Bangkok Food Products Co., Ltd.



Dr. Sommai Tachasirinugune – 53 years of age

- Executive Vice President,
Aquatic Food Processing Business

Education

- Doctorate in Poultry Nutrition, Oregon State University

% shareholding in the Company as of December 31, 2008

- 220,050 shares, equivalent to 0.0029%
(Decreased 15,000 shares from as of December 31, 2007)

Positions in the Company's subsidiaries

- Director, CPF Trading Co. Ltd.
- Director, Glang Co., Ltd.



Mr. Pisit Ohmpornuwat – 54 years of age

- Executive Vice President, Foods Trading Unit

Education

- Professional Diploma from Assumption
Commercial College
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 83,700 shares, equivalent to 0.0011%

Positions in the Company's subsidiaries

- Director, C.P. Merchandising Co., Ltd.
- Director, CPF Food Products Co., Ltd.
- Director, C.P. Food Products, Inc.
- Director, CP Foods (UK) Limited
- Director, CP Foods West, Inc.
- Director, CPF Denmark, A/S
- Director, CPF Europe S.A.
- Director, CPF Tokyo Co., Ltd.



Mr. Sukhawat Dansermsuk – 58 years of age

- Executive Vice President, Ready Meal Unit

Education

- Bachelor degree in Economics from Thammasat University
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, CPF Food Products Co., Ltd.
- Director, C.P. Food Products Co., Ltd.
- Director, International Pet Foods Co., Ltd.
- Director, CP Foods West, Inc.



Mr. Praderm Chotsuparach – 59 years of age

- Executive Vice President, Information Technology and Application

Education

- Master of Business Administration, Chulalongkorn University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, CPF IT Center Co., Ltd.



Mr. Tinakorn Ruenthip – 58 years of age

- Executive Vice President, Human Resources

Education

- Bachelor of Public Administration, Chulalongkorn University
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, CPF Training Center Co., Ltd.



Mr. Paisan Chirakitcharem – 49 years of age

- Executive Director and Chief Financial Officer

Education

- Master of Business Administration from National Institute of Development Administration, Thailand
- Enrollment in Directors Certification Program No. 98/2008, the Thai Institute of Directors
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

Positions in the Company's subsidiaries

- Director, Bangkok Agro-Industrial Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Food Products Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.

- Director, C.P. Agro-Industry Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, B.P. Food Products Co., Ltd.
- Director, Rajburi Foods Co., Ltd.
- Director, CPF Logistics Co., Ltd.
- Director, CPF Trading Co., Ltd.
- Director, CPF Europe S.A.
- Director, CPF Denmark A/S
- Director, CPF Tokyo Co., Ltd.
- Director, CP Foods (UK) Ltd.



Miss Patchara Chartbunchachai – 50 years of age

- Executive Director and Company Secretary

Education

- Bachelor Degree in Accounting from Thammasat University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

% shareholding in the Company as of December 31, 2008

- 461,000 shares, equivalent to 0.0061%

Positions in the Company's subsidiaries

- Director, Bangkok Agro-Industrial Products Plc.
- Director, Chanthaburi Aquaculture Farm Co., Ltd.

- Director, C.P. Merchandising Co., Ltd.
- Director, CPF Food Products Plc.
- Director, C.P. Agro-Industry Co., Ltd.
- Director, CPF Trading Co., Ltd.
- Director, Universal Food and Marketing Co., Ltd.
- Director, CP- Yonekyu Co., Ltd.
- Director, Shrimp Improvement System (Thailand) Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, Trad Prawn Culture Center Co., Ltd.
- Director, Savee Farming Co., Ltd.

○ Personnel

As of December 31, 2008, CPF's number of employees and labors were 23,774 persons, classified by business units as follows:

Business	Unit : Persons
1. Livestock Business	8,670
2. Aquaculture Business	15,104
Total	23,774

CPF remunerated to its employees in 2008 at a total of THB 4,899 million including salary, wage, bonus, welfare, training fees and employee's insurance fees.

Human Resources Management

CPF Way – Corporate Value

CPF Way is the fundamental corporate value and philosophy in conducting our business. It is the constant reminder that the approach in which we conduct business is just as important as the achievement and success. The corporate value unites our employees and differentiates us from the competitors. It is through this unison and joint efforts that would lead CPF to realize the vision of being 'Kitchen of the World'. CPF Way as set includes:

- 1) Embracing Change
- 2) Master Learning and Sharing
- 3) Innovation
- 4) Integrity and Honesty
- 5) Result Oriented
- 6) Dedicate to Countries

Talent Management and Succession Planning

The Company firmly believes employees are an important part of our success and for making the Company a Food Company of Choice. As the Company depends on qualified, high caliber employees, the Company has to be the Employer of Choice.

To attract and retain young employees with potential to support the growth and expansion of our business, the Company has selection process to develop and nurture these young talents to become future leaders.

The Company recognizes the importance of having a succession plan, especially at the top management level, to ensure continuity when there is a vacancy or to support expansion of business. The succession plan is done from general management position/level up to top management positions. In this plan, specific individual

with suitable qualifications and potential will be identified and groomed to take on the position when it is vacated.

Company Codes of Conduct

The Company has set its core values and ethics which are the bases for the Board of Directors, executives and employees to follow. These standard operating procedures are based on fairness, integrity and honesty resulting in the success of the Company.

CPF's Core Values and Expectations

- 1) The Company and all its employees attempt to do what is correct and righteous.
- 2) The Company and all its employees respect the individual right of colleagues, customers, shareholders and all stakeholders.
- 3) The Company and all its employees firmly believe that human resources are Company's most valuable asset.
- 4) The Company and all its employees attempt to be the leader in product development and provider of best services.
- 5) The Company and all its employees will be accountable for their actions.
- 6) The Company and all its employees will adhere to all relevant rules and regulations.

Human Resources Policy

- 1) Emphasis on leadership development to enable efficient and effective management function in the global corporate arena and to entice employees to devote their effort to achieving success. Moreover, it is to sow confidence in employees to perform their functions in an honest and transparent fashion which would lead to sustainable business, an important skill much needed in today's competitive environment.
- 2) Dedication to enhance specialization resulting in knowledge through research and share learning of experienced staff. This learning process from one generation to another, coupled with application of modern technology and knowledge management, accumulates up-to-date information and experience to promote quick, effective and efficient performances. CPF training center is the center for the development of corporate core competency to be in line with Company's business objectives.
- 3) Dedication to the sustainable achievement of grooming leader of the next generation to manage business growth and fill vacated positions of the succession plan. Screening process will be both from within and outside of the organization. Selected candidates will be trained and developed in a frog-leaped pace.
- 4) Promoting advancement of personnel through continuous development via e-learning and web-based learning. This is an equal opportunity for all employees to learn and improve their skill and knowledge.

○ Right of Shareholders

The Board of Directors fully realizes the importance of good corporate governance and unanimously agrees that this would increase the Company's competitive capability and management efficiency, which would give added value to the Company and benefit its shareholders in the long run. Corporate governance will ensure the Company management is carried out with honesty in accordance with the Company objectives and the shareholders' resolution and will focus on the best interests of the Company and shareholders. On December 17, 2008, the first Amendment of the Corporate Governance Policy was approved. The principle of this Corporate Governance Policy reflects corporate values in strict compliance with the key characteristics of good corporate governance and provides guidelines for the management and staff members to conform with good corporate governance practices and maintain the right of shareholders as a fundamental right under the law.

In addition to the fundamental right of Shareholders under the law, the Company provides pertinent information to the shareholders in a timely manner in order to support their effective decision-making. Apart from the disclosure of information under the Regulations of the Stock Exchange of Thailand, the Company disseminates information through its website and monthly newsletter.

The Company also gives equitable treatment to all shareholders. During the Annual General Meeting of the Shareholders, in order to facilitate attendance, even shareholders who show up late will be allowed to attend and participate in the meeting. All the shareholders attending the meeting will be given opportunity to reasonably and sufficiently give comments or raise questions. It is the Company policy to have the directors and the top executives attend the Shareholders' meetings in order to reply to the questions raised by the shareholders at the Meeting. At the Annual General Meeting of Shareholders for the year 2008, the meeting was conducted in accordance with the agenda items outlined and delivered to the Shareholders along with the meeting notice, without any change or additional agenda items.

In 2008, the Company posted the information regarding the Annual General Meeting of Shareholders on its website one month prior to the meeting date and such information was the same as that delivered, along with the meeting notice, to the shareholders 14 days before the meeting date. The meeting notice contained the following information: meeting agenda, rationale and opinion of the directors for the proposed agenda, date, time and venue of meeting, and procedures and documents required for registration for the meeting.

With regard to the agenda items proposed for the shareholders' consideration, the Company provided sufficient information on each agenda item in order to accommodate the shareholders in making a decision for voting. In 2008, the Company informed the shareholders, by including this in the meeting notice, of the channels by which questions in relation to the agenda items to be raised during the Annual General meeting of Shareholders would be submitted to the Board of Directors prior to the meeting date so that the Board of Directors could consider such questions and give complete clarification to the Meeting.

The Annual General Meeting of Shareholders for the year 2008 was held at C.P. Tower Building, Silom Road, Khet Bangrak, Bangkok. To facilitate the attendance of the shareholders, the Company provided snacks and beverage to the shareholders at the registration area prior to the commencement of the meeting. In order to minimize the time consumed for registration of attendance, the Company applied the bar-code system for registration and arranged adequate personnel to check the documentation of each attending shareholder.

Prior to the commencement of the Annual General Meeting of Shareholders for the year 2008, the Company made an announcement on the rules to be used in conducting the meeting, including the voting procedures and methods. In such meeting, there were 18 directors and top executives attending, including the President, Chairman of the Audit Committee, Chairman of the Remuneration and Nominating Committee, Chief Operating Officer and Chief Financial Officer.

As the Chairman and Vice Chairman of the Board of Directors could not attend the meeting, the Honorary Chairman, Chairman of the Audit Committee and Independent Director was appointed to chair the meeting. The shareholders were given opportunities to voice their opinion or ask questions on all issues listed on the meeting agenda, and to elect the directors, individually, to replace the directors retiring on rotation according to the relevant agenda item. With regard to the voting procedure, ballots were used in the cases where shareholders voted against or wished to abstain from voting. During the Meeting, the Chairman of the Meeting provided information and reason to support the decision-making on the proposed agenda items and informed the Meeting of the vote cast for the resolution of each agenda item.

The Minutes of the meeting were recorded and reported. They consisted of two main sections: the first section included general information of the Meeting such as the name list of directors and top executives attending the meeting, the total number and voting rights of the attending shareholders at the commencement and the closing of the meeting and the voting and ballot procedures, and the second section included the information on the agenda items proposed for the shareholders' consideration as notified in the meeting notice such as the summary of each meeting agenda item, the summary of the questions raised by shareholders and the explanation given by the management on each agenda item (if any). The voting results were recorded with the total number of votes "for", "against", and "abstained."

The Minutes of the Meeting were submitted to the Stock Exchange of Thailand within 14 days from the Meeting date, and published for the shareholders on the Company website.

○ Equitable Treatment of Shareholders

With regard to sale and purchase of Company shares, the Company instituted rules and regulations in order to protect the internal information from potential abuse, to ensure transparency and to prevent the misuse of undisclosed internal information by directors, executives and employees of the Company. Under the Rules, Requirements and Procedures on the sale and purchase of Company shares, the Company's directors, executives and all of the employees of Company Secretary Office and Investors Relations Office shall prepare and submit the report on the shareholding and any sales or purchase of shares held to the Company Secretariat for further submission to the Securities and Exchange Commission, as the case may be, within the period of time prescribed in the relevant laws and regulations. In this regard, the Company Secretariat is assigned to report the changes of shareholding of the directors and executives to the Board of Directors quarterly. In addition, the Company continuously provided information on the rules and regulations of the Company's internal information to the directors, executives and employees at each level for awareness of their duties and responsibilities under such rules and regulations.

The Board of Directors closely guards its business operation in order to avoid conflicts of interest by setting up committees and sub-committees in accordance with good corporate governance and encouraging employees at each level to honestly perform their duties and to abide by the business ethics. In the case that any director has a conflict of interest in respect of any agenda item of the Board of Directors' meeting, such directors shall not be allowed to participate in the consideration or decision-making on such agenda item. In the supervision of entering into transactions with the connected persons, the Board of Directors approved in principle transactions, which are normal business transactions or supporting normal business transactions thereof under general commercial conditions, made between the Company or its subsidiaries and the directors, executives or connected persons of the Company or its subsidiaries, while other transactions shall be made in accordance with the requirements notified by the Committee of Capital Market Supervision.

Additionally, in order to provide the equitable treatment of each shareholder, the Company takes the following actions while holding a shareholders' meeting:

- Give opportunities for the shareholders to propose matters to be included in the Meeting agenda and to nominate qualified persons for the election of directors, as well as to submit the relevant questions on the agenda items prior to the meeting date. In this regard, the Board of Directors has regulated the requirements of submission, including the channel and schedule for submission, which has been posted on the Company website;
- Provide a proxy form in which the shareholders can give comments on their votes and authorize either the Chairman of the Audit Committee or a member of the Audit Committee as their proxy in the case where the shareholders cannot attend the meeting in person. The proxy form and relevant documents shall be submitted through the Company Secretary Office; and
- Prevent the addition of agenda items without prior notice being given by the shareholders who are the Company executives.

○ Roles of Stakeholders

The Company has the policy to serve all stakeholders, including shareholders, suppliers and service providers and customers on the basis of honesty, fairness and transparency. The Company will not seek any personal profit which may cause conflict with the Company's or the stakeholders' interest, nor divulge confidential information on business relations with the stakeholders. The Company has taken the following measures in to better serve its stakeholders:

- Provide indemnification to the stakeholders who sustain damage from encroachment by the Company, as prescribed by the law of the stakeholders;
- Provide channels to receive indications or complaints in respect of violation of law or ethics through independent directors or the members of Audit Committee; and
- Give direction for necessary actions to be taken after an indication has been received, by assigning internal investigation and reporting the outcome to the Board of Directors.

In order to ensure that fair treatment is provided for each group of stakeholders in accordance with their rights and agreements made with the Company, the Board of Directors has prescribed the Code of Conduct in dealing with each group of stakeholders as follows:

Shareholders:

- Organize the efficient nomination process in order to recruit qualified persons to be appointed as Company directors and assign the Remuneration and Nominating Committee to be responsible for this process; and
- Disclose the Company financial information and other matters in a sufficient, transparent and reliable manner and set up an Investor Relations Office to be a channel of communication between the shareholders and the Company and a source of data for the Company business.

Employees:

- Establish a human resource management policy on the basis of good supervision and management, fair and gentle treatment and creating opportunities to employees at each level and appropriate reward. In addition, the CEO Website has been created as a channel of communications for the CEO to disseminate Company policy, vision and objectives to the employees, and to receive comments, suggestions or grievances of employees to be brought directly to the attention of the CEO for timely investigation. The names of employees who submit such information will be kept confidential;
- Establish a program for employees' health and safety and provide medical welfare and insurance against accidents for employees;
- Respect the employees' right of privacy and keep the employees' personal data confidential;
- Provide training to improve the employees' skill and performance;
- Provide a reasonable remuneration and welfare system which is compatible with that of other domestic entrepreneurs in the same industry; and
- Regulate the Code of Ethics for Employees which includes the prohibition of receiving bribes or other

incentives in violation of the law or the Company's Rules and Regulations, or waive any indecent business requirement, and regulate the Code of Conduct for executives and employees in order to comply with the Company's values, ethics and accountabilities for Company stakeholders, so as to standardize the performance of executives and employees on the basis of integrity. The Code of Conduct and the Code of Ethics will be published for the executives and employees for compliance and their compliance will be regularly monitored.

Customers

- Set up a system to monitor and control the process of production or product supply in order to supply quality merchandise to customers, and regularly update the technology of production and quality control;
- Set up a system to control the strict, honest and regular compliance under the agreements made with customers;
- Set up a system to control the maintenance of customer's confidential information, as if it were the Company confidential information; and
- Set up a Call Center in order to receive comments and complaints in respect of the Company merchandise. Complaints will be sent to the respective department for verification and correction as soon as possible.

Traders

- Set up the rule of fair and equitable treatment for all traders in business operation;
- Set up regulations on procurement by selecting the sellers, parties or counsel on the basis of maximum benefit to the Company and fair, unbiased and transparent recruitment. The Employees shall be prohibited from receiving any benefits from recruited traders; and
- Set up a system to monitor and prevent the disclosure or abuse of traders' confidential information.

Trade Competitors

- Operate the business under the rules and ethics; and
- Set up a system to monitor and prevent the unlawful acquisition or abuse of trade competitors' confidential information.

Creditors

- Set up a system to monitor and control strict compliance under the obligations to creditors with the awareness of the Company's reputation.

Community and Society

- Have a strong intention, as an organization which is accountable to local, national and international society, to create activities which benefit the development of the communities and societies;
- Have strong intention to take necessary measures to protect the environment and reduce pollution which deteriorates the environment;
- Give priority to political activities and political participation, and to recognize the political right and freedom of the employees as their private right, but refrain from giving any political support under the Company's name; and
- Set up a Safety, Health and Environment (SHE) Committee to be responsible for all relevant activities.

○ Information Disclosure and Transparency

In order to ensure that the Company's material information shall be disclosed completely, transparently and in a timely manner, the Board of Directors is required to undertake the following measures:

- Disseminate the report on the policies of good corporate governance and environment and social protection, as well as the outcome of compliance under such policies through various channels such as the Company's annual report or website;
- Prepare and report the Company's financial and general information to the shareholders and general investors accurately and completely. The report on the Board of Directors' accountability, the financial report and the auditor's report shall be included therein;
- Disclose the roles and duties of the Board of Directors and those of sub-committees, the number of the Board of Directors' meetings and the number of the attendance record of each director in the preceding year as well as their opinions on the performance;
- Disclose the policy of remuneration for directors and executives according to their individual duties and responsibilities. Such disclosure shall include the remuneration obtained by each director as a director of the Company's subsidiaries;
- Disclose the Company's material information, both financial and non-financial, accurately, completely, timely, transparently and in accordance with the requirements notified by the relevant authorities;
- Set up an Investor Relations Office to disseminate the Company's financial information and general information to the shareholders, financial analysts, investors and other Company's stakeholders and to be a channel of communications for the shareholders and investors. This Office was established in 1999 and functions under the direct supervision of the Chief Executive Officer. One of the activities of this unit is to organize annual meetings with financial analysts, and domestic and foreign investors. In the past years, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and other top executives participated in these meetings; and
- Disclose the Company's information through the Company's website, which is available in both Thai and English version in addition to disclosure through the Office of the SEC, or the Stock Exchange of Thailand. This website is also linked to the website of the Stock Exchange of Thailand.

○ Responsibilities of the Board of Directors

As of December 31, 2008, the Board of Directors consisted of 14 members. There under four independent directors, five management directors and five non-management directors. The Chairman of the Board of Directors and the President were two separate persons.

In order to ensure that the structure of the Board of Directors is compatible with the Company's business operation, as well as to illustrate the framework, duties and responsibilities of the Board of Directors which will enhance the efficiency of the Board of Directors performance, the Board therefore set up the following requirements:

Structure of the Board of Directors

- Composition of the Board of Directors

The Board of Directors shall consist of at least 5 directors and at least one-third of all the members of the Board of Directors shall be independent directors, and there will be no not less than 3 independent directors. In addition, the Chairman of the Board of Directors shall not hold the office of Chairman or member of any sub-committees, and shall be a separate person from the President. As of December 31, 2008, the Company has four independent directors, which is less than the proportion of one third of all directors; as a result, the Company will appoint additional independent directors within the Annual General Shareholders' Meeting for the year 2010, so as to have the number of independent directors of at least one-third of the number of directors.

- Qualifications

Every director has experience in his respective field, which will be beneficial to the operation of the Company. Each director shall possess good understanding of business obstacles and have the abilities to solve problems and create a competitive advantage as well as provide insight in handling important risks. All the directors' qualifications shall meet the criteria set forth by the law governing public limited companies, the law governing securities and exchange and the notifications of the authorities supervising companies, and no director shall possess any disqualification as prescribed therein. In the case of independent director, such director shall be qualified under the notifications set forth by the Committee of Capital Market Supervision.

Upon joining the Board, each director is provided important information on the Company, the rules and regulations specifying the roles and responsibility of the Board of Directors, laws, regulations, and conditions of being a director of a public listed company and a thorough briefing and tour to observe the Company's various businesses and operations.

In the case that any director holds the office of director or executive in another company which is not a Company subsidiary or associate, such director shall report the holding of such office to the Company.

- **Term of Directorship**

At each Annual General Meeting of Shareholders, one-third of all directors who have held the longest term in office shall retire. If the Board cannot be divided into 3 groups, the nearest number to one-third of all directors shall retire from office. A retiring director can be re-elected to the Board under the approval of the Shareholders Meeting. The term of each director is 3 years. In the case that the office of director is vacated for any reason other than retirement on rotation, it is required that the remaining is less than two months. Such newly elected director shall hold the office only for the remaining term of the replaced directorship. However, the appointment of such director must be approved by the votes cast of at least three-fourth of the number of the remaining directors.

- **Supervision**

The Board of Directors has the duty to supervise the performance of the operation of the Company in accordance with the Company's objectives, strategy and the operational plan approved by the Board of Directors, in order to benefit the best interest of the Company and all stakeholders. The Board of Directors will assign the authority, duties and responsibilities of routine managerial tasks to the managing director and this assignment shall be clearly separated from the authority and duties of the Chairman of the Board of Directors. The Board of Directors may appoint various sub-committees to supervise specific areas of operation, and employ experts or advisors from outside in order to give opinion or advice in respect of the Company business operations, as it is deemed appropriate, at the Company's expense.

In the case that the Managing Director or any top executive holds the office of director in any company other than that as assigned by the Company, such officer shall report the holding of such office to the Company.

Duties and Responsibilities of the Board of Directors

(Details of which are shown in the Board of Directors' Duties and Responsibilities under "Management" section on page 62)

Board of Directors' Meeting

- The Board of Directors Meeting is scheduled to be held at least once a month and the meeting dates shall be scheduled in advance annually. However, if it is deemed necessary, the meeting dates can be rescheduled. Each director will be notified of the meeting schedules and has the duty to attend every meeting. In the case of inability to attend any meeting, such director shall give notice and reason of the absence to the Company Secretary prior to such meeting and the Company Secretary shall deliver the minutes of such meeting to the absent director.

- The President, together with the Chief Financial Officer and the Company Secretary, will review the matters to be included in the agenda of the Board of Directors Meeting prior to the submission of the agenda items to the Chairman of the Board of Directors for approval. Each director is entitled to propose the matters to be included in the Meeting agenda.
- The Company Secretary will prepare and deliver the relevant information required for the Board of Directors Meeting along with the meeting notice to each director no less than seven days prior to the meeting date for review and consideration.
- At any Board of Directors meeting, the management executive(s) who is directly responsible for the issues to be raised in the Board of Directors' meeting will be invited to attend and present a report in respect of such issues. Every director is given an opportunity to discuss, share opinions and make an independent decision on the subject matter. Additional information may be requested from the Company Secretary or advice may be requested from independent consultants as it is deemed appropriate.
- In the case that any director has a conflict of interest on an agenda item raised for consideration, such director shall immediately inform the Board of Directors of such conflict of interest, and will not participate in the decision making of that agenda item.
- The non-management directors may hold meetings in order to discuss the matters among themselves, as it is deemed appropriate for the Company's management, without the attendance of the management. The minutes of such meetings shall be submitted to the Board of Directors meeting for acknowledgement.

Evaluation of the Board of Directors Performance

- The Remuneration and Nominating Committee will evaluate the Board of Directors' performance annually and report the evaluation result to the Board of Directors.
- The Board of Directors will conduct a self assessment at least once a year and the Chairman of the Board of Directors will be responsible for this evaluation.

Directors' Remuneration

- The policy and requirement of directors' remuneration is set out by the Board of Directors, based on performance in the same industry, experience, duties, roles and responsibilities and potential benefits gained from each director. The directors who are assigned additional tasks shall be entitled to a raise of remuneration as it is deemed appropriate.
- The Remuneration and Nominating Committee will annually consider and propose the determination of director's remuneration to the Board of Directors for further approval from the Shareholders Meeting.

○ Internal Control

At the Board of Directors' meeting No.2/2009 held on February 25, 2009, the Audit Committee, comprising of four independent directors, was present to review the Company's internal control system. From questioning the information and data gathered and reported by management, it can be concluded that the existing internal control system is appropriate and sufficient to protect assets of the Company and its subsidiaries from being misused or used by unauthorized person. In addition, the internal auditors reviewed on various operations of the Company and its subsidiaries to ensure the compliance with the Company's internal control system. The major non-compliance, if any, was reported to the Executive Board and the Audit Committee for review and correction. However, in 2008 no major non-compliance that would affect the operation of the Company and its subsidiaries was found and the external auditor also did not indicate any significant non-compliance found.

○ Litigation

The Company is involved only with routine litigation arising from normal business practices. The Company is not party of legal cases, which the Company is a defendant in lawsuits amounting to more than 5% of shareholders' equity as of December 31, 2008, which affect business operations of the Company but the amount of the loss cannot reasonable be determined, and that not arising from normal business practices of the Company.

○ Report of the Audit Committee


The Audit Committee was appointed by the Board of Directors of CPF, consisting of 4 independent directors; namely Pol. Gen. Pow Sarasin as the Chairman, and Mr. Arsa Sarasin, Professor Dr. Athasit Vejajiva, together with Mr. Thanong Termpangpun as members of the Audit Committee.

During the year 2008, the activities under duties and responsibilities assigned by the Board of Directors can be summarized as follows:

1. Review quarterly and annual financial statements, which include assessing the compliance to the accounting principles used, the accounting policies adopted, as well as the information disclosed in the financial statements.
2. Review transactions and disclosure of information during the year on the connected transactions, as well as those transactions which may cause conflicts of interest in 2008.
3. Review the internal audit results conducted by the internal auditor during the year, as well as review the sufficiency and suitability of the internal control system.
4. Meet with the external auditor to discuss their independence, issues or concerns found from their audit, including the opinions on the Company's internal control.
5. Review the Company's compliance with the law and other related regulations.

According to such review, the Audit Committee was of the opinion that the Company has established and maintained a suitable and effective internal control system in order to provide a reasonable assurance that financial statements are reliable and correctly prepared in significant matters. In addition, the entering into any transactions which may cause the conflict of interests was reasonable and most of them were the normal course of business or supporting normal course of business transactions conducted on arm's length basis. There was no significant non-compliance with law found. On duty, the Audit Committee is able to perform its assignment independently. The meetings of the Committee have been constituted 12 times, in which Mr. Arsa Sarasin attended 9 times while the others attended 12 times.

Furthermore, the Committee has assessed the independence and performance of external auditor and agreed to propose the Board of Directors to ask for the shareholders' approval to appoint Mr. Charoen Phosamritlert, Mr. Vairoj Jindamaneepitak and Ms. Bongkot Amsageam of KPMG Phoomchai Audit Limited to be the auditors of the Company for the year 2009, with the remuneration of THB 3,490,000 for auditing and reviewing of annual and quarterly separate financials statements and consolidated financial statements.



Pol.Gen. Pow Sarasin
Chairman of the Audit Committee
February 25, 2009

○ Measures to Govern Related Transactions

For the transactions that occur on the normal course of business, the Company applies the same approval procedure for both related parties and outsider via focusing on the benefit to the Company. In the case of other related transactions, the Audit Committee is assigned to review whether they are conducted on arm's length basis. In this regard, the Audit Committee may seek an opinion from an independent appraiser prior to making recommendation to the Board for further consideration and approval. The Board of Directors had a resolution on the principle for entering into any transaction between the Company or its subsidiaries and a director, an executive or the related person of the Company or its subsidiaries for the normal course of business or the supporting a normal course of business transactions with the arm's length basis. However, for entering into other transactions must comply with the notification of the Capital Market Supervisory Board.

During the year 2008, the Company entered into transactions with related persons, as disclosed in Note 4. of the notes to financial statements as of December 31, 2008. The audit committee was of the opinion that these related transactions are reasonable and most of them were the normal course of business or supporting a normal course of business transactions conducted on arm's length basis. Related transactions could be summarized as follows:

- **Accounts Receivable**

As of December 31, 2008, the Company had accounts receivable arising from transactions with associated and related companies worth THB 1,562 million, or 11% of total accounts receivable.

- **Accounts Payable**

As of December 31, 2008, the subsidiaries had accounts payable arising from transactions with associated and related companies worth THB 932 million, or 12% of total accounts payable.

- **Sales**

During 2008, the Company sold products to associated and related companies based on normal price list. The value of these transactions ending December 31, 2008 was THB 6,486 million, or 4% of total sales.

- **Purchase of Raw Materials**

During 2008, the Company purchased raw material from associated and related companies based on normal price list. The value of these transactions ending December 31, 2008 was THB 18,792 million, or 14% of total cost of sales.

- **Other Income**

In 2008, the Company received other income from dividend, interest, sales of fixed assets, training and seminar fees, system service fees, as well as from leasing land and property to associated and related companies, in the amount of THB 133 million, or 0.1% of total revenues.

- **Rental and Services Fees**

The Company and certain subsidiaries have lease agreements covering office premises including facilities, land, livestock farm, and also have lease agreements covering vehicles with certain related companies for periods of 1 to 9 years, which will be ended in 2009 to 2017. The rental and service fees obligation of the CPF's group as of December 31, 2008 amounted to THB 1,119 million (2007: THB 1,124 million).

The Company rented assets from associated and related companies according to the rates set by the owners. The value of these transactions ending December 31, 2008 was THB 913 million, or 5% of total selling and administrative expenses.

- **Technical Service Fee**

The Company and certain subsidiaries hired the parent company of the Group (Charoen Pokphand Group Co., Ltd. (CPG)), to research and develop the raw material ingredients for animal feed manufacturing. The Company and the subsidiaries agree to pay a service fee which was calculated from the feed production quantity, dependent upon the type of feed as stipulated in the agreements to CPG. The minimum fee ranges are approximately THB 0.1 million to THB 1.3 million per month. The term of this agreement will be expired in 2010.

In addition, a foreign subsidiary entered into an agreement to obtain the technical service assistance relating to animal feed manufacturing from CPG, with the service fee calculated from a certain percentage of the subsidiary's sales value of animal feed as stipulated in the agreement. The term of this agreement will be expired in 2016.

In 2008, the Company paid Charoen Pokphand Group Co., Ltd. for technical service concerning animal feed ingredients worth THB 284 million, or 0.2% of total cost of sales.

- **Insurance Premium**

The Company paid insurance premiums to Allianz C.P. Insurance Company Limited and Ayudhaya Allianz C.P. Life Insurance Public Company Limited, which are CPF's related company, worth THB 206 million, or 1% of the Company's total selling and administration expenses for the year ended December 31, 2008. The insurance premium rates were standards set by the insurers.


- **Other Expenses**

In 2008, the Company had other expenses, which were software application service fee, sale promotion fee, transportation fee and others to related companies of THB 554 million (2007: THB 352 million).

- **Others**

The Company and certain subsidiaries have hire-of-work agreements to construct buildings, structures and others, including equipment and others purchasing with certain related companies. During 2008, the payments in respect of these agreements have been made by the Group totaling THB 542 million (2007: THB 748 million).

A subsidiary entered into an agreement with a related company (Star Marketing Co., Ltd. (STAR)) for the right to use all current trademarks of STAR. In this regard, the subsidiary has an obligation to pay a fee upon the sales under the trademarks. The agreement has a period of 5 years which will expire in 2012. The fees for the year ended December 31, 2008 totaled THB 30 million (2007: THB 36 million).

In addition, the Group entered into agreements with the parent company of the Group (Charoen Pokphand Group Co., Ltd. (CPG)) for the right to use trademark . In this regard, the Group has to pay the fee to CPG at the rates of 0.2% and 0.4% of the sale value of each product as stipulated in the agreements. The fees for the year ended December 31, 2008 totaled THB 33 million (2007: THB 35 million).

During the first quarter of 2006, a subsidiary (C.P. Merchandising Co., Ltd. (CPM)) entered into a Share Sale and Purchase Agreement to sell its investment in shares of Lotus-CPF (PRC) Investment Co., Ltd. (Lotus-CPF), an associate, totaling 38,960,000 shares (equivalent to 40% of issued shares of Lotus-CPF) to Union Growth Investments Limited (Union Growth) which is a related company, for a total value of USD 31 million or equivalent to THB 1,185 million. Union Growth paid the first installment to CPM as defined in the agreement amounting to USD 3.1 million on May 30, 2006 (Closing Date). The balance of USD 27.9 million will be collected in eight installments: consists of USD 2,325,000 per month in April and October 2007 and USD 3,875,000 per semi-annual in April and October during 2008 to 2010, with the interest rate at LIBOR plus 2.0% per annum, calculated from the outstanding balance. Under the term of the agreement, CPM has to transfer the title of all investment in Lotus-CPF to Union Growth on the first installment date which the Group considered as a sale date. In order to guarantee its performance on the agreement, Union Growth has pledged the purchased share certificates of Lotus-CPF with CPM under the "Share Charge Agreement" entered into between CPM and Union Growth.

During the second quarter of 2006, the Group ceased to recognize the equity from the investment in Lotus-CPF since the date of sale of the investment, because the Group has no longer significant influence on Lotus-CPF and the risks and rewards of the investment have been transferred to Union Growth. In this regard, the Group recorded the gain on sale of investment amounting to THB 399 million as "Deferred gain on sale of investment" presented under non-current liabilities in the consolidated balance sheet because the Group considered that the proceeds from sale of investment will be made in long-term installments. The deferred gain will not be recognized in the statement of income until receipt of the proceeds in full. In this regard, CPM and Union Growth must comply with the conditions as defined in the above agreements.

Corporate Social Responsibility



Mr. Adirek Sripratak of CP Foods is acknowledged the 7th Asia Business Leaders on Corporate Social Responsibility Award by CNBC for his ability to translate the Company's success into benefits for the community.

Philosophy

The Company is grateful to the country and society for the opportunity to conduct and operate its business. Thus, the Company considers its duty to support and promote activities that would benefit the society through involvement of its employees, their families and the communities.

The Company gives great importance to developing products that would meet the demand and requirements of the consumers. Modern production technology is shared and transferred to small independent farmers as well as the different regulations and production standards required by different consumers around the world. Our topnotch team with specialized skill and expertise work closely with customers to ensure the sustainable growth of the industry.

The Company's social activities are conducted purely to benefit the society without expecting anything in return. These activities have been conducted continually. In 2008 Mr. Adirek Sripratak, CEO and President of CPF, was awarded Asia Business Leader of 2008 by CNBC for his outstanding works in the field of Corporate Social Responsibility. Some of our corporate social activities are listed below.

○ Personnel

Social Accountability Policy

The Company is committed to raise its labor standard by improving quality of life of employees and ensuring safe work environment and fair treatment as regulated by the law. To demonstrate our commitment, the Company has set up following rules and policies on social responsibility based on Thai Labor Standard 8001-2003.

1. The Company shall not support forced labor of any form and shall not demand cash deposit and/or personal identification paper unless exempted by law.
2. The Company shall pay wages and remuneration, no less than what is stipulated by the law, in Thai currency and at employee's work place. Wages of employee shall not be deducted and withheld unless permitted by law.
3. The Company shall stipulate normal working hours that conform to the law. Employee's overtime work shall be compensated based on Thai Labor Standard of 8001-2003 and labor law set.
4. The Company shall not engage in or support discrimination based on nationality, race, religion, language, age, sex, marital status, sexual orientation, physical disability, labor union membership, choice of political party or personal ideas and opinion. The Company shall not bar or intervene on activities relating to race, national customs, religion, personal expression on sexual orientation and participation in labor union and/or political party.
5. The Company shall not in any case deduct or cut wages as a disciplinary action. The Company shall not employ corporal and/or mental punishment, threat and coercion. Preventive measures are set to protect female and young employees from sexual harassment.
6. The Company shall not engage or support employment of child labor under 15 years of age. The Company shall assign work that does not expose young employees to harm and poor sanitation.
7. The Company shall assign work in a safe environment for pregnant employees. The Company shall not dismiss, demote, or deduct fringe benefits of pregnant employees.
8. The Company respects employee's individual right to join labor union or become a director of the union and to participate in the negotiation process. The Company shall treat every employee fairly and without prejudice according to Thai Labor Standard 8001-2003.
9. The Company has set up standard procedures with regards to sanitation, safety and work environment. All employees will be informed and trained on the safety regulations. In addition, the Company provides appropriate protective gears for each job function.
10. The Company shall provide toilets, potable drinking water, first aid facility, canteen and food storage area sufficiently and conveniently at employee's disposal.
11. The Company shall encourage suppliers and contractors to abide by the Thai Labor Standard 8001-2003.

Policy on Employee Compensation and Benefits

Employees are Company's most valuable asset and important factor leading to our success. The Company is committed to foster core value, promotes company culture, creates friendly work environment and encourages teamwork. Employees are coached to be courteous and respect each other's individual right.

Recruitment, appointment, job rotation and relocation, and remuneration will be based on facts and treated with fairness.

On Occupational Safety and Health, the Company is responsible to ensure safe workplace for employees and their personal belongings as well as strictly adheres to all labor laws.

In addition, the Company gives great importance in encouraging employees to participate in social activities that would benefit the community and society in which we operate.

● Job Creations and Occupations

The Company considers farmers as business partners. They have grown with the Company and we share with them our technology and know-how. Through technology transfer, farmers can have job and occupation that will bring in income for a better living standard. With occupation, income and living standard are sustainable. Some of the projects include Development of Integrated Farming and Support on Broiler Raising and Hog Raising for small independent farmers.

● Health and Nutrition

The Company strives to promote consumers' good health either directly or indirectly. This is through providing information and knowledge regarding nutrition and understanding in selecting healthy foods. Projects include Students' Lunch Project of Raising Chicken Layers, Program on Food Safety, and Bird Flu research projects.

● Community and Social Contributions

The Company deems it an important responsibility to support activities that are beneficial to the general public and to uphold the monarchy. In times of natural disaster, the Company is capable to provide immediate assistance and relief to the victims. The Company also encourages all employees to participate in charitable community activities such as donation of food and other necessities.

○ Culture and Sports

The Company supports all types of activities concerning culture and sports believing that these activities will promote pride, identity, camaraderie and nationalism. Some of these activities include supports for the Navy football team, Thai boxing competition and the field and track national athletes.

○ Safety, Health and Environment

CPF has its determination to develop the Company into “Kitchen of the World”, becoming the leading company at an international level. The implementation of Safety, Health and Environment (SHE) is important to support the smooth operation of business as well as ensuring the business security that will result in sustainable development. The Company has considered demand of all stakeholders such as employees, trading partners, environment and communities. The Company clearly sets the vision, mission and safety, health and environment policy and will continuously implement all the commitments and policies to successfully achieve the goal.

The Company has the policy on safety, health and environment as part of the business operation through the following activities.

1. Develop, operate and maintain the administration system under the safety, health and environment policy of CPF Group to ensure the continuous development.
2. Constantly comply and monitor the amendments in laws and regulations related to the safety, health and environment, the Company’s goals and commitments to all stakeholders.
3. Implement all measures to ensure that the whole operation will have the safety and the good working environment suitable to employees, trading partners and communities.
4. Manage all business units under the responsibility to environment by giving the importance to the pollution prevention, the resource conservation, the reuse of resources and the efficient operation.
5. Implement proactive activities to establish the relationship with individuals or organizations that may receive the impact from the Company’s business operation, or those who are interested in the Company’s operation. The Company also listens to concerns and comments from those people to get information for the decision making in the business operation.

The Company has upheld the above commitments that regarded as the responsibility of employees at all levels and all business partners to seriously implement the policies.

1. The management system of safety, health and environment



CPF Group has continuously implemented the management system for safety, health and environment known as “CPF SHE Management System”. The management pattern reflects the determination of the Company’s executives to push for and responsible for the SHE implementation through the process of planning, operation, follow up and review that would lead to the ongoing and sustainable development. This is to bring the confidence to ensure that companies under the CPF Group have the management system for safety, health and environment that will lead to the strict implementation of SHE that is in line with the related laws, standards and regulations to reduce and control the risk pertaining to employees, stakeholders, communities and environment.

2. The result of the implementation of safety and health measures

2.1 The campaign to reduce working accidents to zero

CPF Group has the determination to develop the operation standard which has successfully implemented so the company has 14 business units that received the Zero Accident Award from Department of Labour Protection and Welfare of Labour Ministry. The Company has the statistic in Zero Accident at the silver level with the statistic of not having an accident for the working hours of 3–9.99 million hours.

2.2 The result of the implementation of health policy

The Company has realized the significance of employees’ health, therefore it has arranged for the annual health checkup for all employees. The Company also conducts the industrial health check to prevent employees from being sick or contracting diseases in the working place. The information has been collected systematically.

3. The implementation of environment measures

CPF Group aims to focus on the prevention management to maintain the well being of environment and communities. The Company has launched the tool to monitor and examine the result of environment management of all business units through the website under the mechanism called CPF SHE Reporting System. CPF SHE Office will be the centre in the administration and processing the result of such operation every month, therefore the office can monitor, inspect the environment-related operation and effectively solve problems that might happen to any divisions in the Company.

- **The operation control of efficiency water treatment**

The Company has selected suitable and effective water treatment technology that has been controlled by accredited inspector from Department of Industrial Works of Industry Ministry. The Company aims to maintain continuously the efficiency of the system in line with legal standard so the resources, including chemical and

electricity, must be utilized at the suitable level matching the amount of polluted water created in each day. The Company applies the method of adjusting the amount of air level to match the actual wastewater created in processing factories, which helps the Company reduce cost by 30%. Although the chemical analysis of the Company's factories has met the standard required for released water by Department of Industrial Works of Industry Ministry, the Company has also measured the quality level of released water by growing fish in the water and watering trees with water from the final process of the treatment. This is to ensure the public confidence and show the responsibility to the society as the quality of released water from the Company's factories would not create problem to the overall ecology system.

- **The management of hazardous waste**

CPF Group has supported the establishment of the management system for hazardous waste that covers the international management system; the monthly accounting of hazardous waste; the correct handling of hazardous waste that would be disposed by accredited person from Department of Industrial Works of Industry Ministry. The system is traceable and would be in line with the legal requirements.

- **The water resource management**

CPF Group realizes the essential of water resource so the Company encourages all divisions to have the project known as 3Rs; Reduce, Reuse and Recycle. Pilot and implemented projects are as follows:

- **The Zero Discharge Effluent of wastewater from animal feed factories:** There are two animal feed plants in Baan Pru and Nam Noi in Songkla province as model factories applying the integrated wastewater management, which 100% of treated water would be reused in the factories' process of Wet Scrubber which catching dusts and smoke from the production process. This system does not only help reduce the use of water resource and the wastewater, but also increase the efficiency in the treatment of air pollution, which would be good to surrounding communities.

- **The water management of shrimp farm:** CPF Group control the use of water by applying the closed system in shrimp farming. The Company establishes the administration system to set the right ratio of pond size, water treatment pool, water resting pool and the sludge pool. Therefore, the water would be reused within the farm without the need to release into outside environment.

4. **The implementation of energy measures**

- There are the total of 60 projects resulting in energy saving.
- The Company also has the integrated measures on energy and environment in the swine farm as the model unit and will later expand to food processing plant. The operation principals would emphasis in all aspects including the worthwhile use of resources, the maintaining of quality of the environment, the reduction of global warming, the energy and the communities. The Company chooses to use the water treatment known as Cover Lagoon, which all treatment ponds would be covered with plastic sheets, allowing the Company to collect biogas for the electricity generation. The Company can generate electricity about 30% of its total electricity usage. The system helps reduce the global warming by reducing the methane and the annoying smell. Moreover, the treated water can be reused again.

5. The concern of the global warming

The Company has operated the business by considering the issue of climate change or the global warming. CPF Group has realized the significance of this issue and has the determination to be part of the attempt to reduce the global warming according to international practices. In order to ensure the concrete results, the Company sets three operation measures.

- (1) Use the energy efficiently
- (2) Use the new modern and innovative technology to reduce the energy consumption
- (3) Reduce the emission of methane and carbon dioxide

To ensure that the three operation measures would be achieved, the Company has set the following strategies.

5.1 Clean Development Mechanism: CDM

CDM is the mechanism aims towards the reduction of global warming through the lower emission of greenhouse-gas such as carbon dioxide and methane. CPF Group has the following CDM projects:

- **Livestock farming business:** the swine farm can reduce the greenhouse-gas emission under the CDM by using the cover lagoon water treatment system, which treatment ponds are covered with plastic sheets, allowing the Company to collect biogas and reduce the methane emission. CPF Group also recommends swine farmers about the technology so they can help reduce the greenhouse-gas emission through the clean development mechanism.

- **Food processing business:** the Company also sets a pilot project for the application of advanced technology to reduce the methane emission from the water treatment process.

The CDM implementation helps CPF Group to reduce the greenhouse-gas emission and the annoying smell for the surrounding communities. This is a project that concretely shows the Company's responsibility to the society.



Swine farm with cover lagoon water treatment system

5.2 The application of advanced technology

In order to increase the efficiency in energy consumption, the Company has applied advanced technology such as the Combine Heat and Power (CHP). The Company has initiated the production of electricity through the cogeneration system in its food processing business since 2002. It finds that this technology help increase the efficiency in the production and consumption of energy so the Company can reduce the emission of carbon dioxide. From the success of this project, CPF Group has studied continuously the possibility of implementation of the Cogeneration Project and the possibility is certainly rising.

5.3 Carbon Footprint and Carbon Label

CPF is one of three companies in Thailand that has been selected to participate in the potential development in Thai food industry in issue related to the carbon label. This is a joint project between Thailand and the European Union to develop the trading of goods with the reduction in carbon dioxide emission that would help minimize the impact from the climate change.

This project has been supported by several international organizations including;

- European Commission under the project, Thailand - EC Cooperation Facility
- Kasetsart University
- The Joint Graduate School of Energy and Environment
- Institut National de la Recherche Agronomique, France
- University of Santiago de Compostela, Spain
- University of Surrey, the United Kingdom

Environmental Science Department, Faculty of Science, Kasetsart University is the coordinator for this project.

CPF anticipates that its personnel would be transferred the technology, the academic technique so the Company would be able to have the systematic establishment of Carbon Footprint in CPF's products. This project will end in 2009. The Company will apply the knowledge in Carbon Footprint to reduce the emission of greenhouse-gas. It is confident that this will lead to the significant reduction of the greenhouse-gas in the future.

5.4 The increasing consumption of alternative energy

CPF Group has implemented measures to increase the use of alternative energy to replace the consumption of fossil fuel. This measure will help the Company reduce the greenhouse-gas emission substantially. There are following successfully implemented projects.

- **The alternative energy from Waste to Energy project**

CPF Group has initiated the production of biodiesel by using used vegetable oil from the production process. The Company now can produce quality biodiesel that been certified for its quality by the Department of Energy Business of Energy Ministry. This project helps the Company reduce the consumption of fossil fuel and the release of greenhouse gas.

- **The alternative energy from steam boiler**

Biomass fuel has been generated from the natural materials such as rice husk, palm-nut shells, corncob and firewood. The use of biomass fuel will have lower rate of greenhouse emission than fossil fuel, resulting in the lower emission of greenhouse gas.

From the increasing use of alternative fuel in the year 2008, the overall alternative energy consumption of CPF Group has raised at a satisfactory level to 5-10% of overall energy consumption within the group. This has been in line with the government's policy to increase the ratio of alternative energy consumption. This measure can serve the government policy in 4 aspects including;

- The reduction of greenhouse gas
- The reduction of the government's burden on import of crude oil
- The distribution of income to rural areas from the purchase of biomass such as rice husk, palm-nut shells, corncob, wood chip and firewood
- The employment of workers to acquire the raw materials for biomass fuel to factories

Following the clear policy and concrete measures to reduce the emission of greenhouse-gas under the international practices, CPF Group is confident that its rate of greenhouse-gas emission would be lower in the sustainable manner.

6. The awards of pride

6.1 Prime Minister Industry Award 2008

Charoen Pokphand Foods Plc's Pak Thong Chai Animal Feed Plant has been awarded the Prime Minister Industry Award 2008 from Industry Ministry, under the category of Safety Management, based on 6 criterias including;

1. The management of safety and health
2. The control of dangerous accidents
3. The training and the motivation
4. The accident investigation and analysis
5. The emergency plan, the fire prevention and extinguish
6. The development of safety management system



Prime Minister Industry Award 2008



Outstanding Workplace Safety, Health and Environment Award

6.2 Outstanding Workplace Safety, Health and Environment Award from Department of Labour Protection and Welfare of Labour Ministry

The Company received the total of 32 awards in 2008 and has become the company that received the largest numbers of award in Thailand.

6.3 Outstanding Professional Safety Officer Award

In the past five years (2004-2008), nine professional safety officers of CPF Group received the awards of outstanding professional safety officer, reflecting the capability of the Company's personnel in this field. In 2008, Mr. Somporn Taopudsa, the professional safety officer at Charoen Pokphan Isan Plc. (Kok Kruad Plant) received the mentioned award.

6.4 The Zero Accident Award from Department of Labour Protection and Welfare, Labour Ministry

There were 14 CPF Group's business units received the Zero Accident Award in 2008.

6.5 The Thailand Energy Awards 2008 from Department of Alternative Energy Development and Efficiency, Energy Ministry

The Company received 3 awards in 2008.

6.6 Thailand 5s Award 2008 – Golden Award from the Technology Promotion Association (Thai-Japan)



From Past to Present

The Company history and significant development in this section was the operating and investment development in brief.

- 1987** Listed on the Stock Exchange of Thailand (SET) under the name of “CPF”
- 1998** Share acquisition in the Charoen Pokphand Group’s agro-industrial public limited companies in Thailand to be under its management
- 1999** Share acquisition in 9 agro-industrial and food companies of Charoen Pokphand Group. Under the new structure, resulted from the acquisition in 1998 and this time, CPF group has business operations throughout Thailand. Its business can be classified into 2 main businesses, namely livestock and aquaculture. Both businesses are fully integrated operations, from feed raw materials procurement, feed manufacture and distribution, animal breeding, animal farming, meat processing, and manufacturing of food products from meat.
- Renamed “Charoen Pokphand Foods Public Company Limited” to reflect the Company’s business structure and strategy to become a world-class food producer
- 2004** 84.49% share acquisition, by its subsidiary company, in C.P. Standart Gida Sanayi Ve Ticaret A.S. (“CPS”), a company involved in a feed business and an integrated chicken business in the Republic of Turkey.
- 2005**
- Set up 3 new companies as follows
 - 1) Calibre Nature (M) Sdn Bhd, to operate an aquatic feed production and distribution and aquaculture farming and processing in Malaysia. CPF has 100% shareholding in this company.
 - 2) CP-Yonekyu Co., Ltd., to manufacture processed meat products. CPF has 80.50% shareholding in this company.
 - 3) CPF Denmark A/S, to import meat and related products from CPF Group and other sources, and distribute them into Scandinavian and European markets. CPF indirectly has 52.00% shareholding in this company.

- Subscribed newly issued shares of Charoen Pokphand (India) Private Limited (“CP India”), resulting the increase in shareholding from 19.00% to 71.20% in CP India, thus making it the Company’s subsidiary
- Acquired all ordinary shares of Star Feedmills (m) Sdn. Bhd (“SFM”) resulting CPF indirectly has 100% shareholding in SFM, thus making it the Company’s subsidiary

2006

- Acquired business operation in connection with the manufacture and distribution of processed meat and food products from C.P. Interfood (Thailand) Company Limited. This acquisition was completed in January 2006.
- Divested all of its investment in Lotus-CPF (PRC) Investment Co., Ltd. The transaction was complete in May 2006.
- Set up 2 new companies as follows:
 - 1) Charoen Pokphand Foods (Overseas) LLC., to operate animal feed and animal farming businesses in Russia. CPF indirectly has 99.99% shareholding in this company.
 - 2) C.P. Laos Company Limited, to operate animal feed and animal farming businesses in Lao People’s Democratic Republic. CPF indirectly has 99.61% shareholding in this company.
- Acquired all ordinary shares of Asia Aquaculture (M) Sdn.Bhd. (“AA”) resulting CPF indirectly has 100% shareholding in AA, thus making it the Company’s subsidiary

2007

- Changed dividend policy to pay to shareholders 2 times a year
- Set up 2 new companies as follows:
 - 1) C.P. Aquaculture (Dongfang) Co., Ltd. to run shrimp hatchery business in the People Republic of China. CPF has direct holdings of 100%.
 - 2) Charoen Pokphand Foods Philippines Corporation to run shrimp hatchery in Philippines. CPF has direct holdings of 100%
- Acquired additional stakes in C.P. Standart Gida Sanayi ve Ticaret A.S. (“CPS”) by subsidiaries, resulted in the increase of holding from 92.64% to 100% in CPS.

2008

Repurchased the Company’s shares for financial management (details of which are shown under the section “Investor Information” on page 111)

Important Dates in the Fiscal Year 2008

Date	Details
April 23	Annual General Shareholders’ Meeting for the year 2008
May 22	Annual dividend payment of THB 0.085 per share for the results of the year 2007
September 11	Interim dividend payment of THB 0.08 per share for the results of the first half period of the year 2008
August 28	Started the Company’s share repurchased program for financial management

● Dividend Policy

CPF has a policy to pay dividends to shareholders twice a year. The first dividend payment shall be paid as an interim dividend, which will be considered from the operating results of the first half period of the year and the second dividend payment shall be paid as an annual dividend, which will be considered from the operating results of the second half period of the year. Total dividend paid each year shall approximately be 50% of net income after income tax and legal reserve (based on the separate financial statements). The annual and interim dividend payments might be subject to change, depending on the Company's operations, financial position, future projects and overall economic conditions.

CPF, in addition, has duty to comply with the terms and conditions of CPF's debentures No. 1/2004 series 2 due in 2009, CPF's debentures No. 1/2005 series 2 due in 2010, which prohibit CPF to pay cash dividends to shareholders in the amount exceeding 60% of net profit in each fiscal year for the duration of the term of those debentures, and CPF' debentures No. 1/2006 series 1 due in 2009, as well as series 2 due in 2011, which prohibit CPF to pay cash dividends to shareholders in the amount exceeding 60% of net profit in each fiscal year and must not over the net profit based on the separate financial statements for the duration of the term of those debentures. In addition, if CPF is unable to service interest or any amount becomes due to the debenture holders, it will not be permitted to pay cash dividends to shareholders.

For the subsidiaries that are public limited company, each company has policy to pay dividend about 50% of its net profit after taxes and legal reserve. For other subsidiaries, the dividend payment will depend upon its future investment plan, its financial structure, and its liquidity.

● Capital in Brief

● Ordinary Shares as of December 31, 2008

Par value	: THB 1 per share
Registered capital	: 8,206,664,000 shares (all in ordinary shares)
Issued & paid-up capital	: 7,519,937,826 shares (all in ordinary shares)
Number of shares repurchased for financial management	: 401,572,700 shares

● Brief Information of Share Repurchase Program for Financial Management

Maximum amount of share repurchase	: THB 3,000 million
Number of shares to be repurchased	: 751,990,000 shares with par value of THB 1.00 per share or equal to 10% of total issued shares
Procedure used for the repurchasing of shares	: Through the main board of the Stock Exchange of Thailand
Repurchase period	: August 28, 2008 to February 27, 2009
The principle used to determine the repurchase price	: The repurchase price must not exceed 115% of the average closing price of 5 business days prior to each repurchase date

The cumulative number of shares repurchased from August 28, 2008 to December 31, 2008 was 401,572,700 shares or equal to 5.34% of total issued shares.

● Change in Paid-up Capital

	Capital Increase (THB Million)	Paid-Up Capital		Details
		(THB Million)	(No. of Shares)	
January 1978	-	5	500,000	Initial registered capital
March 1987	25	30	3,000,000	Offering to existing shareholders
May 1987	70	100	10,000,000	Offering to existing shareholders
June 1987	100	200	20,000,000	Offering to existing shareholders
August 1987	100	300	30,000,000	Offering to existing shareholders
July 1988	300	600	60,000,000	Offering to existing shareholders
June 1989	600	1,200	120,000,000	Offering to existing shareholders
November 1998	385	1,585	158,529,451	Offering to existing shareholders of Bangkok Agro-Industrial Products Plc. (BAP), Bangkok Produce Merchandising Plc. (BKP) and Charoen Pokphand Northeastern Plc. (CPNE) in exchange for shares of the three companies following the acquisition plan
May 1999	159	1,744	174,380,941	Stock dividend for 1998's results
December 1999	174	1,918	191,818,767	Interim stock dividend for 1999 results
July 2000	1,902	3,820	382,028,584	Offering to existing shareholders
July 2001	0.09855	3,820	382,038,439	Exercise of warrant, CPF-W1, 3 times from Oct 2000 to July 2001
September 2001	-	3,820	3,820,384,390	Par value change from THB 10 to THB 1
January 2002	0.15	3,820	3,820,536,390	Exercise of warrant, CPF-W1

	Capital Increase (THB Million)	Paid-Up Capital		Details
		(THB Million)	(No. of Shares)	
April 2002	73	3,893	3,893,613,330	Exercise of warrant, CPF-W1
July 2002	481	4,374	4,374,439,231	Last exercise of warrant, CPF-W1
October 2002	475	4,849	4,849,590,421	Exercise of warrant, CPF-W
January 2003	859	5,708	5,708,162,731	Last exercise of warrant, CPF-W, and first exercise of warrant, CPF-W2
April 2003	0.009	5,708	5,708,171,806	Exercise of warrant, CPF-W2
July 2003	6	5,714	5,714,071,566	Exercise of warrant, CPF-W2
Oct 2003	4	5,718	5,718,532,611	Exercise of warrant, CPF-W2
Jan 2004	9	5,727	5,727,546,606	Exercise of warrant, CPF-W2
July 2004	0.002	5,727	5,727,549,116	Exercise of warrant, CPF-W2
October 2004	0.013	5,727	5,727,562,476	Exercise of warrant, CPF-W2
January 2005	0.058	5,728	5,727,852,576	Exercise of warrant, CPF-W2
April 2005	3	5,731	5,730,976,886	Exercise of warrant, CPF-W2
July 2005	512	6,243	6,243,420,081	Exercise of warrant, CPF-W2
August 2005	1,277	7,520	7,519,937,826	Last exercise of warrant, CPF-W2

Depository Receipts of Ordinary Shares

US Exchange	:	Over the Counter (OTC), United States Exchange
DR Underlying Share Ratio	:	1DR : 4 ordinary shares
DR Outstanding (December 31, 2008)	:	356,906 units
Registrar	:	The Bank of New York Mellon

● Non-Voting Depository Receipts (NVDRs)

As of December 31, 2008, CPF ordinary shares held by Thai NVDR Co., Ltd. (Thai NVDR) were 209,553,979 shares, equivalent to 2.79 percent of total issued and paid-up capital. Investors holding NVDRs of CPF issued by Thai NVDR will receive all financial benefits similar to investing in CPF ordinary shares, except for voting rights in shareholders' meeting. Therefore, voting rights of other shareholders will increase comparing to total number of voting shares, excluding shares held by Thai NVDR. Investors can find number of CPF shares held by Thai NVDR at www.set.or.th/nvdr

○ Shareholders

(as of the latest closing date of shareholder register book at August 28, 2008)

Type	Holding
1. Thai individuals	21.95%
2. Foreign individuals	0.25%
3. Thai juristic persons	54.12%
4. Foreign juristic persons	23.68%
Total	100.00%

Foreign Holding Limit

CPF shares may be transferred without any restriction, unless such transfer of shares would cause the foreign shareholders to hold shares in CPF in excess of 40 percent of the total number of the CPF's issued shares.

The aliens may acquire ordinary shares of CPF in excess of the restricted ratio prescribed in preceding paragraph by means of exercising their rights of convertible debenture holders or warrant holders or subscription of newly issued ordinary shares (including dividend shares or ordinary shares issued to the holders of ordinary shares who have acquired the shares under conditions in this paragraph); issued and offered for sale by CPF; provided that the holding of new ordinary shares in such case, when added to the ordinary shares held by aliens according to

previous paragraph, shall not cause the total number of ordinary shares held by aliens exceed 49 percent of the total numbers of ordinary shares then issued by CPF. This 49 percent restriction on shareholding by the aliens shall apply to the case of transfer of ordinary shares from the aliens who have acquired the new ordinary shares by means exercising of their conversion rights or subscription of capital increase shares issued and offered for sale by CPF under conditions in this paragraph (including dividend shares or new ordinary shares issued to the holders of ordinary shares who have acquired shares under conditions in this paragraph) to the aliens in every stage of transfer until such shares are transferred to the non-aliens.

As of August 28, 2008, there were 23.93% of CPF's issued shares held by foreign investors.

Top Ten Major Shareholders

(as of August 28, 2008)

Names	No. of shares	% Holding
1. Charoen Pokphand Group Co., Ltd. and related persons ⁽¹⁾	3,095,126,595	41.16%
2. MELLON BANK,N.A. ⁽²⁾	358,454,000	4.77%
3. Thai NVDR Co., Ltd. ⁽³⁾	269,205,579	3.58%
4. NORTRUST NOMINEES LTD. - NTGS ⁽⁴⁾	260,104,100	3.46%
5. NORTRUST NOMINEES LTD. ⁽⁴⁾	116,585,000	1.55%
6. Social Security Office ⁽⁵⁾	107,600,900	1.43%
7. GERLACH & CO.-ORBIS SICAV ⁽⁴⁾	106,732,800	1.42%
8. Ms Veena Tangnamjit	96,000,000	1.28%
9. Ms Naree Jiraphoommintr	88,000,000	1.17%
10. HSBC (SINGAPORE) NOMINEES PTE LTD ⁽²⁾	82,861,369	1.10%

⁽¹⁾ Includes Charoen Pokphand Group Company Limited ("CPG"), Charoen Pokphand Holding Company Limited, Bangkok Agro-Industrial Public Company Limited, Bangkok Produce Merchandising Public Company Limited, Bangkok Food Products Company Limited, Charoen Pokphand Industrial Company Limited, and Chesters Food Company Limited. The Chearavanont family is the major shareholder of CPG with total holding of 91.68%.

⁽²⁾ A foreign company, contact information: 968, HSBC building, 5th Floor, Rama 4 road, Bangrak, Bangkok 10500

⁽³⁾ A Thai company, contact information: 62, the Stock Exchange of Thailand Building, Ratchadapisek road, Klong Toey, Bangkok 10110

⁽⁴⁾ A foreign company, contact information: Citibank N.A. Securities Services, 16th floor, 82 North Sathorn Road, Bangrak, Bangkok 10500

⁽⁵⁾ A Thai government department, contact information: Siam Commercial Bank Plc., Markets Operations Division, Building 2, 3rd Floor, 1060 Phetburi Road, Ratchatawee, Bangkok 10400

Note : Charoen Pokphand Group Company Limited does not have any shareholdings in no.2-7 and no.10.

Kitchen
of the World



Information of Companies in which the Company has Shareholding

Subsidiaries

As of December 31, 2008, there were 75 subsidiaries in which CPF directly or indirectly holds more than 50% of their paid-up capital, categorized by business type as follows:

Livestock Business in Thailand

Bangkok Produce Merchandising Public Company Limited

Type of Business	Animal feed raw material distribution and broiler integration
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2631-0989
Registered Capital	THB 600,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.44%

Bangkok Agro-Industrial Products Public Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2680-4500
Facsimile Number	0-2680-4692
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.90%

Bangkok Food Products Company Limited

Type of Business	Animal feedmill, livestock farming and meat processing plant
Head Office	Bangkok, Thailand

Telephone Number	0-2675-9859
Facsimile Number	0-2675-9813
Registered Capital	THB 666,600,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

Charoen Pokphand Northeastern Public Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2680-4500
Facsimile Number	0-2680-4692
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.61%

Charoen Pokphand Industry Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-02680-4500
Facsimile Number	0-2680-4692
Registered Capital	THB 166,650,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

CPF Food Products Company Limited

Type of Business	Broiler Integration
Head Office	Bangkok, Thailand
Telephone Number	0-2641-1234
Facsimile Number	0-2641-1979
Registered Capital	THB 2,800,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

CPF Trading Company Limited

Type of Business	Wholesale and Retail trading on food products
Head Office	Bangkok, Thailand
Telephone Number	0-2693-0583
Facsimile Number	0-2693-0584
Registered Capital	THB 800,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

CPF Logistics Company Limited

Type of Business	Logistic Services
Head Office	Bangkok, Thailand
Telephone Number	0-2784-5713
Facsimile Number	0-2784-5799
Registered Capital	THB 40,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

C.P. Agro-Industry Company Limited

Type of Business	Livestock farming
Head Office	Suratthani, Thailand
Telephone Number	0-7728-2229
Facsimile Number	0-7728-2230
Registered Capital	THB 400,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

C.P. Food Products Company Limited*

Type of Business	Restaurant
Head Office	Bangkok, Thailand
Telephone Number	0-2641-1333
Facsimile Number	0-2641-0333
Registered Capital	THB 228,200,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

C.P. Merchandising Company Limited

Type of Business	Investment and international trading
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2749
Registered Capital	THB 1,850,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

CP-Yonekyu Company Limited

Type of Business	Meat processing plant
Head Office	Chachoengsao, Thailand
Telephone Number	0-3859-3046
Facsimile Number	0-3859-3587
Registered Capital	THB 350,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	75.00%

B.P. Food Products Company Limited (Formerly known as B.P. Feedmill Company Limited)

Type of Business	Livestock feedmill and farming
Head Office	Saraburi, Thailand
Telephone Number	0-3637-1885
Facsimile Number	0-3637-6578
Registered Capital	THB 345,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

Bangkok Farm Company Limited*

Type of Business	Livestock farming and processing plant
Head Office	Bangkok, Thailand
Telephone Number	0-2641-1234
Facsimile Number	0-2641-1979
Registered Capital	THB 42,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

Universal Foods and Marketing Company Limited

Type of Business	Wholesale and retail trading on food products,
Head Office	Bangkok, Thailand
Telephone Number	0-2673-1095
Facsimile Number	0-2673-1546
Registered Capital	THB 80,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

Rajburi Foods Company Limited (Formerly known as Rajburi Feedmill Company Limited)

Type of Business	Animal feedmill and livestock farming
Head Office	Rajburi, Thailand
Telephone Number	0-3236-8181-9
Facsimile Number	0-3236-8062

Registered Capital	THB 470,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

International Pet Foods Company Limited

Type of Business	Pet food production and distribution
Head Office	Bangkok, Thailand
Telephone Number	0-2673-1095
Facsimile Number	0-2673-1546
Registered Capital	THB 60,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

** All businesses were transferred to CPF Food Products Company Limited in 2005

Aquaculture Business in Thailand

Thai Prawn Culture Center Company Limited**

Type of Business	Shrimp farming and shrimp processing plant
Head Office	Songkhla, Thailand
Telephone Number	0-7458-7571-2
Facsimile Number	0-7439-6749
Registered Capital	THB 45,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.89%

Klang Company Limited**

Type of Business	Shrimp processing plant
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2631-0776
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

Chanthaburi Aquaculture Farm Company Limited**

Type of Business	Shrimp farming
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 10,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

Seafoods Enterprise Company Limited**

Type of Business	Shrimp processing plant
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2631-0776
Registered Capital	THB 20,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

Trad Prawn Culture Company Limited**

Type of Business	Shrimp farming
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 9,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.91%

Shrimp Improvement System (Thailand) Company Limited

Type of Business	Shrimp hatchery business
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 8,000,000 (comprise of 792,000 ordinary shares and 8,000 preferred shares)
Par Value	THB 10.00 per share
Shareholding	51.00%

Pokphand Aquatech Company Limited

Type of Business	Aquatic feed production and distribution and aquaculture farm
Head Office	Chonburi, Thailand
Telephone Number	0-3829-7493
Facsimile Number	0-3829-7495
Registered Capital	THB 400,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

Savee Farming Company Limited**

Type of Business	Shrimp farming
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 17,500,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.84%

** All businesses were transferred to Charoen Pokphand Foods Public Company Limited in 2005.

Businesses Related to Operations in Thailand

Abbey Park Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
Head Office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Brothwood Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
Head Office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Calis Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
Head Office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Carnoustie Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
Head Office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

C.P. Food Products Inc. (Formerly known as Aqua Beauty, Inc.)

Type of Business	Importer and distributor of seafood products
Head Office	USA
Telephone Number	1-410-505-5017
Facsimile Number	1-410-381-6868
Registered Capital	USD 5,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	100.00%

CPF Denmark A/S

Type of Business	Importer and distributor of processed meat and ready meal products
Head Office	Denmark
Telephone Number	45-7526-1330
Facsimile Number	45-7526-1336
Registered Capital	EUR 200,000 (all in ordinary shares)
Par Value	EUR 1.00 per share
Shareholding	52.00%

CPF Europe S.A.

Type of Business	Importer and distributor of processed meat and ready meal products
Head Office	Belgium

Telephone Number	32-2357-5387
Facsimile Number	32-2357-5398
Registered Capital	EUR 28,000,000 (all in ordinary shares)
Par Value	EUR 1.00 per share
Shareholding	99.99%

CPF Tokyo Co., Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
Head Office	Japan
Telephone Number	813-5401-2231
Facsimile Number	813-5401-2236
Registered Capital	JPY 100,000,000 (all in ordinary shares)
Par Value	JPY 1,000.00 per share
Shareholding	99.99%

CP Foods (UK) Limited

Type of Business	Importer and distributor of processed meat and ready meal products
Head Office	The United Kingdom
Telephone Number	44-1299-253131
Facsimile Number	44-1299-253132
Registered Capital	GBP 300,000 (all in ordinary shares)
Par Value	GBP 1.00 per share
Shareholding	52.00%

CP Foods West, Inc.

Type of Business	Importer and distributor of food products
Head Office	USA
Telephone Number	1-562-256-7146
Facsimile Number	1-562-256-7140
Registered Capital	USD 3,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	100.00%

Dalaman Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Dormington Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Driscoll Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Everton Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Fethiye Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Gatley Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Gocek Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Head Street Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Kaitaia Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Kroma Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Krone Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office	The United Kingdom
Registered Capital	Pound Sterling 1
Shareholding	52.00%

Littleworth Foods Ltd.

Type of Business	Importer and distributor of processed meat and ready meal products
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Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Madeley Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Newlands Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Niamh Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Pershore Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Priest Lane Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Samui Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Turgay Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Uzumlu Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Wadborough Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Wellington Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Whistler Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Yamac Foods Ltd.

Type of Business Importer and distributor of processed meat and ready meal products
Head office The United Kingdom
Registered Capital Pound Sterling 1
Shareholding 52.00%

Other Businesses in Thailand

CPF Training Center Company Limited

Type of Business Training center service provider
Head Office Bangkok, Thailand
Telephone Number 0-2625-8000
Facsimile Number 0-2638-2139
Registered Capital THB 20,000,000 (all in ordinary shares)
Par Value THB 10.00 per share
Shareholding 99.99%

CPF IT Center Company Limited

Type of Business Information technology services provider
Head Office Bangkok, Thailand
Telephone Number 0-2625-8000
Facsimile Number 0-2638-2139
Registered Capital THB 250,000,000 (all in ordinary shares)
Par Value THB 10.00 per share
Shareholding 99.99%

Overseas Business

Asia Aquaculture (M) Sdn. Bhd.

Type of Business Shrimp farming and processing plant
Head Office Malaysia
Telephone Number 603-4021-3761-2
Facsimile Number 603-4021-3832
Registered Capital RM 22,000,000 (all in ordinary shares)
Par Value RM 1.00 per share
Shareholding 100.00%

C.P. Aquaculture (Beihai) Co., Ltd.

Type of Business	Aquatic feed production and distribution and aquaculture farming
Head Office	Kwangsi, People's Republic of China
Telephone Number	86-779-208-4362
Facsimile Number	86-779-208-3950
Registered Capital	USD 5,500,000 (all in ordinary shares)
Shareholding	100.00%

C.P. Aquaculture (Dongfang) Co., Ltd.

Type of Business	Shrimp Hatchery
Head Office	Hainan, People's Republic of China
Telephone Number	86-898-6748-8578
Facsimile Number	86-898-6748-8682
Registered Capital	RMB 32,000,000 (all in ordinary shares)
Shareholding	100.00%

C.P. Aquaculture (Hainan) Co., Ltd.

Type of Business	Aquatic feed production and distribution and aquaculture farming
Head Office	Hainan, People's Republic of China
Telephone Number	86-898-6748-8578
Facsimile Number	86-898-6748-8682
Registered Capital	USD 3,000,000 (all in ordinary shares)
Shareholding	100.00%

C.P. Laos Co., Ltd.

Type of Business	Animal feedmill and livestock farming
Head Office	Vientiane, Lao People's Democratic Republic
Telephone Number	856-021-453508-10
Facsimile Number	856-021-453507
Registered Capital	USD 3,000,000 (all in ordinary shares)
Par Value	USD 10.00 per share
Shareholding	99.61%

C.P. Standart Gida Sanayi ve Ticaret A.S.

Type of Business	Chicken Integration
Head Office	Turkey
Telephone Number	212-274-8536
Facsimile Number	212-267-3343
Registered Capital	YTL 70,000,000 (all in ordinary shares)
Par Value	YTL 1.00 per share
Shareholding	100.00%

Calibre Nature (M) Sdn. Bhd.

Type of Business	Investment company in aquaculture integration business
Head Office	Malaysia
Telephone Number	603-4021-3761-2
Facsimile Number	603-4021-3832
Registered Capital	RM 120,000,000 (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	100.00%

Charoen Pokphand (India)**Private Limited**

Type of Business	Feed production and farming
Head Office	India
Telephone Number	91-44-24474166
Facsimile Number	91-44-24472880
Registered Capital	RS 630,000,000 (all in ordinary shares)
Par Value	RS 10.00 per share
Shareholding	71.20%

Charoen Pokphand (USA), Inc.

Type of Business	Broiler integration (Operation wound up in March 2004)
Head Office	USA
Telephone Number	1-410-505-5017
Facsimile Number	1-410-381-6868
Registered Capital	USD 30,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	99.97%

Charoen Pokphand Foods (Overseas) LLC.

Type of Business	Animal feedmill and livestock farming
Head Office	Russia
Telephone Number	7-496-636-1874
Facsimile Number	7-496-636-1924
Registered Capital	Ruble 900,000,000 (all in ordinary shares)
Shareholding	99.99%

Charoen Pokphand Foods**Philippines Corporation**

Type of Business	Shrimp Hatchery
Head Office	Philippines
Telephone Number	63-34-432-0994
Facsimile Number	63-34-432-0969
Registered Capital	Peso 50,000,000 (all in ordinary shares)
Shareholding	100.00%

CPF Investment Limited

Type of Business	Investment
Head Office	British Virgin Islands
Registered Capital	USD 50,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	100.00%

CP Food Product (Shanghai) Co., Ltd.

Type of Business	Thai food restaurant
Head Office	Shanghai, People's Republic of China
Telephone Number	86-21-5135-8888
Facsimile Number	86-21-5135-8888
Registered Capital	USD 4,000,000 (all in ordinary shares)
Shareholding	100.00%

Star Feedmills (M) Sdn. Bhd.

Type of Business	Aquatic feed production and distribution
Head Office	Malaysia
Telephone Number	603-4021-3761-2
Facsimile Number	603-4021-3832

Registered Capital	RM 100,000,000 (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	100.00%

Associates

As of December 31, 2008, there were 8 companies in which CPF directly or indirectly holds more than 20.00% to 50.00% of their paid-up capital.

CP ALL Public Company Limited

Type of Business	Convenience store business in Thailand, under "7-Eleven" trademark
Head Office	Bangkok, Thailand
Telephone Number	0-2677-9000
Facsimile Number	0-2631-1082
Registered Capital	THB 4,500,000,000 (all in ordinary shares)
Par Value	THB 1.00 per share
Shareholding	25.27%

Nava 84 Company Limited

Type of Business	Investment holding, of which invested 99.93% in economic crop plantation companies in Thailand
Head Office	Bangkok, Thailand
Registered Capital	THB 1,500,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	25.00%

Ross Breeders Siam Company Limited

Type of Business	Chicken breeding and distribution
Head Office	Bangkok, Thailand
Telephone Number	0-2988-0700
Facsimile Number	0-2988-0706
Registered Capital	THB 70,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	49.99%

Allianz C.P. General Insurance Company Limited

Type of Business	Insurance business
Head Office	Bangkok, Thailand
Telephone Number	0-2638-9000
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	24.46%

Arbor Acres Thailand Company Limited

Type of Business	Chicken breeding and distribution
Head Office	Bangkok, Thailand
Telephone Number	0-2988-0700
Facsimile Number	0-2988-0706
Registered Capital	THB 4,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	49.99%

C.P. Aquaculture (India) Private Limited

Type of Business	Livestock feed production and farming in India
Head Office	India
Telephone Number	9144-2491-7790
Registered Capital	Rs 250,000,000 (all in ordinary shares)
Par Value	Rs 10.00 per share
Shareholding	31.70%

C.P. Vietnam Livestock Corporation (Formerly known as C.P. Vietnam Livestock Co. Ltd.)

Type of Business	Livestock feed production and farming in Vietnam
Head Office	Vietnam
Telephone Number	84-6183-36251
Registered Capital	USD 62,185,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	40.00%

Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.

Type of Business	Investment holding, of which invested 100.00% in 8 livestock feed production and livestock farming companies in Malaysia
Head Office	Malaysia
Telephone Number	60-3317-63061
Registered Capital	RM 50,000,000 (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	49.64%

Companies in which CPF holds more than 10.00% but less than 20.00%

As of December 31, 2008, there was 1 company in which CPF directly or indirectly holds more than 10.00% but less than 20.00% of their paid-up capital*.

Kinghill Limited

Type of Business	Investment holding, of which invested 100.00% in company that manages shopping center, "Super Brand Mall", in the People's Republic of China
Head Office	Cayman Island
Registered Capital	USD 250,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	16.75%

* Not include the Company that already fully recorded the asset impairment.

References

Share Registrar

Thailand Securities Depository Co., Ltd.

Capital Market Academy, Building 2/7 Moo 4, (North Park Project)
Vibhavadi-Rangsit Road, Tung Song Hong, Laksi Bangkok 10210,
Thailand

Telephone number: (662) 596-9000

Facsimile number: (662) 832-4994-6

Bond Registrar and Bondholders' Representative

- (1) **Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2004 Series 2 due 2009, Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2005 Series 2 due 2010 and Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2008 Series 1 due 2011 and Series 2 due 2013**

Bond Registrar and Bondholders' Representative

Securities Services Department, Kasikornbank Plc.

1 Soi Kasikornthai, Ratburana Road, Ratburana, Thailand

Telephone number: (662) 470-1982

Facsimile number: (662) 470-1998

- (2) **Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2006 Series 1 due 2009 and Series 2 due 2011**

Bond Registrar

Securities Service Department, Bangkok Bank Plc.

333 Silom Road, Bangrak, Bangkok 15000, Thailand

Telephone number: (662) 230-1477-8

Facsimile number: (662) 626-4545-6

Bondholders' Representative

International Business and Investor Services Department
Bank Thai Plc., 44 Lang Suan Road, Lumpini, Patumwan,
Bangkok 10330, Thailand

Telephone number: (662) 626-7507, (662) 626-7591-2,
(662) 626- 7501

Facsimile number: (662) 626-7542-3

(3) Unsecured Debentures of Charoen Pokphand Foods Plc.

#1/2007 Series 1 due 2010 and Series 2 due 2012

Bond Registrar

Registrar 1, Markets Operations Division
Siam Commercial Bank Plc. Building 2, 3rd Floor, 1060
Phetburi, Ratchatawee, Bangkok 10400, Thailand

Telephone number: (662) 256-2323-6

Facsimile number: (662) 256-2406

Bondholders' Representative

Bondholders' Representative Investor Services Department
TMB Bank Plc., 393, 10th Floor TMB Bank Building, Silom Soi 7,
Silom Road, Silom, Bangrak, Bangkok 10500, Thailand

Telephone number: (662) 230-6295

Facsimile number: (662) 230-6093

American Depositary Receipts Registrar

The Bank of New York Mellon, Depositary Receipts Division
101 Barclay Street, 22nd Floor, New York, New York 10286

Contact List:

New York

Judy Kang Telephone number: 1-212-815-4295

Hong Kong

Kammy Yuen Telephone number: (852) 2840-9872

Auditors

Mr. Charoen Phosamritlert C.P.A. (Thailand)

Registration No. 4068

Ms. Somboon Supasiripinyo C.P.A. (Thailand)

Registration No. 3731

Ms. Panthip Gulsantithamrong C.P.A. (Thailand)

Registration No. 4208

Mr. Vairote Jindamaneepitak C.P.A.(Thailand)

Registration No. 3565

KPMG Phoomchai Audit Ltd.

Empire Tower, 21st Floor 195 South Sathorn Road, Sathorn,

Bangkok 10120, Thailand

Telephone number: (662) 677-2000

Facsimile number: (662) 677-2232

The Auditors' Remunerations

CPF's auditors in the year 2008 were Mr. Charoen Phosamritlert C.P.A. (Thailand) Registration No.4068, Ms. Somboon Supasiripinyo C.P.A. (Thailand) Registration No. 3731, Ms. Panthip Gulsantithamrong C.P.A. (Thailand) Registration No. 4208 and Mr. Vairote Jindamaneepitak C.P.A. (Thailand) Registration No. 3565 of KPMG Phoomchai Audit Ltd.

In 2008, the remunerations⁽¹⁾ that CPF and its subsidiaries paid to KPMG Phoomchai Audit Limited were as follows:

Unit : THB

	CPF	Subsidiaries
The audit fees on company's accounts	3,450,000	11,169,000
Other audit fees on special projects	1,010,000	1,530,000

Note: (1) The above fee excluded out-of-pocket expenses to be reimbursed by the Company.

Contact us

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Company Secretary Office	C.P. Tower, 15 th floor, 313 Silom Road, Bangrak, Bangkok 10500, Thailand Telephone Number: (662) 625-8352, (662) 638-8354 Facsimile Number: (662) 638-2139 E-mail address: csoffice@cpf.co.th
Investor Relations Office	C.P. Tower, 26 th floor, 313 Silom Road, Bangrak, Bangkok 10500, Thailand Telephone Number: (662) 625-8351, (662) 625-8353, (662) 625-8355, (662) 625-8356 Facsimile Number: (662) 638-2942 E-mail address: kobboon@cpf.co.th / warrawut@cpf.co.th / primtang.b@cpf.co.th
Recruitment and Selection Center	C.P. Tower 2, 18 th floor, 1 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand Telephone Number: (662) 641-0400 Facsimile Number: (662) 641-0100 E-mail address: job@cpf.co.th
Call Center	Telephone Number: (662) 800-8000

*Kitchen
of the World*





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