

Charoen Pokphand Foods Public Company Limited



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

Annual Report 2016



**Every Mouthful
is Meaningful**

For a Sustainable Life Chain



In Memoriam of His Majesty
King Bhumibol Adulyadej



1927 - 2016



Executives and employees of
Charoen Pokphand Foods Public Company Limited

Message to Shareholders



Best Innovative Company Award in SET Award 2016



“Excellent” Corporate Rating by the Thai Institute of Directors Association

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Economic uncertainties, rapid change in social behaviors, technological advancement, transformation to the digital economy, climate change and limitations of resources, as well as entry into the business environment of Thailand 4.0 have been challenges to the business.

As challenges and changes are unavoidable, Charoen Pokphand Foods Public Company Limited (CPF) has given the importance to the organizational development under 3 principles for sustainability (1) the business should have profitable growth (2) the business should take care of the environment and (3) the business should return to the society under the concept “Unite Each Other for a Sustainable Future”. The Company has applied 3 main strategic directions to balance **“Profitable Growth”**, which emphasizes the business expansion and creation of growth capabilities to international level, **“Aiming for Excellence”**, which has given the importance to the quality enhancement and creation of innovation throughout the value chain, and **“Sustainable Platform”**, which emphasizes personnel development and corporate social and environment responsibilities. All these have been laying under the good governance foundation and the **“3 Benefits to Sustainability Philosophy (Benefit to the Nation, to the People and to the Company)”**. The business is managed in strategic locations under the comprehensive risk management framework, according to the principle of “Sufficiency Economy” of His Majesty King Bhumibol Adulyadej, the 9th Reign of the Chakri Dynasty.

In 2016, the Company has been proud of its continuous development and successes, **by being able to achieve business growth target and fulfill commitments to create sustainable long term collaborative value with all stakeholders**. The Company has been enhancing its operational efficiency and carefully and continuously expands its investments through merger and acquisition. The acquisition of Bellisio Parent LLC, one of the leading companies in the “single serve” food market in USA, is considered as the entry into the largest food market

in the world with the high growth potential. Besides, operating result has been growing as targeted, with the total Sales revenue of Baht 464,465 million and the net profits of Baht 14,703 million. The Board of Directors has passed its resolution to propose to the shareholders’ Annual General Meeting of 2017, for shareholders’ consideration and approval of 2016 dividend payment at 0.95 Baht per share (interim dividend paid to shareholders at 0.50 Baht per share and the annual dividend payable on 24 May 2017 at 0.45 Baht per share).

CPF’s revenues from sales for the year 2016 was Baht 464,465 million, increased by 10% from previous year. The increase of sales was from Thailand and international operations with 7% and 12% growth, respectively. The Company’s net profit for the year 2016 was Baht 14,703 million, increased by 33% from previous year. This increase was from the livestock business operation in Thailand which returned to normal situation, the continuous recovery of shrimp business in Thailand after having encountered the Early Mortality Syndrome (EMS), and the contribution from newly acquired subsidiaries in Russia and Cambodia, as well as an efficient expense management.

The Company, as the leading Thai multinational company, has been well aware of the role of responsible business operation under the vision of “Kitchen of the World” and **the compliance with the United Nations Global Compact and the commitment to support the sustainable development goals (SDGs)** of the world. The Company has prescribed **“Sustainability Goals in 2020” under 3 main pillars of “Food Security, Self-Sufficient Society and Balance of Nature”** for its Thailand operation to drive and measure sustainability performance. In 2016, the overall operating results on social responsibilities to sustainability have satisfactorily met the goals in terms of cooperation with the business partners in sourcing of main agricultural raw materials such as fish meal, corn, soybean from responsible sources, and providing opportunities to farmers and small entrepreneurs to become business owners through the “Occupation and Quality of Life Promotion Project”, such as CP Pork Shop, 5-Star business, project of promotion of animal farming

to small farmers, etc. The Company also commits to the creation of innovation and continuous implementation of efficiency improvement project, which resulted in the significant reduction of energy use, water use and quantity of wastes.

As a result, from the propelling of organization on the basis of sustainable development and good governance, in 2016, **CPF has been selected as member of Dow Jones Sustainability Indices (DJSI), in the category of emerging markets for 2 consecutive years**, and has been assessed for the **governance of Thailand's listed companies in 2016 at "Excellent" level by the Thai Institute of Directors**, including the **SET Awards 2016 under category of "the Innovative Company"** by the Stock Exchange of Thailand, in addition to the awards on labor, safety and social responsibility at national and international levels.

From now on, the Company shall use its best efforts to **uplift its competitiveness** for the goal of continuous growth, **development of effective risk management system** to cope with the complicated challenges, creative adaptation **of technologies** to increase efficiency, **creation of innovation** in accordance with the changing social behaviors, as well as **enhancement of personnel capabilities** in accordance with the directions of business expansion.

Finally, on behalf of the Board of Directors, executives and all employees, we would like to thank all shareholders, customers, communities, business partners, private organizations, public sector and all related parties for their participation and support of the Company's operation so that it has added economic value, benefited to society and maintained balances of nature. The Company commits to conduct businesses under good governance and balance of the society and the environment, to become a sustainable organization and to stand side by side with Thailand and Thai people as "Kitchen of the World" going forward.



Mr. Dhanin Chearavanont
Chairman of
the Board of Directors

Mr. Adirek Sripratak
President and
Chief Executive Officer

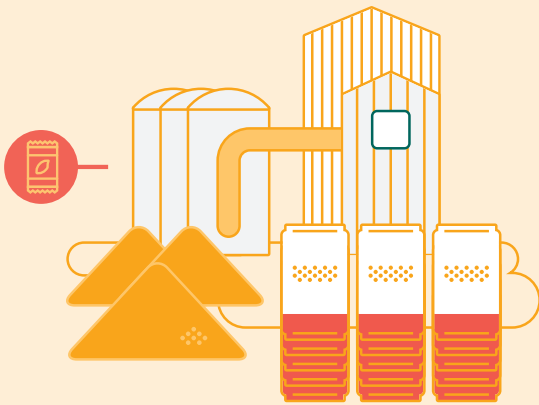
Operation in Brief

CPF operates integrated agro-industrial and food business, including livestock and aquaculture such as swine, broiler, layer, duck, shrimp and fish. The businesses are categorized into 3 categories, namely Feed, Farm and Food. The Company also operates retail and food outlets.

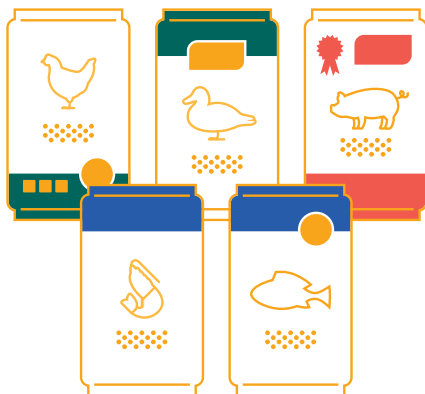
CPF's food production process involves advanced technology, safe and chemical-free production, high standards of hygiene while being environmentally friendly. The processes are systematically traceable throughout the whole food chain to build trust in every bite for you and your loved ones.

1 Feed

Production of Animal Feed

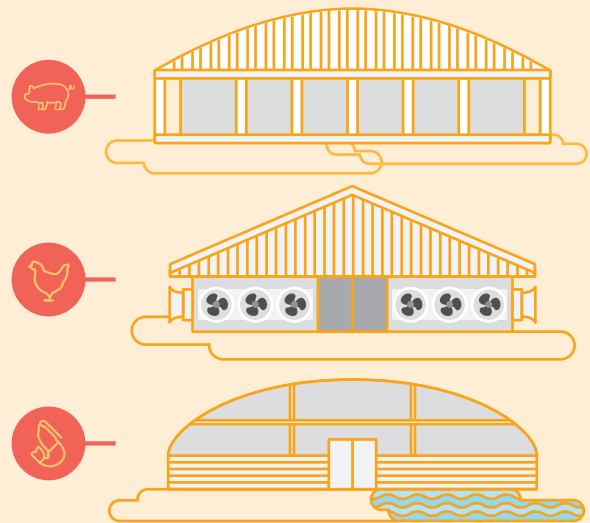


Animal Feed

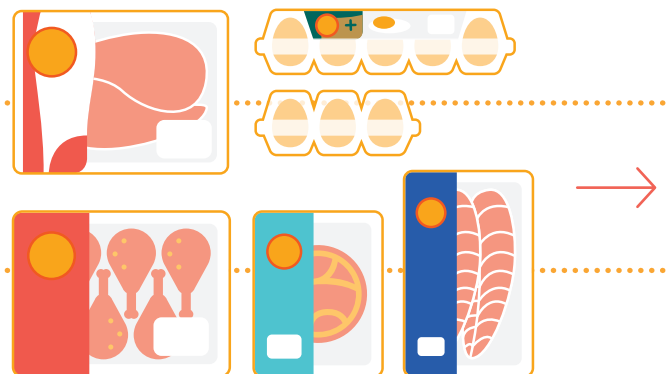


2 Farm

Breeding & Animal Farming

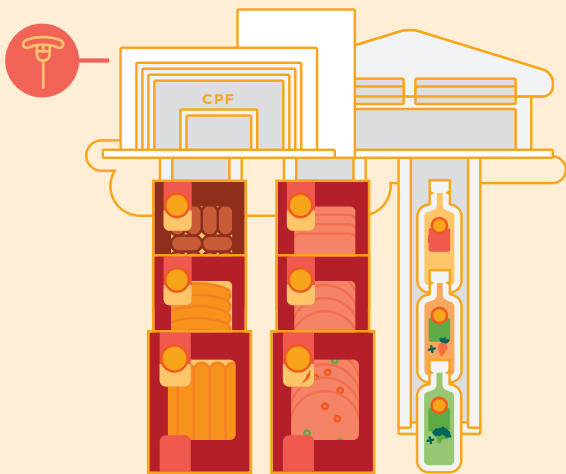


Fresh & Uncooked Meat

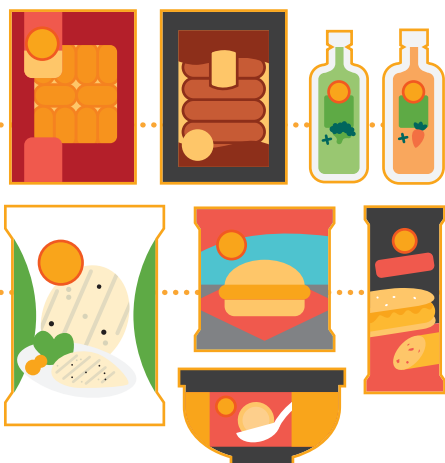


3 Food

Production of Processed & Ready-to-eat Food

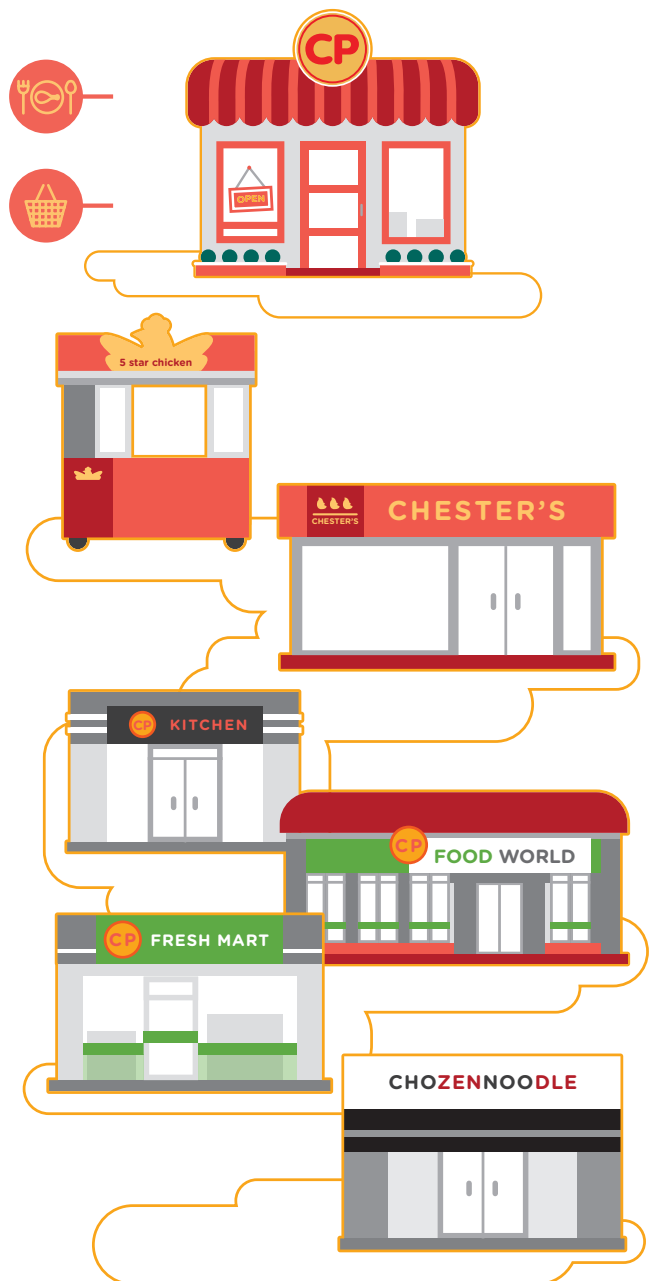


Cooked & Ready-to-eat Meal



Retail & Food Outlets

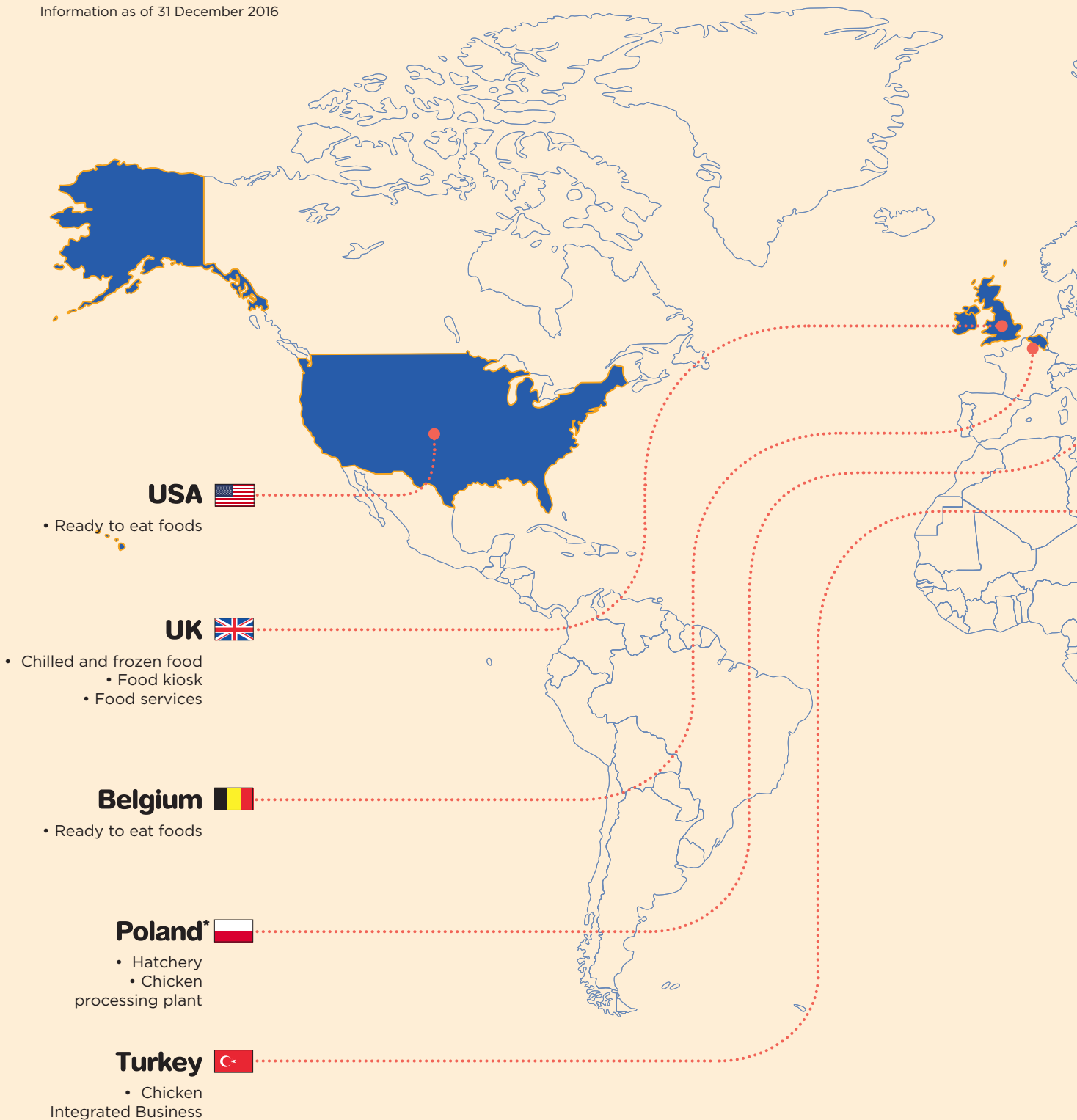
Distribution Channels (Food Retail Outlets, Restaurant & Food Courts)



CPF... Kitchen of the World

Information as of 31 December 2016

CPF invests in many countries to strengthen food security. CPF's operation covers 16 countries and exports to more than 30 countries in 5 continents worldwide.



* The transaction will be completed in the first quarter of 2017

Russia

- Livestock Feed
- Swine Farming
- Chicken Integrated Business



Laos

- Livestock Integrated Businesses



China

- Livestock and Aquaculture Feed
- Aquaculture Farming
- Ready to eat foods



Taiwan

- Livestock Integrated Businesses



Philippines

- Livestock and Aquaculture Feed and Farming



Thailand

- Livestock and Aquaculture Integrated Businesses



India

- Chicken Integrated Business
- Aquaculture Feed



Srilanka

- Ready to eat foods



Malaysia

- Livestock and Aquaculture Integrated Businesses



Cambodia

- Livestock Integrated Businesses



Vietnam

- Livestock and Aquaculture Integrated Businesses



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

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



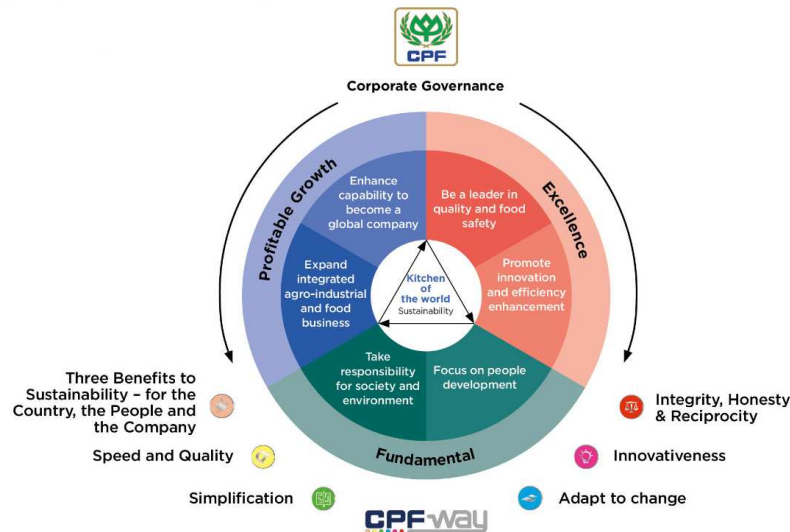
Charoen Pokphand Foods Public Company Limited

Part 1
Business Operation

1. Business Overview

1.1 Vision, Goal and Business Strategies

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



To push forward the Company’s vision and aforementioned mission to fulfill its goals, the Company has defined 3 main strategies - “Profitably growth, Aiming for excellence, and Building Sustainable Fundamental,” along with building a corporate value called the “CPF Way” under good management framework, including corporate governance structure, internal audits and enterprise-wide comprehensive risks management.

The Company believes in the potential of growth and development of the agro-industrial and food industry worldwide as well as consumption growth in a long term. Therefore, it has the strategy to expand businesses to countries outside Thailand by bringing expertise in advanced fully integrated agro-industry to invest in other countries. At the same time, in order to respond to changes in consumer behavior, the Company has strategy to add value in its business such as producing ready-to-eat and processed foods under the CP Brand and other brands of the Company, as well as expanding distribution channels and export base.


1.2 History and Key Milestones

History

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

In 1998, CPF acquired the agro-industry and meat processing companies from Charoen Pokphand Group to be under CPF umbrella; whereas, the business acquisitions were completed in early 1999. CPF then renamed as “Charoen Pokphand Foods Public Company Limited” and announced the vision to become “Kitchen of the World” for its integrated agro-industry business operation to produce meat products and quality food products to consumers around the world. After that the Company has continuously expanded its businesses and investment internationally. In 2005, the Company has



started to use  brand for its basic processed meat products and entered into ready-to-eat food business under the said brand for distribution in Thailand and for export as well as expanded the product distribution channels to retail and food outlets.

As of December 31, 2016, CPF had paid-up capital of Baht 7,742,941,932, comprising of 7,742,941,932 shares, and its market capitalization was Baht 228,417 million.

Key milestones in 2016

June 2016

Chia Tai (China) Investment Co., Ltd. (“CTI”), indirect subsidiary of CPF with 50.43% stake, acquired 100.0% investment in Hubei Chia Tai Co., Ltd. (“Hubei”). Hubei engages in the manufacture and sale of animal feed, breeding and processed food products in China. Upon the completion of the transaction, Hubei became a subsidiary of CPF with indirect 50.43% stake.

Chia Tai (Beijing) Investment Management Co., Ltd. (“CTBIM”), indirect subsidiary of CPF with 50.43% stake, entered into agreements to subscribe for the newly issued ordinary shares of Banner Infant Dairy Products Co., Ltd. (“Banner”) for 30% of total paid-up shares after the issue of new ordinary shares. Banner is principally engaged in the manufacture and sale of formulated infant milk powder in China. Upon the completion of the transaction, Banner will become an associate company of CPF. As of December 31, 2016, the acquisition of the newly issued ordinary shares of Banner has not completed.

July 2016

CTI subscribed the newly issued ordinary shares of Qingdao Yi Bang Bio-Engineering Co., Ltd. (“Qingdao Yi Bang”) for 12% of total paid-up shares after the issue of new ordinary shares. Qingdao Yi Bang is principally engaged in the manufacture and sale of animal vaccines in China. Upon the completion of the transaction, CPF indirectly held 6.05% in Qingdao Yi Bang.

CPF Investment Ltd. (“CPF I”), a wholly owned subsidiary of CPF, acquired 80.0% of total paid-up shares of Norfolk Foods (Private) Limited (“Norfolk”) or referred as the “First Transaction”. Norfolk is engaged in the manufacture and distribution of ready-to-eat foods products in Sri Lanka. Upon the completion of the First Transaction, Norfolk became a subsidiary of CPF (CPF indirectly held 80.0%). In addition, CPF I has the right to acquire (Call options) and the Sellers has the right to sell (Put options) the remaining 20% of total paid-up shares of Norfolk on each second, third and fourth anniversary after the First Transaction date as specified in the Share Purchase Agreement.

October - November 2016

CP Foods UK Ltd. (“CPF UK”), an indirect subsidiary of CPF with 57.52% shareholding, acquired 60.0% of total paid-up shares of The Foodfellas Limited (“Foodfellas”) which engages in food service business by importing and distribution of raw material and food products from around the world to customers in UK. Upon the completion of the transaction, Foodfellas became a subsidiary of CPF with indirect 34.51% stake.

CTI acquired 70.0% of total paid-up shares of Fujian Sumpo Foods Holding Co., Ltd. (“Fujian Sumpo”). Fujian Sumpo is principally engaged in the manufacture and trading of animal feed, farming and trading of poultry as well as processing and trading of chicken meat products in China. Upon the completion of the transaction, Fujian Sumpo became a subsidiary of CPF with indirect 35.30% stake.

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (“CPE”), indirect subsidiary of CPF with 32.68% stake, invested 52.0% in the newly established subsidiary, Rui Mu Foods Co., Ltd. (“Rui Mu”), which engages in Layer-chicken business in Taiwan.

December 2016

CTI subscribed the newly issued ordinary shares of Ningxia Xiao Ming Animal Husbandry Co., Ltd. (“Ningxia Xiao Ming”) for 16.54% of total paid-up shares after the issue of new ordinary shares. Ningxia Xiao Ming is principally engaged in the production and sale of commercial layer chicks in China. Upon the completion of the transaction, Ningxia Xiao Ming became an associate company of CPF with indirect 8.34% stake.



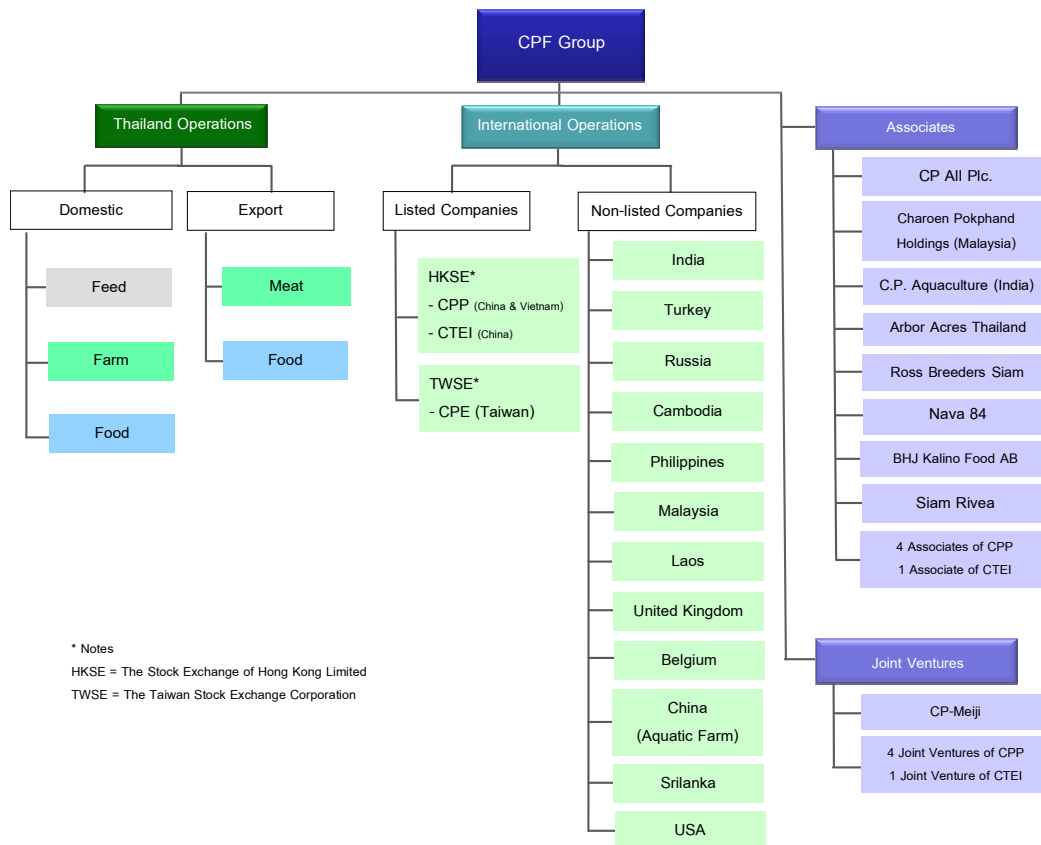
Bellisio Investment, LLC, a wholly-owned subsidiary of CPF, acquired the entire interests in Bellisio Parent, LLC (“Bellisio”) which invests in the production and distribution of single serve frozen entrees business in the United States with well-known brands such as Michelina’s, Boston Market, Chili’s,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

CPE invested 51.0% in the newly established subsidiary, Rui Fu Foods Co., Ltd. (“Rui Fu”), which engages in Layer-chicken business in Taiwan.

CTI entered into the Equity Transaction Agreement with COFCO Poultry Industry Co. Ltd. to acquire the entire interests in COFCO Meat (Suqian) Co., Ltd. (“COFCO Suqian”), which is principally engaged in poultry farming and processing and sales of chicken meat products, mainly to the Yangtze River delta area market in China. Upon the completion of the transaction, COFCO Suqian will become a subsidiary of CPF with indirect 50.43% stake. As of December 31, 2016, the acquisition of the entire interests in COFCO Suqian has not completed.

CPF entered into the Preliminary Share Subscription Agreement (“PSSA”) with SuperDrob Zakład Drobiarsko - Mięsne S.A. (“SuperDrob”) and the Preliminary Share Purchase Agreement (“PSPA”) with Mr. Henri Lipka and Mr. Zygmunt Lipka (“Existing Shareholders”), to acquire the newly issued ordinary shares from SuperDrob and ordinary shares of SuperDrob from Existing Shareholders, respectively. SuperDrob’s business concerns agro-industry and food, with main products such as fresh poultry, processed pre-seasoned and flavored poultry, as well as sausages and ham under its own brand. Distribution channels include wholesalers, retailers, hotels, and restaurants both domestically in Poland and internationally such as, among others, UK and France. Upon the completion of the transaction, SuperDrob will become an associate company of CPF. As of December 31, 2016, the shares acquisition of SuperDrob has not completed.

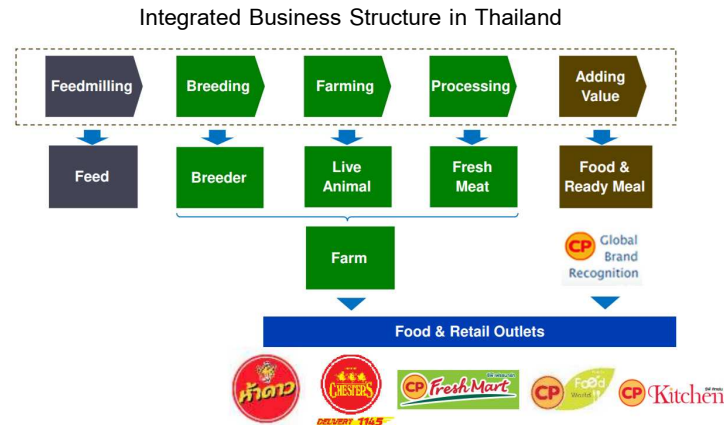
1.3 Overview of Business Operation and Shareholding Structure of the Group as of December 31, 2016



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

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

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



2) International operations involve agro-industrial and food business operated by its subsidiaries in 15 countries i.e. China, Vietnam, USA, India, Taiwan, Turkey, Russia, Poland¹, Cambodia, the Philippines, Malaysia, Laos, United Kingdom, Belgium and Sri Lanka.

The Company has expanded its production bases in emerging countries with intention to leverage its expertise in integrated and modern agro-industrial technology from its Thailand operation to apply in the countries with high potential in development of farming standards and commercial farming efficiency in order to promote the production of meats and foods that meet the international food safety standards. At the same time, the Company has expanded its business in developed countries which will focus on processed meat and food business as well as distribution channels.

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

¹ It was expected that the acquisition of ordinary shares of SuperDrob will be completed by the 1st quarter of 2017.



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

Country \ Business	Feed	Farm			Food
		Swine	Poultry	Shrimp	
Thailand	•	•	•	•	•
China	•		•	•	•
Vietnam	•	•	•	•	•
USA					•
India	•		•	•	•
Taiwan	•	•	•		•
Turkey	•		•		•
Russia	•	•	•		
Poland			•		•
Cambodia	•	•	•		•
the Philippines	•	•	•	•	
Malaysia	•	•		•	
Laos	•	•	•		•
United Kingdom					•
Belgium					•
Sri Lanka			•		•

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

As of December 31, 2016, there were 260 companies¹ which CPF has direct and indirect control with detail as follows:

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

Direct Subsidiaries	Type of Business	Registered Capital	Direct Interest (%)
1. Bangkok Produce Merchandising Plc. Bangkok, Thailand Tel. 66-2-625-8000	Animal feed raw materials distribution	Baht 600,000,000	99.44
2. Chester's Food Co., Ltd. Bangkok, Thailand Tel. 66-2-641-1333	Restaurant	Baht 80,000,000	99.99
3. CPF (Thailand) Plc. Bangkok, Thailand Tel. 66-2-625-8000	Agro-industrial and integrated food	Baht 10,512,375,000	99.98
4. C.P. Merchandising Co., Ltd. Bangkok, Thailand Tel. 66-2-625-8000	Investment and international trading	Baht 9,000,000,000	99.99

Indirect Subsidiaries	Type of Business	Registered Capital	Indirect Interest (%)
5. CPF Trading Co., Ltd. Bangkok, Thailand Tel. 66-2-694-4466	Wholesale and retail food products	Baht 800,000,000	99.97
6. CPF Denmark A/S Denmark Tel. 45-7526-1330	Importer and distributor of processed meat and ready meals	EUR 500,000	52.00
7. CPF Europe S.A. Belgium Tel. 32-2357-5380	Importer and distributor of processed meat and ready meals	EUR 28,800,000	99.99
7.1 CP Chozen Ltd. United Kingdom	Investment	GBP 700,000	71.50
7.1.1 Chozen Holdings Ltd. United Kingdom Tel. 44-1905-732100	Restaurant	GBP 30	71.50
7.1.2 Chozen Noodle Trading Ltd. United Kingdom Tel. 44-1905-732100	Property lease-out	GBP 10	71.50
7.2 Tops Foods NV Belgium Tel. 32-1428-5560	Production and distributor of ready meals	EUR 3,940,000	84.08
8. CPF Food Trading Co., Ltd. China Tel. 86-21-5835-8683	Importer and distributor of processed meat and ready meals	USD 4,000,000	100.00

¹ Excluding the companies which are in the process of liquidation and/or wound up its operations i.e. CPF Premium Foods Co., Ltd., Seafoods Enterprise Co., Ltd., C.P. Aquaculture (Hainan) Co., Ltd., Shanghai C.P. Industrial Trading Co., Ltd., Weinan Chia Tai Co., Ltd., Charoen Pokphand (USA), Inc. and CPF Tanzania Ltd..



Indirect Subsidiaries	Type of Business	Registered Capital	Indirect Interest (%)
9. CPF Japan Co., Ltd. (formerly CPF Tokyo Co., Ltd.) Japan Tel. 813-5401-2231	Importer and distributor of processed meat and ready meals	JPY 200,000,000	99.99
10. CP Foods (UK) Ltd. United Kingdom Tel. 44-1299-253131	Importer and distributor of processed meat and ready meals	GBP 271,200	57.52
10.1-10.60 are subsidiaries of CP Foods (UK) Ltd. ² United Kingdom	Importer and distributor of processed meat and ready meals	GBP 1	57.52

Aquaculture Business

Indirect Subsidiary	Type of Business	Registered Capital	Indirect Interest (%)
11. C.P. Food Products, Inc. USA Tel. 1-410-505-5017	Importer and distributor of seafood products	USD 5,000,000	100.00

Other Businesses

Direct Subsidiaries	Type of Business	Registered Capital	Direct Interest (%)
12. CPF Training Center Co., Ltd. Bangkok, Thailand Tel. 66-2-625-8000	Training center service provider	Baht 20,000,000	99.99
13. CPF IT Center Co., Ltd. Bangkok, Thailand Tel. 66-2-625-8000	Information technology service provider	Baht 250,000,000	99.99
14. CPF Food Research and Development Center Co., Ltd. Bangkok, Thailand	Food research and development	Baht 500,000,000	99.99

² 60 subsidiaries of CP Foods (UK) Ltd. were as follows:

- | | | | | |
|----------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------------|
| 1. Fusion Abbey Park Ltd. | 2. Fusion Alfrick Ltd. | 3. Fusion Bracewell Ltd. | 4. Fusion Bransford Ltd. | 5. Fusion Broadway Ltd. |
| 6. Fusion Brothwood Ltd. | 7. Fusion Calis Ltd. | 8. Fusion Carnoustie Ltd. | 9. Fusion Charlton Ltd. | 10. Fusion Crowle Ltd. |
| 11. Fusion Dalamán Ltd. | 12. Fusion Defford Ltd. | 13. Fusion Dormington Ltd. | 14. Fusion Driscoll Ltd. | 15. Fusion Dumbleton Ltd. |
| 16. Fusion Eastoe Ltd. | 17. Fusion Elmbridge Ltd. | 18. Fusion Everton Ltd. | 19. Fusion Exning Ltd. | 20. Fusion Fethiye Ltd. |
| 21. Fusion Gatley Ltd. | 22. Fusion Gocek Ltd. | 23. Fusion Gray Ltd. | 24. Fusion Harper Ltd. | 25. Fusion Hartford Ltd. |
| 26. Fusion Hawstead Ltd. | 27. Fusion Head Street Ltd. | 28. Fusion Heath Ltd. | 29. Fusion Irvine Ltd. | 30. Fusion Kaitaia Ltd. |
| 31. Fusion Kroma Ltd. | 32. Fusion Krone Ltd. | 33. Fusion Lineker Ltd. | 34. Fusion Littleworth Ltd. | 35. Fusion Madeley Ltd. |
| 36. Fusion McMahon Ltd. | 37. Fusion Mountfield Ltd. | 38. Fusion Moyes Ltd. | 39. Fusion Newlands Ltd. | 40. Fusion Niamh Ltd. |
| 41. Fusion Pershore Ltd. | 42. Fusion Priest Lane Ltd. | 43. Fusion Ratcliffe Ltd. | 44. Fusion Reid Ltd. | 45. Fusion Richardson Ltd. |
| 46. Fusion Samui Ltd. | 47. Fusion Sharp Ltd. | 48. Fusion Sheedy Ltd. | 49. Fusion Soham Ltd. | 50. Fusion Southall Ltd. |
| 51. Fusion Stevens Ltd. | 52. Fusion Thetford Ltd. | 53. Fusion Turgay Ltd. | 54. Fusion Uzumlu Ltd. | 55. Fusion Van Den Hauwe Ltd. |
| 56. Fusion Wadborough Ltd. | 57. Fusion Wellington Ltd. | 58. Fusion Whistler Ltd. | 59. Fusion Wright Ltd. | 60. Fusion Yamac Ltd. |

International Operations

Direct Subsidiaries	Type of Business	Registered Capital	Direct Interest (%)
15. Bellisio Investment, LLC USA	Investment	USD 585,000,000	100.00
16. Charoen Pokphand Foods Kenya Co., Ltd. Kenya	Animal feedmill and livestock farming	Ksh 400,000,000	99.99
17. CPF Investment Ltd. British Virgin Islands	Investment	USD 1,400,000,000	100.00
18. CPF Netherlands B.V. Netherlands	Investment	USD 350,000,000	99.99
19. C.P. Aquaculture (Beihai) Co., Ltd. China Tel. 86-779-208-4362	Production and sale of animal feed	USD 17,500,000	100.00
20. C.P. Aquaculture (Dongfang) Co., Ltd. China Tel. 86-898-3696-3979	Shrimp hatchery business	RMB 148,000,000	100.00
21. C.P. Foods Holdings Ltd. British Virgin Islands	Investment	USD 1,000,000	100.00
22. C.P. Foods International Ltd. British Virgin Islands	Investment	USD 100,000,000	100.00

Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
23. Charoen Pokphand Foods Philippines Corp. Philippines Tel. 63-45-963-6510	Production and sale of animal feed, farming and shrimp hatchery business	PHP 6,300,000,000	99.99
23.1 A.P.P. Enterprise, Inc. Philippines Tel. 63-45-963-6510	Property lease-out	PHP 5,000	39.60
24. Charoen Pokphand Foods (Overseas) LLC. Russia Tel. 7-496-634-1963	Animal feedmill and livestock farming	RB 4,200,446,418.5	99.99
24.1 CPF Agro LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 1,153,061,000	99.99
24.2 CPF Foods LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 480,010,000	99.99
24.3 CPF Ryazan LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 10,000	99.99
24.4 CPF Serebryanie Prudy LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 24,284,766.83	99.99
24.5 CPF Trading LLC. Russia Tel. 7-496-634-1963	Importer and distributor of meat products	RB 3,270,036.05	99.99



Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
24.6 CPF Zaraysk LLC. Russia Tel. 7-496-634-1963	Livestock farming	RB 79,503,577.84	99.99
25. Chia Tai Enterprises International Ltd. Bermuda	Investment	USD 78,738,922	50.43
25.1 C.P. Enterprises Ltd. Hong Kong	Investment	HKD 28,000,000	50.43
25.2 Chia Tai Huazhong Biochemistry Ltd. Hong Kong	Investment	HKD 10,000	50.43
25.3 Chia Tai Pucheng Biochemistry Ltd. Hong Kong	Investment	USD 100,000	50.43
25.4 ECI Machinery Co., Ltd. British Virgin Islands	Investment	USD 50,000	50.43
25.5 Golden Industrial Investment Ltd. Hong Kong	Investment	HKD 10,000	50.43
25.6 Pucheng Chia Tai Biochemistry Ltd. China Tel. 86-108-508-9000	Production and sale of chlortetracycline	RMB 189,890,000	35.17
25.7 Zhumadian Huazheng Property Co., Ltd. China Tel. 86-396-212-7539	Real estate property	RMB 10,000,000	35.17
25.8 Zhumadian Huazhong Chia Tai Co., Ltd. China Tel. 86-396-262-3002	Production and sale of chlortetracycline	RMB 72,000,000	35.17
26. C.P. Standart Gida Sanayi ve Ticaret A.S. Turkey Tel. 212-274-8536	Agro-industrial and integrated food	TL 100,000,000	100.00
27. C.P. Pokphand Co., Ltd. Bermuda	Investment in agro-industrial and food business	USD 600,000,000	50.43
27.1 Beijing CP Consultation Services Co., Ltd. China Tel. 86-108-508-9000	Provision of consulting service on economic and trade	RMB 150,000	50.43
27.2 C.P. Aquaculture (Yangjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 10,000,000	50.43
27.3 C.P. Food Enterprises (Ningbo) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	RMB 122,950,000	50.43
27.4 C.P. Food (Nantong) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 10,730,000	50.43
27.5 C.P. Food (Hengshui) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 192,000,000	50.43



Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
27.6 C.P. Food (Xiangyang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 380,000,000	50.43
27.7 C.P. Food (Xuzhou) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	RMB 342,680,000	50.43
27.8 C.P. Food (Zhanjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 78,500,000	50.43
27.9 C.P. Premix (Guanghan) Co., Ltd. (formerly known as Guang Han Chia Tai Feed Tech Co., Ltd.) China Tel. 86-108-508-9000	Production and sale of animal feed	USD 818,250.95	45.89
27.10 C.P. Premix (Liuzhou) Co., Ltd. (formerly known as Liuzhou Advance Feed Tech Co., Ltd.) China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 6,700,000	50.43
27.11 C.P. Premix (Nantong) Co., Ltd. (formerly known as Nantong Chia Tai Feed Tech Co., Ltd.) China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 3,000,000	30.26
27.12 C.P. Premix (Shenyang) Co., Ltd. (formerly known as Shenyang Advance Feed Tech Co., Ltd.) China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 24,900,000	50.43
27.13 C.P. Premix (Tianjin) Co., Ltd. (formerly known as Tianjin Chia Tai Feed Tech Co., Ltd.) China Tel. 86-108-508-9000	Production and sale of animal feed	USD 23,812,500	50.43
27.14 C.P. Standard Resources Ltd. Hong Kong	Investment	HKD 5,000,000	50.43
27.15 C.P. Vietnam Corp. Vietnam Tel. 84-61-383-6251-9	Production and sale of animal feed, farming and food processing plant	VND 1,741,792,000,000	64.89
27.16 C.T. Progressive (H.K.) Ltd. Bermuda	Investment	HKD 1,000,000	50.43
27.17 Changsha Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 134,000,000	50.43



Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
27.18 Charoen Pokphand (China) Investment Ltd. British Virgin Islands	Investment	USD 56,000,000	50.43
27.19 Chengdu Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,300,000	35.30
27.20 Chia Tai (Beijing) Investment Management Co., Ltd. China Tel. 86-108-508-9000	Rendering mngement and advisory service	RMB 100,000,000	50.43
27.21 Chia Tai (China) Investment Co., Ltd. China Tel. 86-108-508-9000	Investment and trading	USD 196,695,333	50.43
27.22 Chia Tai (Hainan) Agro-Industry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 20,000,000	50.43
27.23 Chia Tai Feed (Hengshui) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 25,000,000	50.43
27.24 Chia Tai Feed (Qian Jiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 32,000,000	50.43
27.25 Chia Tai Feed (Yushu) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 36,000,000	50.43
27.26 Chia Tai Feed (Zhanjiang) Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 31,110,000	50.43
27.27 Chia Tai Food Enterprise (Qingdao) Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 85,700,000	50.43
27.28 Chia Tai Yongji Enterprise Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,062,018	50.43
27.29 Chia Tai Yueyang Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 9,550,000	50.43
27.30 Chongqing Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,920,000	30.26
27.31 Chongqing Shuangqiao Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,520,000	35.30



Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
27.32 Chuzhou Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,648,500	50.43
27.33 CP China Investment Ltd. Cayman Islands	Investment	USD 129,750,000	50.43
27.34 CP Food Enterprise (Qinhuangdao) Co., Ltd. (formerly known as Chia Tai Food Enterprise (Qinhuangdao) Co., Ltd.) China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	USD 117,460,000	50.43
27.35 CP Food Investment Ltd. Hong Kong	Investment	HKD 1	50.43
27.36 CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,000,000	50.43
27.37 Dali Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 37,000,000	50.43
27.38 Fujian Baojiashun Food Development Co., Ltd. China Tel. 86-108-508-9000	Production of processed poultry meat	RMB 180,000,000	35.30
27.39 Fujian Chia Tai Food Co., Ltd. China Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 218,000,000	35.30
27.40 Fujian Hetai Agro-Industry Co., Ltd. China Tel. 86-108-508-9000	Farming and trading of poultry	RMB 50,000,000	35.30
27.41 Fujian Longzeji Feed Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,000,000	35.30
27.42 Fuzhou Da Fu Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 9,139,297	50.43
27.43 Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 93-1575-0941	Providing financial guarantee services	RMB 100,000,000	50.43
27.44 Ganzhou Chia Tai Industrial Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 18,000,000	40.34
27.45 Guang An Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 24,500,000	30.26



Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
27.46 Guangdong Chia Tai Biotechnology Co., Ltd. China Tel. 86-108-508-9000	Production and sale of probiotics	RMB 10,500,000	50.43
27.47 Guangxi Chia Tai Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
27.48 Guilin Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,720,000	42.86
27.49 Guiyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 33,000,000	50.43
27.50 Hangzhou Advance Feed Tech Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 6,700,000	50.43
27.51 Hannick Ltd. Hong Kong Tel. 852-252-01601	Property investment	HKD 1,000	50.43
27.52 Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
27.53 Hefei Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 125,000,000	50.43
27.54 Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
27.55 Huai Hua Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,900,000	50.43
27.56 Hubei Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed and breeding and processed food	RMB 280,000,000	50.43
27.57 Huludao Chia Tai Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 28,100,000	50.43
27.58 Inner Mongolia Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 8,190,700	45.48
27.59 Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43



Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
27.60 Jiangsu Huai Yin Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,621,000	44.38
27.61 Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd. China Tel. 86-108-508-9000	Providing financial guarantee services	RMB 100,000,000	50.43
27.62 Jilin Chia Tai Food Co., Ltd. China Tel. 86-108-508-9000	Food processing plant, production and distribution of processed meat and ready meal	RMB 240,000,000	50.43
27.63 Jinan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 1,718,000	32.78
27.64 Jiujiang Chia Tai Feedstuff Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,000,000	30.26
27.65 Kaifeng Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 10,000,000	50.43
27.66 Kunming Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,405,300	46.59
27.67 Lanzhou Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 14,953,000	45.70
27.68 Longyan Baotai Agro-Industry Co., Ltd. China Tel. 86-108-508-9000	Farming and sale of poultry	RMB 60,000,000	35.30
27.69 Mianyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,000,000	40.34
27.70 Modern State Investments Ltd. British Virgin Islands	Investment	USD 120,000,000	50.43
27.71 Nanchang Chiatai Livestock Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,120,200	50.43
27.72 Nanning C.P. Food Co., Ltd. China Tel. 86-108-508-9000	Production and sale of processed food	RMB 136,680,000	50.43
27.73 Nanning Chia Tai Animal Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,774,500	46.21
27.74 Nantong Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 110,060,025	30.26



Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
27.75 Nanyang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 50,000,000	45.89
27.76 Neijiang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,900,000	35.30
27.77 Ningbo Chia Tai Agriculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 7,415,300	35.30
27.78 Pingdingshan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 2,761,321	35.30
27.78 Qingdao Chia Tai Agricultural Development Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 12,025,800	50.43
27.80 Shaanxi Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 6,729,100	48.41
27.81 Shanghai Han Tong International Trading Co., Ltd. China Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 6,000,000	35.30
27.82 Shanxi Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 11,673,200	30.21
27.83 Shenyang Chia Tai Livestock Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 5,600,000	50.43
27.84 Shijiazhuang Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 22,000,000	50.43
27.85 Shuangliu Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 4,000,000	35.30
27.86 Tai Zhou Chia Tai Feed Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 8,451,051	48.41
27.87 Tianjin Chia Tai Agro-Industrial Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 65,540,000	50.43
27.88 Urumqi Chia Tai Animal Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,250,000	47.11



Direct and Indirect Subsidiaries	Type of Business	Registered Capital	Direct and indirect Interest (%)
27.89 Wuhan Chia Tai Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	USD 3,750,000	50.43
27.90 Wuhan Chia Tai Aquaculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 62,000,000	50.43
27.91 Wuxuan Chia Tai Animal Husbandry Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 34,640,000	42.86
27.92 Xiamen Chia Tai Agriculture Co., Ltd. China Tel. 86-108-508-9000	Production and sale of animal feed	RMB 30,400,000	30.26
27.93 Xiamen Sumpo Food Trading Co., Ltd. China Tel. 86-108-508-9000	Sale of processed poultry meat	RMB 30,000,000	35.30
27.94 Xiangyang Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 97,900,000	50.43
27.95 Xuzhou Chia Tai Feed Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 16,000,000	32.78
27.96 Yi Chang Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	USD 18,090,000	50.43
27.97 Yinchuan Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 6,000,000	42.86
27.98 Yongan Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 27,000,000	50.43
27.99 Zhangjiakou Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 60,000,000	30.26
27.100 Zhoukou Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 50,000,000	50.43
27.101 Zhumadian Chia Tai Co., Ltd. China Tel 86-108-508-9000	Production and sale of animal feed	RMB 28,060,000	30.76



Indirect Subsidiaries	Type of Business	Registered Capital	Indirect Interest (%)
28. C.P. Cambodia Co., Ltd. Cambodia Tel. 24-397-339	Production, sale of animal feed, livestock farming and food processing plant	USD 67,402,000	100.00
28.1 Cambodia Property and Trading Co., Ltd. Cambodia Tel. 24-397-339	Property lease-out	KHR 20,000,000	49.00
29. C.P. Laos Co., Ltd. Laos Tel. 856-21-453508-10	Animal feedmill and livestock farming	USD 15,000,000	99.99
30. Charoen Pokphand Foods Canada Inc. Canada Tel. 905-604-4993	Import and export food products	CAD 1,000,000	70.00
31. Charoen Pokphand Foods (Malaysia) Sdn. Bhd. Malaysia	Investment in aquaculture integration business and swine business	RM 420,000,000	99.99
31.1 Asia Aquaculture (M) Sdn. Bhd. Malaysia Tel. 603-4027-1800	Shrimp farming and processing plant	RM 520,000,000	99.99
31.2 Makin Jernih Sdn. Bhd. Malaysia	Investment	RM 50,000,000	99.99
31.2.1 AA Meat Shop Sdn. Bhd. Malaysia Tel. 603-6091-7340	Livestock processing retailer	RM 5,000,000	99.99
31.2.2 Chau Yang Farming Sdn. Bhd. Malaysia Tel. 603-6091-7340	Livestock farming	RM 25,000,000	99.99
31.2.3 Tip Top Meat Sdn. Bhd. Malaysia Tel. 603-6091-7340	Livestock processing plant	RM 25,000,000	99.99
31.3 Star Feedmills (M) Sdn. Bhd. Malaysia Tel. 603-4027-1800	Aquatic feed production and distribution	RM 100,000,000	99.99
32. CPF (INDIA) Private Ltd. India Tel. 91-44-265-68406	Production and sale of animal feed, farming and food processing plant	RS 3,608,500,000	99.99
33. Charoen Pokphand Enterprise (Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Chicken integration and livestock farming	NTD 3,579,000,000	32.68
33.1 Arbor Acres (Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Livestock farming	NTD 32,000,000	16.34
33.2 Charoen Pokphand (Taiwan) Co., Ltd. Taiwan Tel. 886-2-250-77071	Importer and distributor of feedstuff additives and animal vaccines	NTD 32,000,000	29.41
33.3 Chia Tai Lianyungang Co., Ltd. Hong Kong	Investment	HKD 1,000,000	32.68



Indirect Subsidiaries	Type of Business	Registered Capital	Indirect Interest (%)
33.4 Lianyungang Chia Tai Agro-Industry Development Co., Ltd. China Tel. 86-182-051-31077	Production and sale of animal feed	USD 5,400,000	22.88
33.5 Plenty Type Ltd. Cayman Islands	Investment	USD 14,261,488	32.68
33.6 Rui Fu Foods Co., Ltd. Taiwan Tel. 86-182-051-31077	Layer chicken business	NTD 100,000,000	16.67
33.7 Rui Mu Foods Co., Ltd. Taiwan Tel. 86-182-051-31077	Layer chicken business	NTD 100,000,000	16.99
34. Russia Baltic Pork Invest ASA Norway	Investment	NOK 357,913,200	75.82
34.1 Farm Construction LLC. Russia Tel. 8-831-211-3011	Swine farm construction	RB 100,000	75.82
34.2 Finagro ASP Denmark Tel. 45-7658-5005	Financial service	DK 550,000	75.82
34.3 Kornevo LLC. Russia Tel. 8-401-230-7700	Livestock farming	RB 3,010,000	75.82
34.4 Management Company RBPI Group LLC. Russia Tel. 8-401-230-7700	Property lease-out	RB 10,000	75.82
34.5 NNPP LLC. Russia Tel. 8-831-211-3011	Livestock farming	RB 483,040,562.83	75.82
34.6 NNPP-2 LLC. Russia Tel. 8-831-211-3011	Livestock farming	RB 600,000,000	75.82
34.7 Pravdinsk Pig Production CJSC Russia Tel. 8-401-230-7700	Livestock farming	RB 160,000,000	75.82
34.8 Pravdinsk Pig Production-2 LLC. Russia Tel. 8-401-230-7700	Livestock farming	RB 210,000,000	75.82
35. Stesha LLC. Russia	Investment	RB 11,922,108,924	99.99
35.1 CJSC Poultry Parent Stock Production Woyskovitsy Russia	Livestock farming and breeding	RB 196,500,735	79.99
35.2 CJSC Poultry Production Severnaya Russia	Animal feedmill, livestock farming and food processing plant	RB 1,129,937,718	79.99



Indirect Subsidiaries	Type of Business	Registered Capital	Indirect Interest (%)
36. Bright Excel Investments Ltd. British Virgin Islands	Investment	USD 50,000	100.00
37. Charoen Pokphand (Taiwan) Investment Ltd. Bermuda	Investment	USD12,000	100.00
38. Coinaton Investments Ltd. British Virgin Islands	Investment	USD 50,000	100.00
38.1 Chun Ta Investment Co., Ltd. Taiwan	Investment	NTD 50,000,000	100.00
39. CPVN Ltd. British Virgin Islands	Investment	USD 1,000,000	100.00
40. Forward Pass Ltd. British Virgin Islands	Investment	USD 50,000	100.00
40.1 Ta Chung Investment Co., Ltd. Taiwan	Investment	NTD 100,000,000	100.00
41. New Splendid Holdings Ltd. British Virgin Islands	Investment	USD 50,000	100.00
42. Norfolk Foods (Private) Limited Sri Lanka Tel. 9-411-285-7340	Production and sale of ready meal	LKR 246,500,000	80.00
43. The Foodfellas Ltd. United Kingdom Tel. 9-411-285-7340	Import food raw materials and food products	GBP 15,567	34.51
44. Bellisio Parent, LLC USA	Investment	USD 159,798,987	100.00
45. Bellisio Holdco, LLC USA	Investment	-	100.00
46. Bellisio Finance, LLC USA	Investment	-	100.00
47. Bellisio Foods, Inc. USA	Investment	-	100.00
48. Arden International, LLC USA	Production and distributor of ready meals	-	100.00
49. Arden Kitchens, LLC (Delaware) USA	Production and distributor of ready meals	-	100.00
50. Arden Kitchens, LLC (Minnesota) USA	Production and distributor of ready meals	-	100.00
51. Bellisio Foods Canada Corp. Canada	Production and distributor of ready meals	-	100.00
52. Michelina's, LLC USA	Production and distributor of ready meals	-	100.00
53. The All American Gourmet Company USA	Production and distributor of ready meals	-	100.00
54. Overhill Farms, Inc. USA	Production and distributor of ready meals	-	100.00

**Associates**

As of December 31, 2016, CPF had 13 associates as follows:

Associates	Type of Business	Registered Capital	Direct and indirect Interest (%)
1. CP All Plc. ³ Bangkok, Thailand Tel. 66-2-677-9000	Convenience store business in Thailand, under "7-Eleven" trademark	Baht 8,986,296,048	35.24
2. Nava 84 Co., Ltd. ⁴ Bangkok, Thailand	Investment in economic crop plantation companies in Thailand	Baht 1,500,000,000	25.00
3. Ross Breeders Siam Co., Ltd. Bangkok, Thailand Tel. 66-2-988-0700	Chicken breeding and distribution	Baht 70,000,000	49.99
4. Siam Rivea Co., Ltd. Bangkok, Thailand	Restaurant	Baht 5,000,000	29.99
5. Arbor Acres Thailand Co., Ltd. Bangkok, Thailand Tel. 66-2-988-0700	Chicken breeding and distribution	Baht 4,000,000	49.98
6. BHI Kalino Food AB Sweden Tel. 46-4620-5260	Trading of chilled and frozen meat and food	SEK 1,000,000	15.08
7. C.P. Aquaculture (India) Private Ltd. ⁵ India Tel. 9144-2491-7790	Aquatic feedmill and shrimp hatchery in India	Rs 250,000,000	31.70
8. Charoen Pokphand Holdings (Malaysia) Sdn. Bhd. ⁶ Malaysia	Investment in livestock feedmill and livestock farming companies in Malaysia	RM 50,000,000	49.75
9. Chia Tai (Cixi) Investment Management Ltd. China	Provision of consulting service on economic and trade	RMB 1,000,000	25.21
10. Conti Chia Tai International Ltd. Hong Kong Tel. 852-282-36171	Production and sale of animal feed	HKD 3,122,000	25.21
11. Ningxia Xiao Ming Animal Husbandry Co., Ltd. Hong Kong Tel. 852-282-36171	Production and sale of commercial layer chicks	RMB 68,253,000	8.34
12. Qingdao Yi Bang Bio-Engineering Co., Ltd. China Tel. 86-532-854-3936	Production and and sale of animal vaccines	RMB 28,409,090	6.05
13. Zhan Jiang Deni Carburetor Co., Ltd. China Tel. 86-759-315-0934	Motorcycle carburetor and auto parts production and distribution	USD 21,250,000	14.12

³ CPG and its related person held 2.83% stake⁴ CPG held 25.00% stake⁵ CPG and its related person held 43.30% stake and related person of Chearavanont family held 25.00% stake⁶ Related person of CPG held 49.00% stake

There was one associate which CPF held interest less than Charoen Pokphand Group Co., Ltd. ("CPG") and its related person namely C.P. Aquaculture (India) Pte. Ltd. ("CPA India"). Upon its establishment, CPF held 19.20% stake in CPA India. Then in 2003, existing shareholders of CPA India sold their 12.50% stake in CPA India to CPF. As a result, CPA India became associate of CPF. In case that the Company enters into related transactions with the said associate, the



transactions which are in ordinary course of business or supporting an ordinary course of business shall be conducted on arm's length basis and in accordance with the principle approved by the Board of Directors. However, the transactions which are not the ordinary course of business or supporting an ordinary course of business must be considered and approved by the Board of Directors prior to the transaction engagement, upon the review by the Audit Committee to ensure the highest benefit of the Company and no conflict of interest. In this case, the Audit Committee may employ the independent appraiser or financial advisor to assess the value of such related transaction for comparative purpose. During 2016, there were no transactions with the said associate which are not the ordinary course of business.

Joint Ventures

As of December 31, 2016, CPF had 6 joint ventures as follows:

Joint Ventures	Type of Business	Registered Capital	Direct and indirect Interest (%)
1. CP-Meiji Co., Ltd. Bangkok, Thailand Tel. 66-2-664-5309	Manufacturing and distribution of milk products and healthy dairy products	Baht 500,000,000	59.99
2. Beijing Chia Tai Feedmill Co., Ltd. China Tel. 86-106-941-2811	Production and sale of animal feed	USD 5,000,000	25.21
3. ECI Metro Investment Co., Ltd. British Virgin Islands Tel. 852-252-01601	Investment and trade of machinery and spare parts	USD 12,000,000	25.21
4. Handan Chia Tai Feed Co., Ltd. China Tel. 86-310-638-6570	Production and sale of animal feed	RMB 11,200,000	25.21
5. Henan East Chia Tai Co., Ltd. China Tel. 86-379-678-51191	Production and sale of animal feed	USD 5,400,000	25.21
6. Jilin Chia Tai Enterprise Co., Ltd. China Tel. 86-431-829-90255	Production and sale of animal feed	USD 8,284,000	25.21

Company which CPF holds stake more than 10.00% but less than 20.00%⁷

As of December 31, 2016, there was 1 company which CPF held stake more than 10.00% but less than 20.00% with detail as follows:

Company	Type of Business	Registered Capital	Direct and indirect Interest (%)
1. Kinghill Limited ⁸ Cayman Islands	Investment in company that manage shopping center, "Super Brand Mall" in China	USD 680,000,000	13.96

⁷ Excluding the company that already fully recorded the asset impairment

⁸ Related person of CPG held 64.86% stake

**Companies which CPF holds 10.00% stake or less**

As of December 31, 2016, there were 4 companies which CPF held 10.00% stake or less with detail as follows:

Companies	Type of Business	Registered Capital	Direct and indirect Interest (%)
1. Chia Tai (Jilin) Co., Ltd. ⁹ Hong Kong	Investment in livestock feedmill and livestock farming companies in China	USD 1,800,000	10.00
2. CPPC Plc. ¹⁰ Bangkok, Thailand Tel. 66-2-625-8090	Production and sale of plastic	Baht 1,950,000,000	6.58
3. C.P. Land Plc. ¹¹ Bangkok, Thailand Tel. 66-2-625-7000	Property development	Baht 3,630,310,000	6.49
4. True Corporation Plc. ¹² Bangkok, Thailand Tel. 66-2-643-1111	Telecommunication	Baht 133,474,621,856	2.21

⁹ Related person of CPG held 90.00% stake

¹⁰ CPG and its related person held 37.80% stake and Chearavanont family and its related person held 37.91% stake

¹¹ CPG and its related person held 47.51% stake and Chearavanont family held 18.89% stake

¹² CPG and its related person held 39.36% stake



2. Nature of Business Operations

Since the Company has been operating its business, it places its importance into research and development in all aspects, including the production of feed, raising of animals, and production of food products for consumption, in order to invent the innovation that creates more value, by not stopping in pursuing and further developing new technologies to overcome limits and achieve better quality and efficiency. At the same time, the Company transfers and exchanges knowledge between the Company and stakeholders, in order to take a step towards collaborative success securely and sustainably, on the principle of environment and corporate social responsibility throughout the value chain.

In 2016, the Company reached its total revenue of Baht 470,170 million, 8% growth from 2015. Revenue structure of CPF and Subsidiaries as per consolidated financial statement as of December 31, 2014, 2015, and 2016 are as follows:

	2014		2015		2016	
	Baht Million	%	Baht Million	%	Baht Million	%
1. Thailand Operations						
Feed ⁽¹⁾	51,850	12	50,287	11	49,165	11
Farm ⁽²⁾	79,212	18	74,686	17	86,255	18
Food ⁽³⁾	44,212	10	42,074	10	43,162	9
<i>Total Revenues from Thailand Operations</i>	<i>175,274</i>	<i>40</i>	<i>167,047</i>	<i>38</i>	<i>178,582</i>	<i>38</i>
2. International Operations						
Feed ⁽⁴⁾	173,448	40	167,008	39	171,315	36
Farm ⁽⁵⁾	70,036	16	79,158	18	101,327	22
Food ⁽⁶⁾	7,281	2	8,142	2	13,241	3
<i>Total Revenues from International Operations</i>	<i>250,765</i>	<i>58</i>	<i>254,308</i>	<i>59</i>	<i>285,883</i>	<i>61</i>
Total Revenue from Sale of Goods	426,039	98	421,355	97	464,465	99
Other Income	7,463	2	12,838	3	5,705	1
Total Income	433,502	100	434,193	100	470,170	100

Remarks ⁽¹⁾ Operated by CPF, BKP, CPM, CPFT, CPFTH, CPFP, CP LAOS and CPF Canada

⁽²⁾ Operated by CPF, CPM, CPFT, CHESTER, CPFTH, CPF PRODUCTS, CPFP, CPFFT, CPF EU, CPF UK, CPF TK, CPF DM, AA, CPF OVERSEAS, CPF Canada and Foodfellas

⁽³⁾ Operated by CPF, CPM, CPFT, CHESTER, CPFTH, CPF PRODUCTS, CPFP, CPE, CPFFT, CPF EU, CPF UK, CPF TK, CPF DM, CP LAOS, CPF Canada, CPF OVERSEAS, RBPI and Foodfellas

⁽⁴⁾ Operated by CPB, SFM, AA, CPFP, CPE, CPF OVERSEAS, CP LAOS, CP INDIA, CPFTZ, CPS, CPP, Woyskovitsy, Severnaya, CTEI and CPC (since May 11, 2015)

⁽⁵⁾ Operated by CPF PRODUCTS, CPB, CPH, CPD, CPFP, CPE, CPFA, AA, MJSB, CPF UK, CPF TK, CPF DM, CPF OVERSEAS, CP LAOS, CP INDIA, CPS, CPF TZ, CPP, RBPI, CP CHOZEN, Woyskovitsy, Severnaya, Foodfellas, CPF Canada and CPC (since May 11, 2015)

⁽⁶⁾ Operated by CPF PRODUCTS, CPB, CPD, CPE, AA, MJSB, CPF UK, CPF TK, CPF DM, CP LAOS, CP INDIA, CPS, CPP, CPFP, CP CHOZEN, RBPI, TOP FOODS, CPF OVERSEAS, Woyskovitsy, Severnaya, CPFA, Foodfellas, CPC (since May 11, 2015) and Norfolk (since July 15, 2016)

2.1 Nature of Products

2.1.1 Feed Business

2016	millions THB	
Revenue from Thailand Operations	49,165	-2.2%
Revenue from International Operations	171,315	+2.6%
Total	220,480	+1.5%

The major products of feed business includes swine feed, chicken feed, duck feed, shrimp feed and fish feed, both in the form of concentrated feed and complete feed in powder and pallets. The Company realizes that "the quality of production process with efficiency that keeps pace with technology" is crucial in making the Company's feed products part of



the development of commercial farming in both in Thailand and other countries where the Company's investments are located.

To maintain its position as one of the leading animal feed manufacturers and be prepared to the changing trends in the present and in the future, the Company places its importance starting from the beginning of the production process by **sourcing high quality raw materials, going through analysis and quality control process in laboratories certified with the ISO/IEC 17025 international standards.** The data from the central laboratory and branches laboratories in Thailand and overseas has been linked together to support information in terms of nutritional value and safety of raw materials, in order to be used as a database to formulate the feed suitable for the needs of different types of animals according to their breed and age as well as safe for consumption. The Company has been using **computerized system to control its production process for over 40 years, as well as adapting international standards,** which have been continuously certified by 3rd party agencies. These standards include ISO 9001, Good Manufacturing Practice: GMP, Hazard Analysis and Critical Control Point: HACCP, Best Aquaculture Practice (BAP), International Fishmeal and Fishoil Organization's Responsible Supply Chain of Custody (IFFO RS CoC), and QS standards. These standards are met to ensure the consistent quality and highest safety for animals and consumers. Further, the Company utilizes robotics, specially designed and developed by in-house engineering department, to be used exclusively in the Company's production process, in order to enhance the efficiency of its operations.

In addition to the quality of raw materials and products, the Company strives to "**Sustainable Raw Materials Sourcing.**" This means key raw materials used in feed production come from responsible source in terms of environment and labor according to the Sustainable Sourcing Policy and Supplier Guiding Principle for suppliers of its Thailand operation. Along with that, the Company has the policy to **firstly procure local raw material,** especially in areas where feedmills are located, so as to promote local farmers and to reduce the distance and energy used in transportation. On the condition that the amount for local raw material is not enough, or quality does not satisfy the standards, raw material will be imported. In 2016, Thailand operations imported raw materials contributing to 52% of raw material that are purchased for feed production.

Aside from this, the Company intends to procure **the substitute raw materials,** as a way to diversify raw materials to reduce the risk of insufficient certain raw material at certain periods of time, in order to maintain its production capabilities of the Company and of its suppliers effectively and continuously. At the same time, the Company has placed an important **on the efficiency of animal feed according to the needs of animals and the farming system** before it develops and improves feed formulas to support growth of the animal at different breed and age. The research covers nutrient requirement, raw material, feed additive, and feed innovation that answer to customers need and changing trend, in order to take part in building a long term food security.

The manufacturing of feed requires heat energy, which mostly come from burning fossil fuels from coal and oil. The burning process has an effect on the level of greenhouse gases. The Company's feedmills are equipped with boilers that use biomass such as husk, corn cobs, palm and firewood instead of fossil fuels, in order to mitigate the effect on the environment. Moreover, the Company installed dust filters and ozone technology to reduce dust and odor from the production process that may impact surrounding community near the Company's facilities.

The Company has constantly improved its climate change management. It has been evaluated by CDP (Carbon Disclosure Project), covering the Company's climate change management in 4 main categories - Governance and Strategy, Risk and Opportunity Management, Emissions Management and 3rd Party Verification

The Company has been categorized into a group of companies that demonstrate their environmental and climate change management performance at B level, which is higher than industry average, proving that the Company paid much attention on the integrated climate change management for the whole organization.

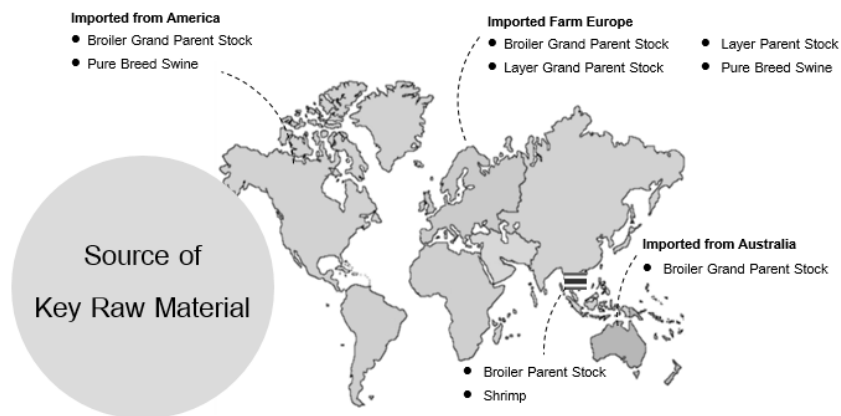
2.1.2 **Farm Business**

2016	millions THB	
Revenue from Thailand Operations	86,255	+15.5%
Revenue from International Operations	101,327	+28.0%
Total	187,582	+21.9%

Major types of animal for farming business include swine, broiler, layer, duck, shrimp and fish. Two main types of products include 1) animal breeders and 2) commercial animal and products from animal, including preliminary processed meats. Key factors to the success of sustainable farming are the quality of animal feed, animal breed, farm management technology and effective bio-security to prevent diseases outbreak.

With its ambition to promote access to protein source and safe and quality foods for consumers worldwide especially in developing countries, to support rapidly growing population, and to adapt to the changing trends, the Company places great importance in every step of its operations starting from breeding, farming and processing as follows:

Animal Breeding: The Company gives importance to the research and development of improving animal breeds by natural genetic selection, as a way to derive animal breeds that have quality, and are suitable for farming conditions in each country. **Comprehensive research and development has resulted in the better growth of animal within shorter time periods, higher feed consumption, better FCR, higher survival rates, sturdy, and better immunity towards diseases. This is suitable towards creating safe and high quality foods for consumers.**



Animal Farming: The Company identifies location of its farms by taking into account the ability to manage the risks associated with infrastructure needed to raise the animals, such as having sufficient water supplies, the ability to manage the effects on the surrounding environment and community, and the distance from farms to slaughterhouses to ensure the efficiency of transportation and product quality. Furthermore, the Company has continuously developed animal farming technology, and has adopted good production standards from the Ministry of Agriculture and international standards such as the Good Agricultural Practice: GAP, Global Good Agricultural Practice (Global G.A.P.), Code of Conduct: CoC, as follows:

- **Livestock:** Employs fully enclosed animal housing with **Evaporative Cooling System**. Automatic feeding and watering has been provided with lighting appropriate for each type of animals. The Company's animal houses are free of transmission or spreading of diseases from animals and insects and controlled by computerized system throughout the period of animal husbandry.



- Aquatic Animals: Focuses on **Probiotic Farming technology**, which avoids the use of drug and chemicals and environmental friendly, as well as using technologies to prevent diseases.

The Company's animal farming system is free growth hormone, not overpopulated, and ensures that wounded or sick animal will be treated or cured by veterinarians of the farms who shall check the health condition of animals during the animal husbandry period. Since 2003, the Company is accredited with Red Tractor Assurance (RTA), a British standard relating to management of poultry animal welfare for food processing. In addition, the Company received the British Genesis Assured Duck Production (ADP) standard, and the Agricultural Labeling Ordinance (ALO) standard of Switzerland.

In addition to the Company's own farm, the Company has also a project to promote animal farming to farmers in Thailand. The Company shall select farmers who have their own farming areas and equipment. The selected farmers shall be provided with the Company's support in terms of animal breeds, feed, veterinary supplies and technical knowledge on animal farming to the same standard as the Company's own farm. Therefore, the farmers can select feed appropriate to each animal type and breed. The Company also help improve farmer's efficiency while concerning the cost and the quality of the animal according to the consumer's need. This results in famers having higher yield and earn more income. This project creates jobs, build careers, uplifts living standards of farmers to become business partners growing sustainably together with the Company.

Preliminary Processing: The Company gives meticulous attention to the slaughtering process as it is one of the important steps to obtain key raw material which will directly impact the quality of safe foods free of residual. CPF strictly complies with animal welfare standards, starting from gently catching of chicken, duck, swine, and aquatic animals. The animals shall be transported by specific vehicles and equipment that cause no harm during transportation. The number of animal being transported is controlled to prevent crowdedness. When the transport vehicle arrives at slaughtering plant, it must rest in the appropriate area to comfort the animal and reduce stress. Afterwards, the animal will be processed and packaged to maintain its freshness and cleanliness.



As farming business may cause odor from animal waste, most of the Company's farms are located outside populated communities and far away from concentrated farming areas. At the same time, swine waste occurring daily has direct impact to the increase of greenhouse gases and global warming. The Company has therefore defined procedures and good management by using animal wastes to produce biogas to generate electricity for in-farm usage. In addition, the Company has encouraged its customer farmers to use the biogas system extensively, which does not only mitigate the impact of farming towards the environment in terms of wastes and air pollution, but also helps the Company and farmers reduce the electricity cost in doing business.

2.1.3 Food Business

2016	millions THB	
Revenue from Thailand Operations	43,162	+2.6%
Revenue from International Operations	13,241	+62.6%
Total	56,403	+12.3%

The Company is committed to the health and wellbeing of consumers, and strives to "Fulfill a Good Life" for people of all ages. It thus gives importance to research and development of products and food innovation that responds to the changing lifestyles of consumers, bringing about products of quality and diversity, which are safe and nutritious. The



Company offers varieties for consumers to choose products that are fresh, processed and cooked under  brand, Kitchen Joy, 5-Star, BK and BKP for Thailand operations, and  brand, 5-Star, Taste Inc and Michelina's for International operations. CP's brands have diversity in style, taste, size and nutritional value. The Company also produces products under customer's brands.

Food security is one of the main challenges in the food industry, and key factors to support sustainable growth are quality and food safety, products for better health and environmental friendly, as well as the use of technology and biological technology creatively.

Safety, health and nutrition are the ingredients of attention to all food products that the Company offers to more than 3 billion consumers worldwide. **The Company strives to develop quality and safety in the whole production process, by utilizing technology and robotics together with international management standards**, such as, ISO 9001, Good Manufacturing Practices - GMP, Hazard Analysis and Critical Control Point - HACCP. **International standards that target the needs of specific customers group are also applied**, such as British Retail Consortium: BRC, Halal, and Best Aquaculture Practices Standards: BAP. These standards have been regularly certified and audited by external auditors and auditors. At the same time, **the Company's food products are traceable back to sources of raw materials**. The Company has continually give importance to improving the traceability of its food products. For example, the Company's Thai operations have adopted the Quick Response Code in 2014, and started the CPF Value Chain_Traceability project in 2015, which is a Whole Chain Online Traceability system that works within 2 minutes. This project is estimated to cover all product lines by 2017.

The Company has **regularly invented new products that are catered towards the better health of consumers of all different ages**. For example, in Thailand there has been the development of omega plus chicken eggs, for children who are focused on growth, and the group of products known as CP Balance and CP Smart Meal, both of which contain low cholesterol, low saturated fat, and have high nutrient and fiber, in order to satisfy the needs of health conscious working-age and elderly people. CPF also continually introduces new products with quality and variety. In 2016, Thailand operations have presented newly-innovated products, such as chicken-cheese double burgers, ham-cheese cocktail sausages, beef burgers, peeled boiled eggs, sun-dried chicken with sticky rice, smoked chicken wings, spicy chicken steaks, smoked sausages, pork and omelet burgers and salmon burgers.

The Company focuses not only on quality, safety and nutrition for health consumers, but also concerns about protecting environment through the production process and the effective use of natural resources during the development of the food products. CPF initiated the "Carbon Footprint Project" being the first project in Asia since 2008. Currently, chicken, shrimp, swine, dairy and feed products in Thailand have been registered Carbon Footprint Label with the Thailand Greenhouse Gas Management Organization (TGO). CPF also plans to expand this project to cover all products lines by 2018.

In 2011, CPF initiated the "CPF Product Sustainability Project" in Thailand, which applies Product Life Cycle Assessment under international standard of ISO 14040, ISO 14044, and the Eco-Efficiency Analysis, which is the evaluation of manufacturing cost efficiency together with environmental impact. More than 700 chicken products are certified under ProSustain[®] standard from DNV-GL, one of the world leading certification body, from 2013 until now. CPF chicken products are considered to be the world first sustainable chicken products. CPF also has plans to expand its Product Sustainability Project to cover eggs and ready-to-eat meal product lines.

In addition, the Company participated in the "Global Warming Reduction Label Project", whereby 3 chicken products received Global Warming Reduction Label. The products include day-old-chick, live chicken, and fresh chicken meat, as well as shrimp wonton. The production process of fresh chicken products of the Company could reduce greenhouse gas emission by 50% compared to the average of Thailand chicken industry. The production process of shrimp wonton, the first shrimp product in Thailand to receive Global Warming Reduction Label, could reduce greenhouse gas emission by 23%.

To provide consumers with more convenience to access its products, the Company has invested to expand its distribution channels, which can be categorized into 6 following types:



(A) **5-Star Business** - is the management of 5-Star sale points in franchise format, in order to create jobs and build careers to individuals who wants to operate their own business. There are 6 types of products under the 5-star business, namely, grilled chicken, fried chicken, hainanese chicken rice, shrimp wonton with noodles, ready meals and sausages. Further, the Company has expanded its 5-Star business to Vietnam, India, Laos and Cambodia.

(B) **Chester Restaurant** - is a quick service restaurant business. The restaurants are operated by the Company or by franchisees.

(C) **CP Kitchen** - is a fast serve restaurant business under a Fresh, Full and Fair food concept.

(D) **CP Fresh Mart Retail Store** - are retail stores that focus on products relating to cooking. CP Freshmart sells fresh food products, cooked and ready-to-eat products, and dry foods under standard of CP Brand, CP Fresh Mart brand, and other leading retail brand. CP Fresh Mart is an embodiment of food products that are fresh, clean, safe and high quality. In 2016, CP Fresh Mart launched new store called Compact Super, which focuses on building convenience in accessing foods that are good in quality and fair in prices for all communities. This has given Thai people access to foods that have diversity and are healthy.

(E) **CP Food World** - is a food court with a variety of food outlets owned by the Company and food outlets from outside. CP Food World has become a leading player in the food court business and a center of quality food outlets emphasizing on tasty of foods and professional services, attention to consumers' demands and accessibility to all age and gender groups of customers. In addition to the strong points of food quality, CP Food World is also a food court with standard of cleanliness of equipment, including sanitation of service-providing employees and with all aspects of quality under modern atmospheres to become one of the food court for young generations. Currently, CP Food World are located in university and hospitals. In addition, CP Food World has also expanded its businesses in full-scale catering service channels, divided into 2 channels, as follows:

- **Catering services** such as meal boxes and snack boxes as well as integrated catering services
- **Food services for patients:** CP Food World has the nutrition department under the supervision of professional chefs who shall supervise all menus of foods with good quality, safety, good tastes and all working processes in accordance with international standards such as JCI and HACCP to strive towards the goal of becoming professional service teams in hospitals.

(F) **Community Refrigerator** - is to promote consumers in the community to have access to foods that are fresh, clean, safe and high quality. It is also a business that builds careers to generate income for entrepreneurs. In 2016, the company launched the Pork Community Refrigerators Project in Thailand so that community will have access to fresh, clean, safe, and high quality pork products.

2.2 Industry Overview and Outlook

2016 Agricultural Economic Condition of Main products and outlook of 2017

Broiler Chicken

In 2016, the quantity of broiler chicken production around the world was 90.4 million tons, increased by 2.7% from those in 2015; whereas, USA was the largest producer, with the quantity of production of 18.4 million tons, followed by Brazil (13.6 million tons), China (12.7 million tons) and the European Union (10.8 million tons). The quantity of broiler chicken production in Thailand was 1.72 million tons, increased by 2% from those in 2015, divided into domestic consumption of 58% and export of 42%. In 2017, it is forecasted that the world broiler chicken production will increase by 3% to 93 million tons; whereas, Thailand broiler chicken production will increase by 4-5% to 1.8 million tons.

It is estimated that Thai chicken export of 2017 will face high competition from domestic and international. However, as Thailand's farm management and production standards are accepted globally, coupled with economics condition of competitor such as Brazil not being well, Thailand exporters have competitive edge, especially for targeted markets such as Japan which Thailand increased its export by 9%. On the other hand, export to European market slow down due to quota restriction, high competitiveness from Eastern Europe, and economics slowdown in the European itself limiting consumption growth in such region. It is forecasted that in 2017, Thailand broiler chicken export will reach 0.75 million tons or 5% growth from continuingly growing Japanese market. Moreover, South Korea market which resumed its import of chicken products from Thailand since the end of 2016 also has growth potential. Export to South Korea in 2017 is forecasted to reach 30,000 – 40,000 tons similar to that in the past.

With regards to the domestic market, domestic consumption growth is targeted to be 4-5% thanks to the growth in tourist industry, confidence in the recovery of the economy, and coming elections in 2017.

Swine

In 2016, the United States Department of Agriculture (USDA) stated that the quantity of swine production around the world was 108.2 million tons or decreased by 3% compared to those in 2015. It forecasted that in 2017 the swine production will reach 111 million tons or increase 2.5% due to the expansion of China swine production in the past 2 years. Moreover, economy of Brazil and Russia start to recover, resulting in an expansion of swine production capacity. However, majority of demand for pork resides in Asia, especially China and Japan being the biggest importers of pork which account for 43.5% of global imported pork.

For Thailand, the Swine Raisers Association of Thailand stated that in 2016, Thailand produced 17.0 million of fattening pigs or increased 3% compared to that of 2015. The production growth was driven by the continuously rising live pig price starting from 2015 to the mid of 2016, which encouraged the production expansion.

For 2017, it is forecasted that Thailand fattening pig production will reach 18 million pigs, or increase by 6%, while purchasing power remain stable. This is because even though the economy is on a recovering trend, the prices of agricultural produce will gradually and slowly improves, with domestic market account for 98% and the rest is export. Japan is still the main export destination which account for 80% of total export.

Shrimp

In 2016, the quantity of shrimp production in Thailand was approximately 300,000 tons, increased by 15% compared to that of 2015, which positively indicates the recovery of Thai shrimp industry after facing with EMS disease for a period of time. Currently, shrimp famers are able to cope with the EMS by changing their farming system to focus on 3 cleanliness principles, which are Clean Pond, Clean Water and Clean Shrimp Fry, alongside with using fast-growing and sturdy shrimp breed.

Meanwhile, the quantity of global shrimp production was 2.4 million tons, decreased by 1% compared to that of 2015 due to the decreasing production of major shrimp producing countries such as China (decrease by 8%) due to disease. Same applies to Central America's and South America's shrimp production that decreased by 3%. Meanwhile, shrimp



production in Vietnam and India slightly increased by 5% due to diseases from new species of microsporidia caused by *Enterocytozoon Hepatopenaei* (EHP) and EMS as well as lower prices of shrimps causing farmers unmotivated for shrimp culture. Nevertheless, Indonesia's shrimp production increased 22% thanks to favorable pricing and no problem of trade barriers, including the ability to manage white feces disease and white muscle disease to certain degree.

In 2017, Thai Shrimp Association predicted that the quantity of global shrimp production would not be significantly deviate from that of 2016, or slightly increase by 2% thanks to the EMS situation started to ease off. However, there could be other complications such as white feces disease and white spot disease. Thus, it is necessary to maintain proper and effective farm management. In Thailand, it was predicted that the quantity of shrimp production in 2017 tended to increase by 17% to approximately 350,000 tons, as shrimp farmers becoming more confidence in shrimp culture, especially with fast growing shrimp breed and shrimp price being favorable and more stable.

Sources :

Thai Broiler Processing Exporters Association

United States Department of Agriculture: USDA

Thai Shrimp Association

The Swine Raisers Association of Thailand

2.3 Environmental Impact

The environmental impact of the Company's production processes can be divided as follows:

(1) *Animal Feed Factories and Meat Processing Factories*

Animal feed production may cause the emission of dust and smell and may cause troubles to nearby residents; therefore, the Company has realized the issue and has installed the dust filters and odor eliminators to prevent the emission of dust and smell from the production processes and out of the production areas; whereas, all animal feed factories have used the ozone system to eliminate smells from vapour stack of animal feed drying machines, resulting in the effective removal of odor and reduction of use of electric energy since 2013; therefore, this problem has not been found in the Company's animal feed factories.

Regarding water used in the production in the meat processing factories, the Company has constructed the wastewater treatment system for conditioning of water prior to the release into public water sources, and has measured the quality of water prior to the release outside the factories.

For the Company's factories located in Thailand, including terrestrial animal factories and aquatic animal factories as per the Ministerial Regulations No.2 (B.E.2535) issued in accordance with the Factory Act B.E.2535, the Department of Industrial Works, Ministry of Industry, has required that such factories must control the release of wastes, pollutions or any objects which may cause the environmental impact such as waste, filth, wastewater, polluted air and noise pollution as per the criteria and methods for each type of factories throughout the period of such factory business operation; whereas, during the past 3 years, the Company's factories in Thailand have supervised and controlled the environmental impact in accordance with those prescribed by laws.

The Company has its strict quality control standards for all steps of production processes in factories, and has given utmost importance to the improvement of the production processes to be in accordance with the generally-accepted international quality control standards such as ISO, HACCP, GMP and ISO 14001 standards.

Moreover, the Company has applied CPF SHE&En Standard (safety, health, environment and energy standard), starting from the determination of policies, assessment of environmental impacts, provision of standard plan for reduction and control, provision of follow-up of the environmental operating results, and continuous improvement, and the Company has given the importance to the strict compliance with the environmental laws of all organizations.

Activities and projects for environmental quality development regularly implemented by the Company such as:

- (1) Improvement of the wastewater treatment system of the meat processing factories from open to closed type anaerobic ponds, and use of methane obtained from wastewater fermentation as furnace oil substitute fuel in order to reduce the problem of global warming and to improve the efficiency of sewage treatment in totally 8 factories, including terrestrial animal processing factories and aquatic animal processing factories.
- (2) Change of fuel for heating of boilers in animal feed factories and meat processing factories by using fuels with low pollution emission such as rice husk, corn cob, firewood, LPG, NGV, which are suitable to the existing sources of raw materials; provided that, in case, any factory has no such source of fuels with low pollution emission, equipment for reduction of pollution emitted from combustion of furnace oil such as the micro-emulsion system, which can effectively reduce the total suspended particulates (TSP).
- (3) Improvement of the wastewater treatment system and reuse of the treated water; whereas, factories shall determine the goal of reduction of water use and the reuse of the treated water; as a result, the quantity of pollution emitted from factories has been reduced.
- (4) Promotion of use of sludge from the wastewater treatment system of which properties have been examined, as compost, in order to reduce the quantity of wastes and impacts and to make use of wastes.

(2) *Animal Husbandry Farms*

The animal husbandry may cause odor from animal droppings; therefore, the majority of the Company's animal husbandry farms are located in the provinces outside the community areas and far from dense areas of animal husbandry with the evaporative cooling system; moreover, rice husk has been laid as subbase of animal husbandry buildings, which shall not only benefit the growth of animals but also help eliminate odor and shall be convenient for clearance and use as fertilizer in agricultural soil conditioning; moreover, the Company has grown golden teak in empty spaces between farm houses and buildings. The Company has committed to developing the alternative energy by using swine feces for production of biogas as electricity generating fuel and for prevention of problems relating to smells and environmental pollution and for reduction of import of fuel of the country. Moreover, the Company has realized the benefits of this biogas production system and has therefore promoted farmers in the projects and farms of its business partners for widespread use of this system; and since 2013, the Company has improved swine farms of the Company as "green farms" accredited under ISO14001. For aquaculture, the Company has used the closed-system technology of recycling for saving of water resources and preventing the water contamination.

In addition to the measures and activities as above-mentioned, the Company has also provided environmental personnel to be stationed at all units as prescribed by law and has regularly improved the environmental quality better than those prescribed by law by applying the CPF SHE&En Standard (safety, health, environment and energy standard); moreover, the Company has also prescribed the standard in monitoring the amendments of laws, local regulations and other regulations to ensure that all activities, services and products of the Company shall be regularly in accordance with the regulations as prescribed by law and the environmental impacts shall be reduced as much as possible; and during the past 3 years, the Company had no disputes or litigation involving the environmental issues; whereas, the CPF SHE&En Standard has prescribed the significant mechanism of management, as follows:

- (1) SHE&En Committee shall be established and stationed at all factories or workplaces of the Company;
- (2) All workplaces of the Company shall have SHE&En personnel though some units of the Company are not required by law to have environmental personnel;
- (3) The environmental impact assessment shall be provided before the commencement of significant activities or implementation of a new project or upon any changes; and the top management shall be reported prior to such changes;
- (4) All workplaces of the Company shall provide short-term and long-term plans for prevention and reduction of environmental impacts;
- (5) The amendments of laws and actions in accordance with the law shall be monitored on a monthly basis and shall be reviewed by the management on a yearly basis;



- (6) SHE&En Committee's meetings shall be organized on a monthly basis to follow up the problems occurred and the solutions thereof, and shall be reviewed by the management on a yearly basis;

Under the CPF SHE&En Standard, all workplaces shall be obliged to comply with all 6 significant issues as above-mentioned of the performance standard; as a result, the Company is confident that its environmental management has been in compliance with the legal requirements at all times and without any disputes or litigation involving the environmental issues, and has been audited and accredited by third-party organizations on a yearly basis. Moreover, the Company has developed the auditors of CPF SHE&En Standard from those who have knowledge and expertise; provided that, in 2014, the Company has already complied with the CPF SHE&En Standard, covering all units in the business of animal feed, animal husbandry farms and food of Thailand; and in 2015-2016, the Company planned to extend its operations to the sectors of trading, logistics and office.

Since the Company has provided the CPF SHE&En Standard (safety, health, environment and energy standard) covering and in conformity with ISO14001; and all units under the Company's management shall apply the Standard to their management together with the business operation and internal audit for accreditation by the central unit of CPF (2nd party audit) or for accreditation by the third party unit (3rd party audit), thus, in conformity and in accordance with the Announcement of Charon Pokphand Foods Public Company Limited No.Jor.Phor.Or.029/2558 Subject: Vision, Mission and Policy on Safety, Health, Environment and Energy; provided that there are significant propelling mechanisms, i.e.:

- (1) SHE&En Committee shall be established and stationed at all factories or workplaces of the Company at levels of business lines and corporate levels to ensure that such standard system has been successfully implemented, and meetings shall be organized and indicators shall be followed up and reported continuously;
- (2) SHE&En personnel shall be provided to supervise and propel the continuous implementation of the standard system and in accordance with the laws in all respects;
- (3) The amendments of laws and key activities shall be monitored at all times to be in accordance with the law and shall be reviewed on a yearly basis;
- (4) All workplaces of the Company shall provide short-term and long-term plans for prevention and reduction of environmental impacts;

SHE&En policy has been specified with the business operation with environmental and social responsibilities on worthy use of natural resources for highest efficiency; whereas, the Company has launched campaigns so that its employees shall have realized the values and significance of effective and worthy use of resources such as campaign of saving of electricity and water in offices, etc.

During January-July 2016, the Company has launched 14 projects for saving or effective use of energy, with the investment value of approximately Baht 39 million and has reduced the electricity use by 3,800,000 units/year and has also reduced the emission of greenhouse gas by 2,114 tons/year; and has also launched 4 projects for water reuse and recycle, with the investment value of approximately Baht 5 million and has reduced the water use by 823,000 cubic meters/year; moreover, the Company has improved and developed the production technologies for higher efficiency which shall also affect the efficiency of use of resources.

Moreover, the Company has organized employee training courses relating to the environment and use of resources as prescribed by laws and in conformity with the Company's policies, totally 9 courses; and in 2016, the Company has organized totally 104 groups of training courses to more than 3,300 employees, and has also organized Five-Minutes meetings and on-the-job training on the issues of environment and energy in order to provide knowledge and communication to employees within each unit from time to time.



3. Risk Factors

The world economy has slowed down in the previous year due to fluctuations from unexpected events such as Brexit and effectiveness of limited financial policies; as a result, the economy in some countries, particularly the United States of America and Japan, has been growing slower than those expected; moreover, there have been concerns about China's economy which has shrunk continuously; meanwhile, the economy of EU countries tended to grow similarly to those in the previous year. However, Thailand still encountered problems of warning by the European Union due to operations not in accordance with the EU Regulations on Illegal, Unreported and Unregulated Fishing, which ruined the image and reputations of Thailand as a major exporting country. When taking account of the domestic economy, Thailand's economy has expanded better in the previous year due to spending in the private sector and economic stimulus measures of the public sector, which encouraged the increase of public spending.

The above-mentioned factors may affect the achievement of objectives and goals of the Company; therefore, the Company has closely and continuously monitored situations and risk factors and also evaluated the potential impacts on the Company both in the short term and in the long term in order to determine guidelines for risk management. The Company has given the importance to the risk management throughout the organization and has therefore promulgated and communicated its risk management policy to all of its executives and employees by aiming at creating the awareness, giving the importance, and applying guidelines for risk management to its operation of work. The Company has also established The Risk Management Sub-committee which shall be responsible for consideration of the risk factors of the Company, and has prescribed guidelines for risk management and has assigned all related units as risk owners to supervise and manage risks under their responsibilities at the level acceptable to the Company.

Regarding the risk management at the business line level, the executives and employees of each business line shall be obliged to identify risks and to evaluate and determined the measures of management and to report the results thereof to the risk management unit and the Risk Management Sub-committee, respectively.

Provided that, at present, the pattern of data collection for risk management of the Company has been adjusted in accordance with the business operation more increasingly, and the risk assessment time has been reduced at the organizational level and at the business line level. Moreover, at each time of risk assessment, the relationship of risk factors shall be considered so that the Company shall know causes of each matter of risks and shall be able to determine the mitigation plan for risk management in accordance with the causes thereof; whereby, main risk factors which have been improperly managed shall affect the achievement of vision, mission, objectives and goals of the Company, can be summarized, as follows:

3.1 Strategic Risks

3.1.1 Changes in Consumer Behavior

The trend of purchase of products of consumers, emphasizing the sustainable production processes, care and friendliness to the environment, has appeared more increasingly until they have become new key factors for consumers to make decision for purchase of products and services, in addition to the general characteristics of products such as tastes, nutritional value, packaging sizes, convenience for consumption, as well as sustainable procurement processes and lawful acquisition of products and services, which are regarded as basic characteristics of goods; therefore, the issue of whether the Company's products shall be purchased by customers does not only depend on the general characteristics of goods but also depend on new key factors on which consumers have paid their attentions and the Company is able to precisely meet the consumers' demands.

In addition to the trends interested by consumers, other trends of "Save the World, Save the Environment" might be used for decision-making by consumers for their purchase of products in the future, which may not be known, for the time being, by the Company, or may be known by the Company but the Company is unable to promptly meet the consumers' demands and may affect the operating results of the Company.

Risk Management

The Company has been committed to creating sustainable products for consumers worldwide, by giving the first priority to the research and development of quality and safe products and taking account of the resource efficiency as from the selection of raw materials of animal feeds, production of animal feeds, animal farming, food processing, transport to distribution channels and delivery of products to consumers so that the Company's products shall be sustainable throughout the product life cycle, which shall enable the Company to create sustainable products to the society, economy and the environment; therefore, the Company has not only invented and developed its products for sale but has also considered the impacts of use of products and has thoroughly considered its management of products.

To make the sustainable products, the Company has conducted the eco-efficiency analysis throughout the product life cycle, together with the analysis of cost efficiency and environmental impacts; whereas, such operational guidelines have been accredited by world-class organizations; and at present, the Company has been accredited with standards relating to sustainable production of products such as "ProSustain" Certificate for its "Cooked Chicken" and "Fresh Chicken", by DNV-GL which is an international certification body; moreover, the Company has been issued with "Carbon Footprint Reduction Label" or "Global Warming Reduction Label" for fresh chicken products and shrimp wonton products, registration of carbon footprint labels of more than 100 items of the Company's products, etc.; provided that regarding its business, the Company shall take account of 4 dimensions of the value, including the quality and safety of food, environment, society and economy, for its goal of being the leader of sustainable production under the green economy.

3.1.2 Climate Change

At present, the climate change has caused the increasing temperatures of the world and resulted in the seasonal changes in some areas such as longer summer, shorter winter; and it is predicted that the world temperatures shall increase continuously which shall affect the sources of fresh water due to the decrease of rainfalls and snowfalls and may also cause natural disasters such as storms, flood, drought, etc.

According to the climate change, it shall affect the Company's business operations in terms of fluctuation of quantity, quality and prices of raw materials of animal feeds, and shall also affect the efficiency of animal farming, including animal catching plans. These factors shall affect the human food production businesses in terms of quantity, quality and prices.

Risk Management

The change of world temperatures is an external factor which is out of the Company's control; but the Company has its internal management for mitigation of such variability together with the business management to maintain the competitiveness despite the changing environment.

The Company has set its goal of greenhouse gas emission both at the corporate level and at the business line level, and has also provided the related indicators in terms of reduction of energy use and greenhouse gas emission. Moreover, the Company has continuously created innovation for improvement of efficiency on energy use and reduction of greenhouse gas emission by launching the carbon dioxide emission reduction projects such as energy management programs, improvement of efficiency of motors for production, replacement of light bulbs within its workplaces, improvement of efficiency of the cooling system and boilers in the production process, etc., and the Company has also developed its products for mitigation of the change of world temperatures such as participation in the "Global Warming Reduction Label Project", development of CP packages by reducing the use of materials and adjusting the types of materials and redesigning to reduce the quantity of greenhouse gas emission, and the Company has also developed the packages of chilled fresh chicken by using renewable materials which can be naturally produced and degraded under proper conditions but still convenient for use and safe for consumption, etc.

Regarding the security of business operations under the changing weather condition, the Company has determined its management strategies for immediate adjustment to the changes; moreover, the Company has provided a particular team of experts on the purchasing of raw materials of animal feeds to monitor the balance of demand and supply of raw materials, to survey sources of main raw materials of the Company and to use the satellite data for support of analysis of trends and



prediction of surrounding factors which may affect the supply of raw materials such as seasonal change, harvesting time, quantity, prices and quality, as well as harvesting span; and the team of experts shall use this data in its planning of purchasing together with the Sales Department and the Production Department stationed in countries where the Company has its production bases; moreover, the Company has conducted researches and development of formula of alternative animal feeds by taking account of issues of risks of each type of raw materials which may be affected by the climate change. Regarding the animal farming, the Company has developed animal breeds and the process of animal husbandry in the evaporative cooling system in order to mitigate such impacts.

3.1.3 Quantity and Adequacy of Water

The problem of water scarcity has become the world crisis because water has been used for consumption, agriculture and industry, but the quantity of water which can be used for such purposes has decreased due to various causes such as the increasing population, expansion of the agricultural and livestock sectors, expansion of industry, lack of systematic water management, excavation and excessive use of groundwater, deforestation, climate change, etc., of which level of severity shall depend on the changing environment of each area; therefore, the problem occurred may unavoidably affect the quality, quantity and adequacy of water which may differ in each area.

Risk Management

The Company has given the importance to, and has prescribed, the water management as one of its environmental strategies because water is an important input used in the business operations of the Company; and risks on quantity and adequacy of water have been prescribed as the criteria for selection of site of each workplace. Moreover, the Company has set its goals to reduce the use of water with indicators of reduction of water use per production unit and has collected the data of water use in all working processes in which the large quantity of water has been used, and has conducted its researches and development and has applied the technologies to the development of the working processes for reduction of use of water, and has reused the treated water in the non-production processes in order to reduce the quantity of water used in the workplaces.

Despite having its water management, the Company still has to use water in its production which may cause competition over water resources within communities; therefore, the Company has provided projects together with government agencies and communities where the Company's workplaces are located in order to provide plans and management of water within communities, and to receive opinions or concerns of communities relating to problems of water so that the Company shall be able to provide plans to reduce risks of water which may affect communities. Therefore, the Company has used the risk assessment tools called "global water tool" and "local water tool" to assess the situations of water.

The water management as above-mentioned has been provided so that the Company shall be able to use water properly and to peacefully coexist with communities; however, regarding the water management, the release of wastewater from workplaces shall also be taken into consideration. At present, government agencies have prescribed the standard of water that shall be treated by workplaces before being released to communities such as the physical properties of water, chemical properties of water, etc.; whereas, the Company has strictly complied with such legal requirements by installing the high-performance wastewater treatment system and has followed up and measured the quality of drain water before being released to be in accordance with the standard as prescribed by law, and has also developed the wastewater treatment system to create economic value such as use of wastewater in the biogas conversion process, conversion of wastewater to methane to substitute the use of furnace oil, etc.

3.1.4 Human Rights in the Supply Chain

The issue of human rights has become more globally significant and interesting, covering the liberty and basic protection that all people should be given in the capacity of humans; whereas, the Company's business may affect the human rights both positively and negatively. Regarding the positive issues, the Company is able to produce new products and services for upgrading and development of quality of life of people in the society such as the continuous release of new products of the Company or expansion of distribution channels of products so that people in the society or in remote



communities shall be able to access quality products of the Company; however, the Company's operation may cause negative issues of human rights due to misunderstanding or expectation of the society, which may ruin the image and reputations of its organization.

Risk Management

The Company has respected the human rights of people involved in the Company's operation throughout the supply chain, evidenced by the promulgation of the human rights policy, covering employees and workers at all levels of the Company, including suppliers, labor and service contractors relating to the Company. Moreover, the Company has prescribed the recommended practices for promotion of respect of human rights throughout the organization and for enhancement of confidence that all employees and all groups of stakeholders shall receive equal and fair treatment, protection and respect of basic rights.

The Company has also assessed the risks on human rights of the organization to identify issues of risks and to assess the potential impacts on human rights and has also determined the mitigation plan or measures for proper management of risks in order to ensure that the Company has duly operated its businesses on the basis of business operation with respect for human rights.

In addition to the promulgated policies and operational guidelines as well as the assessment of risks, the Company has also provided communication channels to promote the knowledge, understanding and practices for respect of human rights and to open opportunities for employees and stakeholders to express their opinions and to reflect problems and to report the clues or complaints in case of awareness of events or actions in connection with the violation of human rights.

3.1.5 Investment and Operation

The Company's operating results have reflected its profitability which is regarded as its goal of business operations; and since the Company has operated domestic and overseas businesses, therefore, the Company's operating results have depended on the operating results of businesses invested by the Company in each country, which may be fluctuated due to surrounding factors such as external factors including political stability and the public policies of each country and economic groups participated by each country, trading policies, laws and taxes, economic condition, employment, languages and local cultures, currency exchange rates, interest rates, natural disasters, terrorism, etc., or internal factors including abilities of personnel selected by the Company for business management, adequacy of in-depth data in terms of marketing, competition and consumers, etc. In 2016, the Company had its incomes from international operations equal to 62% of the total incomes from sale (Please see additional details of foreign investments of the Company in Clause 1: General Information of Notes to Financial Statements for the year ended December 31, 2016).

Risk Management

The Company has its vision of business operations to become "Kitchen of the World", and has specified short-term, medium-term and long-term strategies to be used as guidelines for its investment. At present, the Company has its goals of business, emphasizing sustainable growth through various patterns of domestic and overseas investment such as direct investment, merger, import and export, etc.; provided that the selection of countries to be invested in and patterns of investment shall depend on surrounding factors. The Company has its team of experts to jointly study the data at national and industrial levels and to consider opportunities, obstacles, competitiveness in different aspects, before making its decision to select patterns of investment; moreover, the Company shall do the feasibility study proposed for consideration and approval. The Company also has its policies and procedure relating to the investment and has clearly set the approval authority so that the decision making for investment in any projects shall be approved by people who have genuine knowledge and understanding in such businesses.

When the Company has made its decision to invest, the Company shall set the performance evaluation in term of project and management/employees, as per indicators divided into 5 aspects under the principle of "balanced scorecard", including finance, customers, performance efficiency, personnel and sustainable growth; whereas, each job title shall have different key performance indicators, but in the overview, it shall be in accordance with business strategies of the organization.



Though the Company has taken account of its investment and has continuously prescribed performance indicators for measuring of operating results, the rapid change of the environment in its business operation may result in non-conformity between the prescribed strategies and guidelines of its business and the changing environment; therefore, the Company has reviewed its strategies and goals of business, as well as the key performance indicators at least in every 6 months so that the Company shall be informed of changes and shall be able to determine proper action plans according to the situations.

3.2 Operational Risks

3.2.1 Product Quality and Safety

The unsafe condition of food may occur throughout the supply chains as from the raw materials which may be contaminated with pathogens, persistent chemicals, antibiotics and toxins which affect health of people; and contamination may occur during the processes of animal farming and the quality and safety of animals may be lower than the standard; and contamination may occur in the production process potentially caused by the environment in the production and human errors.

After the production of products, the quality and safety of products may be impaired due to improper control of temperatures at warehouse or transportation through distribution channels. Moreover, when consumers have purchased the products, the knowledge and understanding on the storage and use of products shall also be a significant issue which may affect the products quality; therefore, in case, any errors have occurred in any process of management of the supply chains, it shall affect the quality and safety of products; as a result, consumers may not receive quality and safe products in accordance with the standard of the Company.

Risk Management

As the leader in the agro-industrial and integrated food businesses, the Company has given the importance to the upgrade of quality and safety of products throughout the supply chain for good health and safety of consumers; therefore, the Company has been committed to the development of quality and safety of foods throughout the production process, starting from the selection of raw materials, research and development, production of animal feeds, animal farming, production of foods, packaging, transport, as well as the giving of knowledge to consumers relating to the storage and use of products through integrated operation as from the assessment of risks in each process, determination of policies and procedures relating to operation in each process, the compliance with national and international standards as well as standards of business partners through integration of standards, examination and analysis of raw materials and products in laboratories both within and outside the Company as per the defined period, including the verification by the internal department of the Company.

In addition to its internal operations, the Company has also coordinated with its business partners to provide data relating to the management of products so that its business partners shall be informed of factors which may affect the quality of products and result in the improvement of tools or the working processes of its business partners for maintenance of quality and safety of products; moreover, the Company has given the knowledge to consumers relating to the products, storage methods as well as use of products through various patterns of communication such as advertising, notification of data on packages or communication at the points of sales.

Not only its continuous operations as above-mentioned, but the Company has also given the importance to opinions of customers and consumers on recommendation of guidelines, inquiries of product information or complaints through the Company's complaint channels, for examples, at the CPF Consumer Center, on the Company's website or through social media of the Company, etc. The Company has verified the data received and has solved the problems and has also communicated with the informants regarding the causes of problems and corrective action plan ; as a result, the Company as well as its consumers or customers were able to solve the problems and to use the detected events as guidelines for management and prevention of reoccurring of events in the future; and in case, such events have impacts in a wider scale, the Company also has the "Product Recall Plan" to prevent any potential problems resulting from consumption.

3.2.2 Disease Outbreak and Zoonosis

It is generally known that animal epidemics shall unavoidably affect the efficiency of animal farming, and some animal epidemics may be transmitted to humans; meanwhile, some animal epidemics may not be transmitted to humans; as a result, each type of epidemics has affected businesses at different degrees such as Early Mortality Syndrome (EMS) which had significant impacts on the Company's operating results and resulted in tremendous decrease of shrimp production worldwide, or Bird Flu transmitted to chicken has caused the concerns of safety among consumers; therefore, consumers have slowed down the consumption of chicken, etc.

Risk Management

The production of quality and safety live animals shall be regarded as achievements in the measuring of efficiency in the animal farming processes; therefore, the Company has emphasized and given the importance to the raw materials brought into the animal farming processes and the continuous management of animal house. For raw materials brought into the animal farming processes, the Company has used the animal feeds produced by the Company; whereas, proper raw materials have been selected in accordance with the animal feed nutritional principles and have been produced by using technologies accredited under the international standards. For animal breeds, the Company has its team of experts for continuous study, researches and development, as well as experiments in different aspects so that animals shall be resistant to diseases and be able to survive in the changing environment.

For the management of animal house which is also a key factor to the animal farming, the Company has experimented and developed various patterns of animal farming to find proper guidelines for the growth of animals that are resistant to diseases and adaptable to the natural change; moreover, the Company has applied standard systems of farms such as broiler farms and meat-type duck farms, which have been accredited under GAP Standard, Genesis Standard, ISO9001:2008, HACCP, etc., and has also applied the principle of animal welfare by continuously implanting the awareness of its personnel relating to the promotion of animal welfare as per the international norms or "Five-Freedoms" to its farm management so that animals shall be living happily and safely; as a result, animals shall have physical strength, quality and safety.

As mentioned earlier, it has been internal management of the Company; however, epidemics can still occur due to migration of carrier animals or emerging diseases or development of new strains of germs which may be affected by the Company; therefore, the Company has provided teams of personnel for surveillance, monitoring, analysis of data and continuous communication of data relating to existing and emerging diseases to all related parties both domestic and overseas, and has recommended the operational guidelines so that operators shall be able to operate their work rapidly and in due time; moreover, the Company has provided the business continuity management plan in case of severe spreading of diseases or panic among consumers.

3.2.3 Efficiency of Supply Chain Management

The Company's business operation in terms of the supply chains is resulted from joint operation of external business partners and operation within the Company; whereas, operation by external business partners is mostly involved with the delivery of quality raw materials in reasonable prices through sustainable sourcing thereof; however, since the Company has a lot of business partners, and each of them has different sources of acquisition of quality raw materials; therefore, regarding the management of business partners, the Company shall create the suppliers awareness about the sustainable sourcing in order to reduce impacts on stakeholders, including economic, social and environmental aspects; therefore, they are significant roles and duties that the Company needs to implement in accordance with expectations of all parties.

Regarding the internal operation of the Company starting from animal feed production, animal farming, production of human foods, transport and distribution through proper channels, operational errors may occur and affect the conformity of activities in the supply chains; therefore, the goals of sustainable business operation throughout the supply chains may not be achieved.

Risk Management

The Company's supply chains shall start from sourcing of raw materials; whereby, the Company has promulgated its sustainable sourcing policy and guideline, and has analyzed the spending and risks to identify the critical suppliers as the first group of suppliers that the Company shall jointly provide guidelines for promotion of sustainability; whereby, the Company has passed on its policies and practices to its business partners under the concept of "Partnership for Mutual Growth"; and at present, the Company has caused its business partners improve the working processes in accordance with the Company's policies, and has also developed its business partners by the Procurement Unit of the Company, then, in the next steps of operation, the Company shall audit its business partners and jointly develop them for simultaneous growth with the Company.

The Company has also assessed the risks of raw materials and has prioritized the importance of each type of raw materials, then, the Company has set guidelines for management such as development of policies for promotion of sustainability in the supply chains of fish meal for improvement in the fishery industry; whereby, the company had stricter conditions of purchase in order to promote sustainable fishery and to prevent the destruction of marine natural resources; moreover, the Company also had its targets to reduce the use of fish meal in the formula of aquatic animal feeds and to develop guidelines for traceability in order to know the sources of fish meal, and to set the criteria and standard of audit, and has also supported its business partners to use raw materials from legal fishery, etc. The operation of raw materials of fish meal was for joint eradication of illegal, unreported, unregulated fishing (IUU fishing). Regarding the management of field corn for animal feeds, the Company has implemented The Self-sufficient farmers, Sustainable Corns' Project for sustainable growing of field corn in order to promote the development of the field corn production system with responsibility and sustainability, and the Company has initiated the development of the audit system of sources of field corn; as a result, the Company was able to identify agriculturists and areas for cultivation; and the Company has educated agriculturist to promote the production efficiency. This helps them get higher incomes, as well as reducing the health problems resulting from the use of chemicals for agriculture and decrease of the environmental impacts.

Regarding the internal control, the Company has restructured the organization in accordance with the business within the supply chains and has applied technologies to business, continuous personnel training in order to develop specialists which shall be beneficial to the performance efficiency.

3.2.4 Volatility of Commodity Prices

- Volatility of prices of raw materials used in the production of animal feeds

The world population has still increased continuously; therefore, it is necessary to produce more foods for humans; whereas, the increasing quantity of production of human foods shall start with the increasing production of animal feeds, which required the increasing quantity of raw materials of animal feeds; however, due to problems of climate change and adequacy of water which can be used for agriculture decreasingly; as a result, the quantity and quality of raw materials of animal feeds produced may not meet the demand in each period of time; moreover, there was quota for import of some types of raw materials used in the production of animal feeds in order to protect the prices of domestic agricultural crops. These factors have affected the cost of production of animal feeds of the Company.

Table of Average Prices of Raw Materials Used in Domestic Production of Animal Feeds for 2015-2016:

Unit: (Baht/Kilogram)

Types of Raw Materials	Average Price	
	2015	2016
Corn	9.6	8.6
Soybean meal	18.1	17.4
Fish meal	36.7	32.3

Risk Management

The management of cost throughout the supply chains shall be regarded as highly essential for business competition, particularly when the Company has been able to purchase raw materials of animal feeds; therefore, the



Company has developed a team of specialists for sourcing of raw materials of animal feeds, with the main duties of sourcing of raw materials from around the world, and analysis of risk factors, which may affect the prices, quantity, quality and harvesting periods, such as temperature change, quantity and adequacy of water for use in each agricultural area, occurrence of natural disasters; whereas, the primary data has been collected from actual areas of cultivation within Thailand and in foreign countries; and the secondary data has been collected from reliable sources of data by means of collection of the historical data for development of statistical models of each type of raw materials of animal feeds before making the purchasing plan; whereas, in most cases, the Company shall purchase raw materials from its reliable and traceable suppliers with guidelines for sustainable sourcing of raw materials and guidelines for business in accordance with the Company's standards; whereby, the Company aimed at developing its suppliers together with its sustainable growth by giving the body of knowledge relating to the production in order to increase of productivity of agricultural products of agriculturists.

Though the Company has continuously determined its guidelines for development of suppliers, it may not completely reduce impacts from factors of environmental change; therefore, the Company aimed at developing formula for production of animal feeds by using various types of raw materials of animal feeds but the produced products still had quality and standard equivalent to the original standard of products or higher standard and also aimed at reducing potential impacts from prices, quality and period of availability of raw materials of animal feeds in the markets.

- Volatility of Prices of Live Animals and Processed Meat

The quantity of animals produced in each period of time has affected the sale prices of live animals; and in the past, factors of occurrence of epidemics and natural change were main factors which affected the quantity of animals. Regarding issues of epidemics, the existing epidemics which companies in the industry attempted to seek guidelines for management such as Early Mortality Syndrome (EMS), etc. Regarding issues of natural changes which were external factors, each company shall be prepared to handle with such changes because the degree of acceleration of natural change in the future may not be expected; therefore, in case, the Company is able to predict and handle with such changes, it shall create opportunities of making incomes; however, in case, the Company failed to adjust itself or was not well-prepared, the Company would lose opportunities of making profits.

Risk Management

Sale prices of live animals have been fluctuated according to the demand and supply of the market; and in case, live animals are kept for a long time, it will affect the efficiency of farming; therefore, the Company attempted to expand its domestic and overseas businesses to the production and distribution of ready-to-eat foods in order to reduce impacts from fluctuation of sale prices of commodities; and the Company also attempted to conduct study and research of value-added products but still maintain its bases of incomes from sale of live animals, meats and eggs to create balance of proportion of sale in different distribution channels.

Regarding the creation of balance of proportion of sale of commodities and value-added products, the Company has provided a team of experts of each type of animals to monitor and analyze the industry and to predict the trends of factors which may have influence on prices and quantity of products to be released to the market for adjustment of the production plan and relocation of products to the required areas, adjustment of animal catching plan, including taking of animals into the processing plants for production of value-added products so that the shelf life of products for sale shall be extended.

3.2.5 Personnel Development and Management

The Company aimed at expanding its businesses continuously and sustainably; therefore, only the use of new technologies in the processes may not be enough; professional and expert personnel at the managerial and operational levels who have knowledge and abilities in accordance with each type of work shall be provided in order to achieve the organizational goals.

Therefore, the human resource management of the Company, including recruitment and selection of personnel with knowledge and abilities, continuous development for improvement of work-related skills and keeping up with changes,



management of proper remunerations to attract and retain personnel to work with the Company with motivations, organizational loyalty, including happy retirement, have been regarded key risks.

Risk Management

“Personnel” is the foundation and key to creation of competitive advantages and sustainable growth; therefore, the Company has set the goals of its personnel development and management, divided into 3 parts, i.e., aiming to become “An Employer of Choice”, being “Leadership and Professional Corporation” and developing the Company as a “Home of Happiness”; therefore, the Company has continuously applied the proactive strategies of recruitment and selection and has its recruitment center as the coordination and planning of personnel recruitment through various channels and has also communicated and built up relationship with labor networks, the public sector, the private sector, universities around the country, and has also developed its new recruitment channels such as social networking, etc., and has developed the database of job applicants. Regarding the selection process, the Company shall organize paper tests of knowledge and skills, including interviews with the Committee to ensure that the Company shall obtain talented and good personnel with the qualifications in accordance with its organization culture.

To be “Leadership and Professional Corporation”, the Company has defined competency of each level with the Company’s standard so that each employee and supervisors shall jointly analyze the potentials and provide “Individual Development Plan”. The Company has integrated training program in terms of classroom training, coaching by supervisors and on-the-job training so that each employee shall have enough skills, knowledge and abilities for work. Regarding the remunerations, the Company has evaluated the annual performances in all job titles, has communicated with employees, and has promoted talent to have the opportunities of growth and responsibilities for more challenging works.

Regarding the enhancement of the Company to be “Home of Happiness”, the Company has given the importance to the respect for human rights and promotion of expression of creative ideas of employees, including promotion of happy working atmospheres, acceptance of differences and creation of workplace safety because the Company is confident that employees who are happy and bonded with the Company shall tell good stories of the Company and shall be good representatives of the Company.

3.2.6 Corruption and Bribery to Government Officials, Regulatory Bodies, State Enterprises, Organizations with State Powers or the Third Parties

Corruption by means of use or referring to the existing powers and duties for personal or partisan benefits, including any demand for bribes of government officials or organizations has been a prolonged problem until it has become traditions in the Thai society; and the problem has become more severe. Corruption can occur in various patterns with extensive or specific impacts such as policy corruption, demand for bribes, facilitation payment, donation, subsidies, presents, gifts, including improper demand for others’ payment of entertainment expenses, etc. These corruption behaviors shall unavoidably affect potential expenses of the business.

Risk Management

The Company is confident that its business operation has been fair, honest, transparent and accountable to all stakeholders in an equal manner and shall be a main support for sustainable business growth; therefore, the Company has signed the Declaration of Intention of the Private Sector Collection Action Coalition against Corruption so that all stakeholders shall be informed of its commitments to all patterns of anti-corruption, including cooperation with the third parties, the public sector, the media, the civil society sector and organizations in establishing standard of transparent business operation.

Moreover, the Company has continuously communicated about its commitments to suppliers, business organizations or units in connection with its businesses. For internal operation, the Company has promulgated its anti-corruption policy to be used as framework; and the Company’s intentions have been clearly specified that all patterns of direct and indirect corruption shall not be conducted or accepted; and the Company has also communicated about anti-corruption practices of all directors, executives and employees so that they shall be informed of their roles, duties, responsibilities and punishments in case of breach thereof, and has provided internal channels for reporting of clues, complaints or recommendations.



The Company has continuously promulgated and communicated its policies and practices, and has particularly assessed the risks of corruption of organizations so that the related parties shall identify, assess and determine measures of risk management to ensure that the Company has its concise, proper and adequate measures of risk management in accordance with the Company's intentions.

3.3 Financial Risks/Financial Reporting

3.3.1 Foreign Exchange Volatility

Foreign exchange volatility is a factor affecting the costs and revenues of the Company; whereas, the foreign exchange rates of each currency may have volatility according to different factors, resulting from the financial and fiscal policies of each country or country groups in which such country is a member, and the economic condition of each country, etc.

The Company had its transactions relating to foreign exchange rates both on income and expense sides; whereby, the Company's revenue of foreign currencies shall be emphasized on export of products, including the receipt of returns of investment in foreign countries or receipt of loan repayment; meanwhile, the majority of its expenditure was generated from the purchase of raw materials for production, import of materials, machines and some equipment; and the expenditure for foreign investment shall be incurred only in certain periods of time, depending on the timing of investment. In 2016, CPF and its subsidiaries in Thailand had the value of its export of products amounted to Baht 28,727 million or equal to 6% of the total income from sale, and had the value of its import of raw materials amounted to Baht 28,247 million or equal to 7% of the total costs of sale.

For provision of the consolidated financial statements to be proposed to the regulatory body, of which currencies shall be converted to Thai Baht, the volatility of Thai Baht to major foreign currencies shall definitely affect the Company's operating results and financial position.

Risk Management

The Company had its revenues and expenditure in several major foreign currencies and therefore needed to provide proper plan of currency management; whereby, the Company has set the policy on risk management of foreign exchange rates without emphasizing the profit making, as frameworks of each of the related businesses which shall have its planning of revenues and expenditure and shall notify its work plan to the central treasury which shall be obliged to collect revenues and expenditure in foreign currencies and to create natural hedge between revenues and expenditure, which is the method continuously used by the Company; however, the creation of such natural hedge could not be made because the quantity of currencies may not be in conformity in each period of time; therefore, the central treasury may need to coordinate with each business in order to adjust the plan or currencies of revenues and expenditure and may also use other financial instruments such as forward contracts, etc., to ensure that all operations shall still be subject to the Company's policies and procedures and mitigate impacts from foreign currency to the level acceptable.

For provision of the Company's consolidated financial statements to be proposed to the regulatory body, the Company shall consider the same as its duties and responsibilities which may not be denied; therefore, the Company needed to comply with the rules and regulations as promulgated by the regulatory body; whereas, the results of the provision thereof may affect the Company's operating results and financial position.

3.3.2 Interest Rate Volatility

The Company had its sources of capital from liabilities and shareholders' equity. As of December 31, 2016, the Company had its debt-to-equity ratio of 2.01 times. Some of the total liabilities were loans from financial institutions or issuing of financial instruments for funding of capital to be used in its business operations; as a result, the Company had its expenses in terms of interest expense; therefore, the processes of decision-making to select the period of time for funding, as well as the selection of patterns of interest payment shall become the significant processes that the borrowers needed to analyze the current and future factors and to predict the trends of interest rates in the money market and in the capital market to be in



accordance with the reality as much as possible so that the Company shall be able to make its decisions to select the proper period of time of borrowing or issuing of financial instrument, including the selection of proper patterns of interest payment.

Risk Management

The Company has the policy on its net debt-to-equity ratio as per the consolidated financial statements and has used such policy as the framework of allotment of capital. Regarding to liabilities particularly borrowing or issuing of instruments, which incurred the Company's obligations in terms of interest expense, the Company shall have a team to study, collect and analyze data on interest rates, and sometimes may hire an expert financial consulting company to jointly make plans, to give opinions and to propose guidelines. The decision-making for selection of the period of time of borrowing of money or issuing of financial instruments, including the determination of patterns and rates of interest expense shall be considered by the authorized person and shall be strictly in accordance with the financial policies and procedures.

Moreover, the Company needed to know the financial cost equivalent to the value of actual payment thereof to be used for fixing of the proper sale prices of products and services; therefore, the majority of the Company's borrowing was made with the fixed interest rates; however, in case of borrowing with floating interest rates and huge loan amounts, derivatives shall be used as a tool for risk management. As of December 31, 2016, the Company had its loans with the floating interest rate, amounted to Baht 65,676 million or equal to 21% of the total loan amounts. In case of the interest rate has increased by 1%, the Company shall have burden of additional interest expense amounted to Baht 657million.

3.4 Legal and Trade Regulatory Risks

With its business operation of the supply chains starting from the production of animal feeds, animal farming, production of human foods, including the distribution, thereof in its worldwide businesses, as a result, the Company shall have knowledge and understanding of local and international laws, rules and regulations of countries in which the Company has invested or delivered its products to; however, many laws, rules and regulations have been amended and issued, thus, to protect all stakeholders such as class actions law which have given the importance to consumers, environmental laws which are required to slow down the change of topographic and weather conditions, or though laws have been issued for protection of domestic business operation such as the increasing provision of tariff barriers and non-tariff barriers to hinder the import or export of products to the destination country; whereas, such law, rules and regulation would unavoidably affect the Company's competitiveness.

Risk Management

The Company has been committed to strictly complying with the laws, rules and regulations relating to its business operation through the segregation of duties which shall be in accordance with the model of "Three Lines of Defense". Each unit with direct duties and responsibilities for any work shall follow up the issuing or amendment of the laws, rules or regulations; moreover, a unit shall be provided to supervise the operation to ensure that they have complied with the prescribed rules; and an internal audit unit shall audit the compliance with the related laws, rules and regulations both local and overseas. Moreover, the Company has also adopted the governance principle as guidelines and the key to its business operation; and the Company has promulgated its governance policy and has communicated such policy to the Board of Directors, executives and employees for acknowledgment and has promoted such policy for implementation throughout the organization so that all stakeholders shall be able to understand their rights, liberty, roles, duties and responsibilities which will bring about trust from stakeholders and the sustainable growth of the Company.

3.5 Corporate Image and Reputational Risks

All companies have given the importance to the corporate image and reputation because it is regarded as a result reflecting the stakeholders' perspectives towards the Company in positive and negative ways; and since the Company has operated its business for a long time and in several patterns, including its own businesses or business operation in CP Group; but stakeholders might consider the overview thereof and understand that the whole business operation belonged to CP Group; as a result, the reputation and image of the Company cannot be separated from CP Group or other affiliated companies; therefore, in case, the Company or any affiliated company of CP Group has operated its business inappropriately



or failing to meet the expectations of stakeholders, it would definitely and unavoidably affect the image and reputation of the Company.

Risk Management

The Company has been committed to its sustainable business by emphasizing the strict compliance with the laws, rules and regulations, and the Company shall be basically obliged to operate its businesses in a transparent and accountable manner throughout the supply chains; moreover, the Company has promulgated its policies relating to the sustainable business and has communicated them to all the related parties so that all stakeholders shall understand guidelines for the Company's business such as the promulgation of the governance policy which has given the importance to the Code of Conduct, roles and duties, as well as rights and liberty to be given to the stakeholders in a fair and equal manner, the promulgation of the anti-corruption policy for clear declaration of the Company's intentions of objection and denial of all patterns of corruption, promulgation of the sustainable sourcing policy and practices for business partners to show that the Company has given the importance to the social and environment issues of business and of its business partners, promulgation of the policy on human rights to show that the Company has respected the rights and liberty of all stakeholders involved in the business, etc.

The Company intended to plan the strategic communication clearly. For internal communication, the Company shall emphasize on communication to employee for having correct information and communicating to surrounding people. To create the understanding of stakeholders, the Company shall communicate business framework and company's goals. Meanwhile, the external communication shall emphasize communication for good standing in the society regarding guidelines for business operation as well as business goals of the Company.

3.6 Risks from CPF Major Shareholders Holding Over 25% of the Total Issued Shares

As of August 26, 2016, CPG and its subsidiaries held CPF shares equal to 45.40% of the total issued shares of CPF; as a result, the agenda required by laws or regulations to be passed by at least three-fourth of the total votes of shareholders attending the meeting and having the rights to vote, may not be passed by resolutions, in case, CPG and its subsidiaries abstained their votes or voted against the said agenda.

Risk Management

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

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

Regarding the investment in the Company's securities and/or the state of being stakeholders of the Company, investors and all stakeholders should take account of potential risk factors of the Company, which may result in the failure of the operating results and/or financial standing of the Company to be in accordance with the defined goals. Risk factors appeared in this document shall be issues considered by the Company as significant risks to its business; however, other risks may affect the Company's operating results, which may, for the time being, not be known by the Company, or may be considered by the Company as insignificant risks.



4. General Information

4.1 Company Information

Company name : Chareon Pokphand Foods Plc. ("CPF")
Business : Agro-industrial and Food in Thailand and Overseas
Head office : 313 C.P. Tower, Silom road, Silom, Bangrak, Bangkok 10500 Thailand
Registration number : 0107537000246
Telephone number : 66-2-625-8000 (Operator)
: 66-2-625-8352 and 8354 (Company Secretary Office)
: 66-2-625-8351, 8353, 8355 and 8356 (Investor Relation Office)
Facsimile number : 0-2638-2139
Website : <http://www.cpfworldwide.com>
E-mail : csoffice@cpf.co.th

4.2 Companies which CPF holds more than 10%

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

4.3 References

(1) Share Registrar

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

(2) Bond Registrar and Bondholders' Representative

CPF debentures No. 2/2010 Series 2 due 2017, CPF debentures No. 2/2012 Series 1 due 2019, Series 2 due 2022 and Series 3 due 2032

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

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

CPF debentures No. 1/2011 Series 1 due 2018, Series 2 due 2021, Series 3 due 2041 with debentureholders' early redemption right and No.2/2011 due 2041 with debentureholders' early redemption right

Bond registrar and Securities Service Department, Bangkok Bank Plc.
Bondholders' representative 333 Silom Head Office Building, 24th floor, Silom road, Silom, Bangrak, Bangkok
10500 Thailand
Telephone number 66-2-636-5696 Facsimile number 66-2-230-1893

CPF debentures No. 1/2013 due 2018 and No. 1/2016 Series 1 due 2020, Series 2 due 2024 and Series 3 due 2031

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



CPF debentures No. 2/2013 Series 1 due 2017, Series 2 due 2019, Series 3 due 2021, No. 2/2015 Series 1 due 2023, Series 2 due 2025 and Series 3 due 2027

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

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

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

(3) American Depositary Receipts Registrar

The Bank of New York Mellon Corporation, BNY Mellon Shareowner Services
PO Box 358516, Pittsburgh, PA 15252-8516, USA
Telephone number: 1-201-680-6825
Website: www.bnymellon.com/shareowner
E-mail: shrrelations@bnymellon.com

(4) Auditor for the Year 2016

1. Mrs. Munchupa Singsuksawat C.P.A. (Thailand) No. 6112
2. Mr. Charoen Phosamritlert C.P.A. (Thailand) No. 4068
3. Mr. Veerachai Ratanajaratkul C.P.A. (Thailand) No. 4323

KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st floor
1 South Sathorn road, Sathorn, Bangkok 10120 Thailand
Telephone number 0-2677-2000
Facsimile number 0-2677-2222

4.4 Other Information

- None -



Charoen Pokphand Foods Public Company Limited

Part 2
Management and Corporate Governance

**5. Securities and Shareholders Information****5.1 Registered and Paid-up Capital as of December 31, 2016**

Baht 7,742,941,932 comprising of 7,742,941,932 shares at par value of Baht 1 per share.

5.2 Shareholders

5.2.1 Top ten major shareholders, number of shares and holding percentage as of the share register book closure date on August 26, 2016.

	Names	Number of Shares	% Shareholding
1.	CPG Group ⁽¹⁾ comprises:	3,870,000,000	49.98%
	1.1 CPG ⁽²⁾	2,092,316,740	27.02%
	1.2 Charoen Pokphand Holding Co., Ltd. ⁽³⁾	854,225,460	11.03%
	1.3 Worth Access Trading Limited ⁽⁴⁾	195,662,200	2.53%
	1.4 Creative Light Investments Limited ⁽⁴⁾	144,555,000	1.87%
	1.5 Orient Success International Limited ⁽⁴⁾	205,000,000	2.65%
	1.6 C.P. Holding (Thailand) Co., Ltd. ⁽⁴⁾	23,420,000	0.30%
	1.7 CPF (Thailand) Plc. ⁽⁵⁾	207,935,600	2.68%
	1.8 Bangkok Produce Merchandising Plc. ⁽⁶⁾	82,885,000	1.07%
	1.9 Plenty Type Ltd. ⁽⁷⁾	64,000,000	0.83%
2.	Thai NVDR Co., Ltd. ⁽⁸⁾	698,383,373	9.02%
3.	Social Security Office ⁽⁹⁾	188,479,600	2.43%
4.	STATE STREET BANK EUROPE LIMITED ⁽¹⁰⁾	164,193,902	2.12%
5.	GIC PRIVATE LIMITED ⁽¹⁰⁾	111,587,378	1.44%
6.	CHASE NOMINEES LTD. ⁽¹⁰⁾	108,257,010	1.40%
7.	Ms. Walaiporn Jiraphummin	107,500,000	1.39%
8.	Mr. Prinya Tieworn	97,500,000	1.26%
9.	STATE STREET BANK AND TRUST COMPANY ⁽¹⁰⁾	81,711,028	1.06%
10.	THE BANK OF NEW YORK (NOMINEES) LIMITED ⁽¹¹⁾	58,003,550	0.75%

CPG Group does not have any shareholding in no. 2-6 and 9-10

Remarks

⁽¹⁾ CPG Group is a reporting group to be in compliance with Section 246 and Section 247 of the Securities and Exchange Act of 2535 (as amended)

⁽²⁾ Engaging in investment business as well as importing and distribution of chemical products and providing technical services, with Chearavanont family as major shareholders. Top ten major shareholders of CPG and % shareholding of such persons are as follows: Mr. Sumet Jiaravanon 12.96%, Mrs. Somurai Jaruphnit 8.42%, Mr. Dhanin Chearavanont 6.48%, Mr. Nakul Chiaravanont 6.00%, Bangkok Telecom Holding Co., Ltd. 4.47%, Mr. Phongthep Chiaravanont 4.26%, Mrs. Phataneek Lekrisompong and Mr. Manas Chiaravanont 4.22% each, Mrs. Somsri Lumsam 4.21%, Mr. Nopadol Chiaravanont and Mrs. Nuchanart Chiaravanont 3.00% each.

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

⁽⁴⁾ CPG's indirect subsidiary, engaging in investment business

⁽⁵⁾ CPF's direct subsidiary, engaging in agro-industrial and integrated food business

⁽⁶⁾ CPF's direct subsidiary, engaging in animal feed raw material distribution

⁽⁷⁾ CPF's indirect subsidiary, engaging in investment business

⁽⁸⁾ A Thai company, contact information: 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klong Toey, Bangkok 10110, Thailand

⁽⁹⁾ A Thai government department, contact information: Siam Commercial Bank Plc., Markets Operations Division, 1060 Building 2, 3rd Floor, Phetburi Road, Makkasan, Ratchatawee, Bangkok 10400, Thailand

⁽¹⁰⁾ A foreign company, contact information: Standard Chartered Bank (Thai) Plc., Securities Services, Zone B, Sathorn Nakorn Tower, 14th Floor, North Sathorn Road, Silom, Bangkok 10500, Thailand

⁽¹¹⁾ A foreign company, contact information: 968 HSBC Building, 5th Floor, Rama 4 Road, Bangrak, Bangkok 10500, Thailand

**Foreign Holding Limit**

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

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

As of August 26, 2016, there were 22.81% of CPF issued shares held by foreign investors.

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

-None-

5.3 Other SecuritiesDebentures

As of December 31, 2016, there were 20 CPF outstanding debentures, totaling principal of Baht 80,000 million as follows:

(1) Debentures of Charoen Pokphand Foods Plc. #2/2010 Series 2 due 2017

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 7 years from the issuing date
Issue size	: Baht 5,000,000,000
Issuing amount	: 5,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: November 3, 2010
Maturity date	: November 3, 2017
Interest	: 3.0% p.a. for Year 1 st -3 rd , 4.0% p.a. for Year 4 th -5 th and 5.0% p.a. for Year 6 th -7 th
Interest payment date	: Semi-annually on every May 3 and November 3 of each year during the term of the debenture. The first interest payment date was May 3, 2011.
Outstanding amount	: Baht 5,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Debentureholders' representative	: Bank of Ayudhya Plc.
Secondary market	: Thai Bond Market Association

(2) Debentures of Charoen Pokphand Foods Plc. #1/2011 Series 1 due 2018

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 7 years from the issuing date



- | | |
|----------------------------------|--|
| Issue size | : Baht 3,000,000,000 |
| Issuing amount | : 3,000,000 units |
| Face value per unit | : Baht 1,000 |
| Offering price per unit | : Baht 1,000 |
| Issuing date | : August 19, 2011 |
| Maturity date | : August 19, 2018 |
| Interest | : 4.65% p.a. |
| Interest payment date | : Semi-annually on every February 19 and August 19 of each year during the term of the debenture. The first interest payment date was February 19, 2012. |
| Outstanding amount | : Baht 3,000,000,000 |
| Latest credit rating | : "A+" by TRIS Rating Co., Ltd. |
| Registrar | : Bangkok Bank Plc. |
| Debentureholders' representative | : Bangkok Bank Plc. |
| Secondary market | : Thai Bond Market Association |
- (3) Debentures of Charoen Pokphand Foods Plc. #1/2011 Series 2 due 2021
- | | |
|----------------------------------|--|
| Type of debenture | : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate |
| Tenor | : 10 years from the issuing date |
| Issue size | : Baht 3,000,000,000 |
| Issuing amount | : 3,000,000 units |
| Face value per unit | : Baht 1,000 |
| Offering price per unit | : Baht 1,000 |
| Issuing date | : August 19, 2011 |
| Maturity date | : August 19, 2021 |
| Interest | : 4.87% p.a. |
| Interest payment date | : Semi-annually on every February 19 and August 19 of each year during the term of the debenture. The first interest payment date was February 19, 2012. |
| Outstanding amount | : Baht 3,000,000,000 |
| Latest credit rating | : "A+" by TRIS Rating Co., Ltd. |
| Registrar | : Bangkok Bank Plc. |
| Debentureholders' representative | : Bangkok Bank Plc. |
| Secondary market | : Thai Bond Market Association |
- (4) Debentures of Charoen Pokphand Foods Plc. #1/2011 Series 3 due 2041 with debentureholders' early redemption right
- | | |
|-------------------------|---|
| Type of debenture | : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate and debentureholders have early redemption right at the end of Year 15 th |
| Tenor | : 30 years from the issuing date |
| Issue size | : Baht 4,000,000,000 |
| Issuing amount | : 4,000,000 units |
| Face value per unit | : Baht 1,000 |
| Offering price per unit | : Baht 1,000 |
| Issuing date | : August 19, 2011 |
| Maturity date | : August 19, 2041 |
| Interest | : 5.42% p.a. |



- Interest payment date : Semi-annually on every February 19 and August 19 of each year during the term of the debenture. The first interest payment date was February 19, 2012.
- Outstanding amount : Baht 4,000,000,000
- Latest credit rating : "A+" by TRIS Rating Co., Ltd.
- Registrar : Bangkok Bank Plc.
- Debentureholders' representative : Bangkok Bank Plc.
- Secondary market : Thai Bond Market Association
- (5) Debentures of Charoen Pokphand Foods Plc. #2/2011 due 2041 with debentureholders' early redemption right
- Type of debenture : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate and debentureholders have early redemption right at the end of Year 15th
- Tenor : 30 years from the issuing date
- Issue size : Baht 6,000,000,000
- Issuing amount : 6,000,000 units
- Face value per unit : Baht 1,000
- Offering price per unit : Baht 1,000
- Issuing date : December 21, 2011
- Maturity date : December 21, 2041
- Interest : 5.42% p.a.
- Interest payment date : Semi-annually on every June 21 and December 21 of each year during the term of the debenture. The first interest payment date was June 21, 2012.
- Outstanding amount : Baht 6,000,000,000
- Latest credit rating : "A+" by TRIS Rating Co., Ltd.
- Registrar : Bangkok Bank Plc.
- Debentureholders' representative : Bangkok Bank Plc.
- Secondary market : Thai Bond Market Association
- (6) Debentures of Charoen Pokphand Foods Plc. #2/2012 Series 1 due 2019
- Type of debenture : Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
- Tenor : 7 years from the issuing date
- Issue size : Baht 6,000,000,000
- Issuing amount : 6,000,000 units
- Face value per unit : Baht 1,000
- Offering price per unit : Baht 1,000
- Issuing date : August 3, 2012
- Maturity date : August 3, 2019
- Interest : 4.35% p.a. for Year 1st-4th and 5.0% p.a. for Year 5th-7th
- Interest payment date : Semi-annually on every February 3 and August 3 of each year during the term of the debenture. The first interest payment date was February 3, 2013.
- Outstanding amount : Baht 6,000,000,000
- Latest credit rating : "A+" by TRIS Rating Co., Ltd.
- Registrar : TMB Bank Plc.
- Debentureholders' representative : Bank of Ayudhya Plc.
- Secondary market : Thai Bond Market Association



(7) Debentures of Charoen Pokphand Foods Plc. #2/2012 Series 2 due 2022

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 10 years from the issuing date
Issue size	: Baht 4,000,000,000
Issuing amount	: 4,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 3, 2012
Maturity date	: August 3, 2022
Interest	: 4.40% p.a. for Year 1 st -4 th , 5.0% p.a. for Year 5 th -9 th and 6.0% p.a. for Year 10 th
Interest payment date	: Semi-annually on every February 3 and August 3 of each year during the term of the debenture. The first interest payment date was February 3, 2013.
Outstanding amount	: Baht 4,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Debentureholders' representative	: Bank of Ayudhya Plc.
Secondary market	: Thai Bond Market Association

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

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

(9) Debentures of Charoen Pokphand Foods Plc. #1/2013 due 2018

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 5 years from the issuing date
Issue size	: Baht 6,000,000,000
Issuing amount	: 6,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000



Issuing date	: May 9, 2013
Maturity date	: May 9, 2018
Interest	: 3.93% p.a.
Interest payment date	: Semi-annually on every May 9 and November 9 of each year during the term of the debenture. The first interest payment date was November 9, 2013.
Outstanding amount	: Baht 6,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

(10) Debentures of Charoen Pokphand Foods Plc. #2/2013 Series 1 due 2017

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 4 years from the issuing date
Issue size	: Baht 2,000,000,000
Issuing amount	: 2,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 2, 2013
Maturity date	: August 2, 2017
Interest	: 4.04% p.a.
Interest payment date	: Semi-annually on every February 2 and August 2 of each year during the term of the debenture. The first interest payment date was February 2, 2014.
Outstanding amount	: Baht 2,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Secondary market	: Thai Bond Market Association

(11) Debentures of Charoen Pokphand Foods Plc. #2/2013 Series 2 due 2019

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 6 years from the issuing date
Issue size	: Baht 2,500,000,000
Issuing amount	: 2,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 2, 2013
Maturity date	: August 2, 2019
Interest	: 4.54% p.a.
Interest payment date	: Semi-annually on every February 2 and August 2 of each year during the term of the debenture. The first interest payment date was February 2, 2014.
Outstanding amount	: Baht 2,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Secondary market	: Thai Bond Market Association



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

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 8 years from the issuing date
Issue size	: Baht 5,500,000,000
Issuing amount	: 5,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: August 2, 2013
Maturity date	: August 2, 2021
Interest	: 4.90% p.a.
Interest payment date	: Semi-annually on every February 2 and August 2 of each year during the term of the debenture. The first interest payment date was February 2, 2014.
Outstanding amount	: Baht 5,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Bank Plc.
Secondary market	: Thai Bond Market Association

(13) Debentures of Charoen Pokphand Foods Plc. #1/2015 Series 1 due 2020

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

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

Type of debenture	: Unsubordinated and unsecured debentures with debentureholders' representative in the name-registered debenture certificate
Tenor	: 8 years from the issuing date
Issue size	: Baht 5,500,000,000
Issuing amount	: 5,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: May 13, 2015



Maturity date	: May 13, 2023
Interest	: 3.98% p.a.
Interest payment date	: Semi-annually on every May 13 and November 13 of each year during the term of the debenture. The first interest payment date was November 13, 2015.
Outstanding amount	: Baht 5,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Bank of Ayudhya Plc.
Debentureholders' representative	: Bank of Ayudhya Plc.
Secondary market	: Thai Bond Market Association

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

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

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

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



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

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 12 years from the issuing date
Issue size	: Baht 2,000,000,000
Issuing amount	: 2,000,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: July 29, 2015
Maturity date	: July 29, 2027
Interest	: 4.51% p.a.
Interest payment date	: Semi-annually on every January 29 and July 29 of each year during the term of the debenture. The first interest payment date was January 29, 2016.
Outstanding amount	: Baht 2,000,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: TMB Plc.
Secondary market	: Thai Bond Market Association

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

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

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

Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 8 years from the issuing date
Issue size	: Baht 3,500,000,000
Issuing amount	: 3,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: April 12, 2016
Maturity date	: April 12, 2024
Interest	: 3.11% p.a.



Interest payment date	: Semi-annually on every April 12 and October 12 of each year during the term of the debenture. The first interest payment date was October 12, 2016.
Outstanding amount	: Baht 3,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association
(20) Debentures of Charoen Pokphand Foods Plc. #1/2016 Series 3 due 2031	
Type of debenture	: Unsubordinated and unsecured debentures without debentureholders' representative in the name-registered debenture certificate
Tenor	: 15 years from the issuing date
Issue size	: Baht 2,500,000,000
Issuing amount	: 2,500,000 units
Face value per unit	: Baht 1,000
Offering price per unit	: Baht 1,000
Issuing date	: April 12, 2016
Maturity date	: April 12, 2031
Interest	: 3.73% p.a.
Interest payment date	: Semi-annually on every April 12 and October 12 of each year during the term of the debenture. The first interest payment date was October 12, 2016.
Outstanding amount	: Baht 2,500,000,000
Latest credit rating	: "A+" by TRIS Rating Co., Ltd.
Registrar	: Siam Commercial Bank Plc.
Secondary market	: Thai Bond Market Association

Bills of Exchange

As of December 31, 2016, CPF had outstanding bills of exchange totaling Baht 21,160 million.

5.4 Dividend Policy

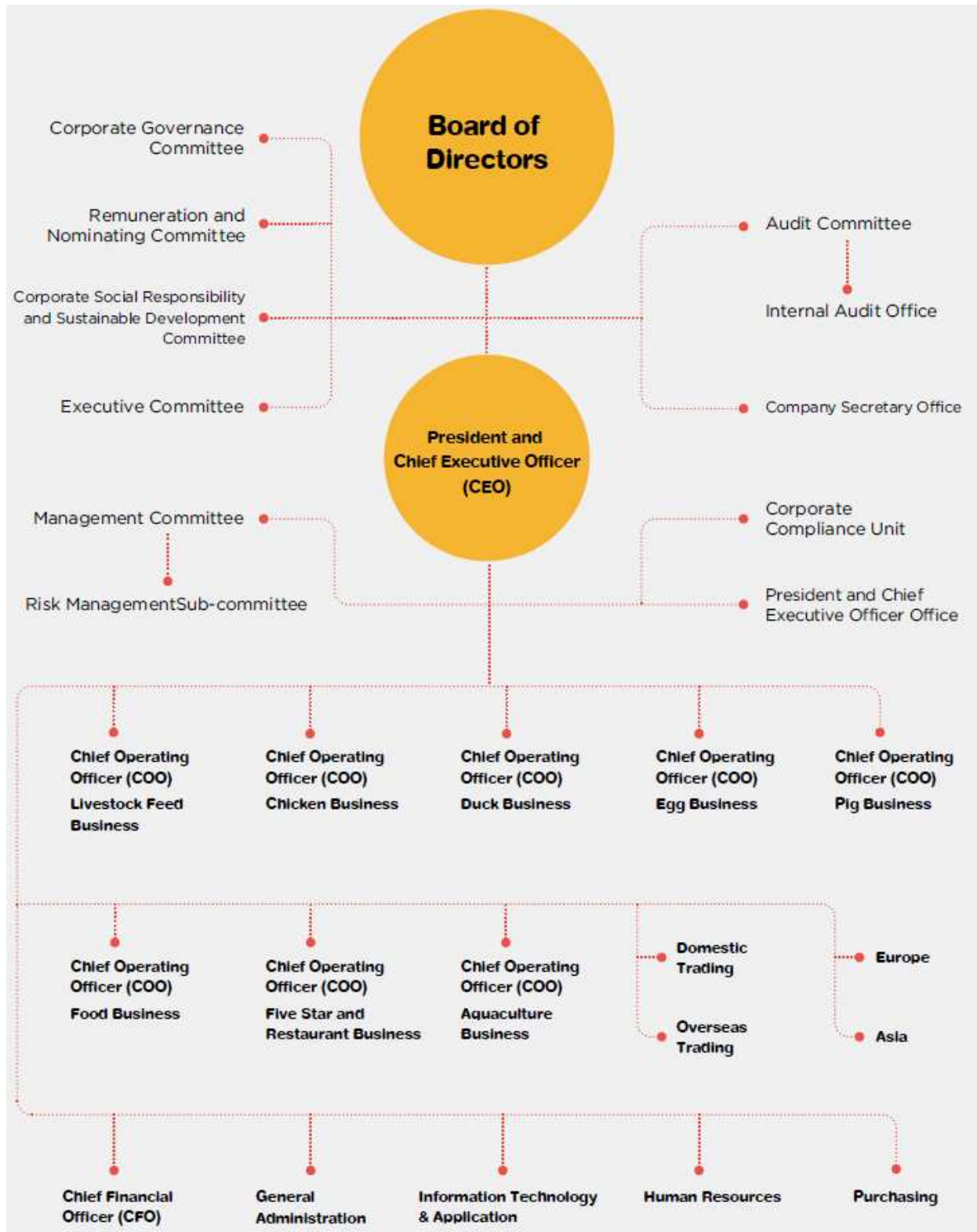
CPF has a policy to pay dividends to shareholders twice a year. The total dividend paid each year will be approximately 50% of net income, after the deduction of income taxes and the legal reserve (based on separate financial statements). The annual and interim dividend payments may be subject to change, depending on such variables as the Company's operations results, its financial position, future projects and prevailing economic conditions at the time.

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

For subsidiaries that are listed in foreign stock exchanges, the dividend payment will be depend upon the Board of Directors' meeting or Shareholders' meeting resolution (as the case may be). For subsidiaries that are non-listed companies, the dividend payment will depend upon such issues as their future investment plans, their financial structure and liquidity. In the fiscal year ended December 31, 2016, CPF's dividend income from subsidiaries totaled Baht 12,504 million, of which Baht 255 million was from subsidiary that are listed in foreign stock exchanges and Baht 12,249 million was from subsidiary that are non-listed company.

6. Management¹

6.1 The Company's management structure as of December 31, 2016



¹ The "Company" mentioned in item 6.1- 6.4 in Part 2 means Charoen Pokphand Foods Plc. or CPF

6.1.1 Board of Directors

As of December 31, 2016, CPF's Board of Directors consisted of the following 15 directors:

Name	Surname	Position
1. Mr. Dhanin	Chearavanont	Chairman ⁽¹⁾
2. Mr. Prasert	Poongkumarn	Vice Chairman
3. Mr. Min	Tieanworn	Vice Chairman
4. Mr. Chingchai	Lohawatanakul	Vice Chairman ⁽¹⁾
5. Mr. Adirek	Sripatak	Vice Chairman ⁽¹⁾
6. Dr. Chaiyawat	Wibulswasdi	Director ⁽²⁾
7. Emeritus Professor Supapun	Ruttanaporn	Director ⁽²⁾
8. Professor Dr. Pongsak	Angkasith	Director ⁽²⁾
9. Mr. Rungson	Sriworasat ⁽³⁾	Director ⁽²⁾
10. Pol. Gen. Phatcharavat	Wongsuwan ⁽⁴⁾	Director ⁽²⁾
11. Mr. Phongthep	Chiaravanont	Director ⁽¹⁾
12. Dr. Veeravat	Kanchanadul	Director ⁽¹⁾
13. Mr. Pong	Visedpaitoon	Director ⁽¹⁾
14. Mr. Sunthorn	Arunanondchai	Director ⁽¹⁾
15. Mrs. Arunee	Watcharananan	Director ⁽¹⁾

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

⁽²⁾ Independent director

⁽³⁾ Appointed to be director, effective from February 1, 2016

⁽⁴⁾ Appointed to be director, effective from August 11, 2016

Ms. Patchara Chartbunchachai is the Company Secretary.

Composition of the Board of Directors

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

As of December 31, 2016, the Company's Board of Directors comprised five independent directors (equal to 1/3 of the total number of directors), five executive directors and five non-executive directors. The Board of Directors appoints the Chairman and Vice Chairman. The Chairman conducts Board of Directors' meetings, except in cases where the Chairman may lack sufficient independence, or where there is an agenda with which the Chairman has a conflict of interest. In such cases, an independent director shall preside as the Chairman of the meeting.

Roles and Responsibilities of the Board of Directors

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

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

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

The Roles and Responsibilities of Chairman of the Board of Directors

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

The Roles and Responsibilities of the Board of Directors

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

6.1.2 Audit Committee

CPF's Audit Committee has been appointed by the Board of Directors. The current Audit Committee term is for a period of three years which expires on December 23, 2017. As of December 31, 2016, the members of the Audit Committee are the following four independent directors:



Name	Surname	Position
1. Dr. Chaiyawat	Wibulswasdi	Chairman of the Audit Committee
2. Emeritus Professor Supapun	Ruttanaporn	Member of the Audit Committee
3. Professor Dr. Pongsak	Angkasith	Member of the Audit Committee
4. Mr. Rungson	Sriworasat	Member of the Audit Committee

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

Dr Chaiyawat Wibulswasdi, Emeritus Professor Supapun Ruttanaporn and Mr. Rungson Sriworasat, three members of the Audit Committee, have excellent knowledge, understanding and experience in matters of accounting and finance, as well as changing financial regulations which require changes in the nature of the financial report. The Audit Committee can seek advice from an independent specialist if necessary.

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

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

Roles and Responsibilities of the Audit Committee

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

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

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

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

6.1.3 Remuneration and Nominating Committee

CPF's Remuneration and Nominating Committee was appointed by the Board of Directors. The current Remuneration and Nominating Committee term is for a period of three years, which will expire on March 30, 2018. Its main duties are to select qualified individuals with the relevant knowledge, ability and experience to assume positions on the Board of Directors and to establish a remuneration framework to be submitted to the Board of Directors for consideration.

As of December 31, 2016, the Remuneration and Nominating Committee comprises three members: two members are independent directors, and the remaining is a non-executive director, as follows:

Name	Surname	Position
1. Pol. Gen. Phatcharavat	Wongsuwan	Chairman of the Remuneration and Nominating Committee
2. Mr. Prasert	Poongkumarn	Member of the Remuneration and Nominating Committee
3. Professor Dr. Pongsak	Angkasith	Member of the Remuneration and Nominating Committee

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

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

Roles and Responsibilities of the Remuneration and Nominating Committee

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

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

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

6.1.4 Corporate Governance Committee

The current CPF's Corporate Governance Committee term is for a period of three years, which will expire on January 15, 2019. As of December 31, 2016, the Corporate Governance Committee comprises three members: two members are independent directors, and the remaining is a non-executive director, as follows:

Name	Surname	Position
1. Dr. Chaiyawat	Wibulswasdi	Chairman of the Corporate Governance Committee
2. Mr. Rungson	Sriworasat	Member of the Corporate Governance Committee
3. Dr. Veeravat	Kanchanadul	Member of the Corporate Governance Committee

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

Roles and Responsibilities of the Corporate Governance Committee

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

6.1.5 The Corporate Social Responsibility and Sustainable Development Committee

The current CPF's Corporate Social Responsibility and Sustainable Development Committee term is for a period of three years, which will expire on November 15, 2018. As of December 31, 2016, the Corporate Social Responsibility and Sustainable Development Committee comprises three members: two members are independent directors, and the remaining is an executive director, as follows:

Name	Surname	Position
1. Dr. Chaiyawat	Wibulswasdi	Chairman of the Corporate Social Responsibility and Sustainable Development Committee
2. Mr. Adirek	Sripatak	Member of the Corporate Social Responsibility and Sustainable Development Committee
3. Professor Dr. Pongsak	Angkasith	Member of the Corporate Social Responsibility and Sustainable Development Committee

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

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

- (1) To establish and propose the social responsibility and sustainable development policy and direction to the Board of Directors for its approval;
- (2) To support social responsibility and sustainable development activities by participating in a meeting in order to provide the guidelines and monitor the tasks in accordance with the prescribed timeframe;



- (3) To consider and assess the results of implementation of the social responsibility and sustainable development, to give advice for the development, and to make a report to the Board of Directors at least once a year;
- (4) To approve the report on social responsibility and sustainable development for public disclosure; and
- (5) To appoint a social responsibility and sustainable development sub-committee as considered appropriate.

Directors' Attendance at the Meetings in 2016

Name	Surname	Number of Attendances				
		Board of Directors	Audit Committee	Remuneration and Nominating Committee	Corporate Governance Committee	Corporate Social Responsibility and Sustainable Development Committee
1. Mr. Dhanin	Chearavanont	9/11				
2. Mr. Prasert	Poongkumarn	11/11		3/3		
3. Mr. Min	Tieanworn	11/11				
4. Mr. Chingchai	Lohawatanakul	10/11				
5. Mr. Arsa	Sarasin ⁽¹⁾	4/4	4/4	1/1	1/1	
6. Mr. Adirek	Sripatak	11/11				2/2
7. Dr. Chaiyawat	Wibulswasdi	11/11	10/10		2/2	2/2
8. Emeritus Professor Supapun	Ruttanaporn	11/11	10/10			
9. Professor Dr. Pongsak	Angkasith ⁽²⁾	10/11	9/10	2/2		2/2
10. Mr. Rungson	Sriworasat ⁽³⁾	10/10	8/9		1/1	
11. Pol. Gen. Phatcharavat	Wongsuwan ⁽⁴⁾	5/5		0/0		
12. Mr. Phongthep	Chiaravanont	11/11				
13. Dr. Veeravat	Kanchanadul	11/11			2/2	
14. Mr. Pong	Visedpaitoon	11/11				
15. Mr. Sunthorn	Arunanondchai	8/11				
16. Mrs. Arunee	Watcharananan	11/11				

Remark ⁽¹⁾ Retired from the director position, effective from May 26, 2016.

⁽²⁾ Appointed to be member of Remuneration and Nominating Committee, effective from January 27, 2016.

⁽³⁾ Appointed to be director and member of Audit Committee, effective from February 1, 2016 and member of Corporate Governance Committee, effective from August 11, 2016.

⁽⁴⁾ Appointed to be director, effective from August 11, 2016 and chairman of Remuneration and Nominating Committee, effective from December 15, 2016.

Orientation of a New Director

When taking up a directorship position, the director will receive all relevant information about the Company and its business, along with its Articles of Association which relates to the roles and responsibilities of the Board. Furthermore, the new director will be given guidance regarding their responsibilities in accordance with the law and the regulations pertaining to being the director of a listed company.

If a newly appointed director has not attended any director programs, the Company shall arrange for the individual to attend the program of the Thai Institute of Directors Association to familiarize said individual with the following:

- (1) The Role of Director and its Legal Responsibilities
- (2) The Directors' Guidelines in relation to its role according to the regulations and guidelines of the Stock Exchange of Thailand, the Securities and Exchange Commission and Corporate Governance Policy.



6.1.6 Executive Committee

The Board of Directors appoints the Executive Committee by considering individuals with the qualifications, knowledge, competency and experience related to the Company's business. This is to assist the Board of Directors with the efficient and effective management of its operations according to Company policy and the objectives as laid down by the Board of Directors.

As of December 31, 2016, the members of CPF's Executive Committee are as follows:

Name	Surname	Position
1. Mr. Chingchai	Lohawatanakul	Chairman of the Executive Committee
2. Mr. Adirek	Sripratak ⁽¹⁾	Executive Director
3. Mr. Pong	Visedpaitoon	Executive Director
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	Chirakitcharearn	Executive Director and secretary of the Executive Committee

Remark ⁽¹⁾ Appointed to be Chairman of the Executive Committee in replacement of Mr. Chingchai Lohawatanakul, effective from March 1, 2017.

The Board of Directors appoints the Chairman of the Executive Committee, the Chief Executive Officer and Chief Operating Officer, as well as the Chief Financial Officer. Should the Chairman of the Executive Committee be unable to attend an Executive Committee meeting, he will nominate the President or Chief Operating Officer to act as Chairman of the meeting in his absence. At meetings, the Executive Committee can invite other people, such as management representatives and/or external advisors, to attend the meeting as necessary.

Primary Responsibilities of the Executive Committee:

- (1) To scrutinize the goals, business strategies, budgets and investment projects of each business before they are submitted to the Board of Directors for approval, and to review the approved budgets and investment projects to be in line with changing situations, if any;
- (2) To monitor the results of implementation and progress of the investment projects of each business, to report any problems and obstacles encountered, and to propose possible solutions to the Board of Directors;
- (3) To monitor the administration and risk management of each business;
- (4) To review the risk management system or evaluate its efficiency at least once a year;
- (5) To monitor the results of human resource development, the promotion and rotation of management in each business according to the Company's succession plan, manpower plan, remuneration criteria and performance assessment criteria for the management, provided that the remuneration in the forms of salary, bonus and long-term incentives of the President and executives must be in line with their respective performance evaluation results whereby shareholders' interests and the Company's sustainability are also taken into account;
- (6) To consider alternative sources of funding for various investment projects when necessary, for approval by the Board of Directors; and
- (7) To monitor the use of funds, funds management and financial condition of each business.



6.2 Executives

As of December 31, 2016,

CPF's executives comprises the following:

1. Mr. Adirek Sripratak⁽¹⁾ President and Chief Executive Officer (CEO)
2. Mr. Teerasak Urunanon⁽¹⁾ Chief Operating Officer - Livestock Feed Business
3. Mr. Virachai Ratanabanchuen⁽¹⁾ Chief Operating Officer - Chicken Business
4. Mr. Pisit Ohmpornnuwat⁽¹⁾ Chief Operating Officer - Duck Business
5. Mr. Sompop Mongkolpitaksuk⁽¹⁾ Chief Operating Officer - Egg Business
6. Mr. Somkuan Choowatanapakorn⁽¹⁾ Chief Operating Officer - Pig Business
7. Mr. Sukhawat Dansermasuk^{(1), (2)} Chief Operating Officer - Food Business
Executive Vice President - Domestic Trading Unit and Food Research and Development Unit
8. Mr. Sathit Sangkanarubordee⁽¹⁾ Chief Operating Officer - Five Star and Restaurant Business
9. DVM Sujint Thammasart⁽¹⁾ Chief Operating Officer - Aquaculture Business
10. Mr. Paisan Chirakitcharern⁽¹⁾ Chief Financial Officer
11. Mr. Vitit Pootanasap Executive Vice President - Aquatic Feed Unit
12. Mr. Rewat Hathaisattayapong Executive Vice President - Livestock Feed Business (Northeastern, Central, and Eastern Region and Cattle Feed)
13. Mr. Virote Kumpeera Executive Vice President - Livestock Feed Business (Northern, Western, and Southern Region)
14. Mr. Prajit Udnoon Executive Vice President - Poultry Breeding and Farming Research and Development Unit
15. Mr. Prasit Chalongchaichan Executive Vice President - Chicken Integration Business (Saraburi, Northern and Central Region)
16. Mr. Suchat Sitthichai Executive Vice President - Chicken Integration Business (Bangna, Western and Southern Region)
17. Mr. Siripong Aroonratana Executive Vice President - Chicken Integration Business (Northeastern Region)
18. Mr. Prasit Boondoungprasert Executive Vice President - Chicken Integration Business (Bangkok, Minburi and Eastern Region)
19. Mr. Prapoj Choakpichitchai Executive Vice President - Pig Business (Eastern Region, Bangkok Metropolitan and Phra Nakhon Sale Regions, Processing)
20. Mr. Songsak Futrakul Executive Vice President - Pig Business (Northern, Western, and Southern Regions)
21. Mr. Narerk Mangkeo Executive Vice President - Agri-Food Business
22. Mr. Viboon Supakaraongkul Executive Vice President - Aquatic Food Domestic Trading Unit
23. Mr. Somchai Triamchaipisut Executive Vice President - Aquatic Food Processing Business
24. Mr. Voravit Janthanakul Executive Vice President - General Administration Unit
25. Mr. Praderm Chotsuparach Executive Vice President - Information Technology and Application Unit
26. Dr. Sommai Tachasirinugune Executive Vice President - Food Quality Assurance Unit
27. Mr. Anurat Suthamnirun Executive Vice President - Food Processing Technology and Engineering Unit
28. Mr. Vittavat Tantivess Executive Vice President - Marketing Unit
29. Mr. Sumeth Vongbunyong Executive Vice President - Human Resource Unit

⁽¹⁾ Management in accordance with the Notification of the Securities and Exchange Commission No. Kor Chor. 17/2551 Re: Definition under Notifications relating to Issuance and Offering of Securities.

⁽²⁾ Appointed to be Chief Executive Officer (CEO) - Food Business and Co-President, effective from March 1, 2017.

Executives – International Operations comprises the following:

		<u>Responsible Country</u>
1.	Mr. Bai Shanlin	China
2.	Mr. Michael Tops	Belgium
3.	Mr. Uthai Tantipimolphun	Cambodia and Laos
4.	Mr. Wichit Kongkheaw	India
5.	Mr. Santi Pongchaisopon	India
6.	Mr. Sompop Mongkolpitaksuk	Malaysia / Turkey
7.	Mr. Yip Kamp Toh	Malaysia
8.	Mr. Sakol Cheevakoset	The Phillippines
9.	Mr. Soontorn Tuntanatewin	The Phillippines
10.	Mr. Cesar Lipka	Poland
11.	Mr. Nutthakrit Sivasri	Russai
12.	Mr. Habeeb Mohamed Ziauddin	Sri Lanka
13.	Mr. Thong Chotirat	Taiwan
14.	Mr. Mark Cheadle	United Kingdom
15.	Mr. Joel Conner	United States
16.	Mr. Sooksunt Jiumjaiswanglerg ⁽¹⁾	Vietnam

⁽¹⁾ Appointed to be Chief Executive Officer (CEO) - Agro Industrial Business and Co-President, effective from March 1, 2017.

Roles and Responsibilities of the President

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

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



6.3 Company Secretary

The Board of Directors Meeting, convened on August 27, 2008, passed a resolution to appoint Ms. Patchara Chartbunchachai to be the Company Secretary due to her experience as well as knowledge and understanding of the Company's businesses. She also possess adequate knowledge concerning accounting, finance, legal matters and regulations related to securities laws including other relevant laws to perform her role efficiently. The Company Secretary is responsible for preparing and maintaining the profile of directors, notice for and minutes of the meetings, the Company's Annual Reports, notice and minutes of shareholders meetings as well as maintaining the directors' and executives' report on conflict of interest, and performing other duties as required by the Capital Market Supervisory Board.

6.4 Remuneration of Directors and Executives

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

6.4.1 Remuneration of the Board of Directors for the Year 2016

Monetary remuneration Monetary remuneration in 2016 of the Board of Directors amounted to a total of Baht 50.16 million, which included (1) monthly remuneration (2) special remuneration in accordance with the resolution of the Annual General Shareholders' Meeting.

Other remuneration - None -

In addition, some directors also received remuneration as director of subsidiaries which amounted to Baht 1.4 million. Remuneration of the Audit Committee for 2016 was Baht 13 million. Details of these are given in the following table:

Unit : Baht

	Name	Surname	CPF		Subsidiaries
			Director	Audit Committee	Director
1.	Mr. Dhanin	Chearavanont	5,587,200	-	-
2.	Mr. Prasert	Poongkumarn	4,191,300	-	65,677
3.	Mr. Min	Tianworn	4,191,300	-	-
4.	Mr. Chingchai	Lohawatanakul	4,191,300	-	-
5.	Mr. Arsa	Sarasin ⁽¹⁾	2,451,700	2,250,000	-
6.	Mr. Adirek	Sripratak	4,191,300	-	707,500
7.	Professor Dr. Athasit	Vejjajiva ⁽²⁾	43,500	-	-
8.	Emeritus Professor Supapun	Ruttanaporn	2,794,000	2,400,000	-
9.	Dr. Chaiyawat	Wibulswasdi	2,794,000	3,808,333	-
10.	Professor Dr. Pongsak	Angkasith	2,794,000	2,400,000	-
11.	Mr. Rungson	Sriworasat ⁽³⁾	2,396,600	2,200,000	-
12.	Pol. Gen. Phatcharavat	Wongsuwan ⁽⁴⁾	565,400	-	-
13.	Mr. Phongthep	Chiaravanont	2,794,000	-	-
14.	Dr. Veeravat	Kanchanadul	2,794,000	-	-
15.	Mr. Pong	Visedpaitoon	2,794,000	-	-
16.	Mr. Sunthorn	Arunanondchai	2,794,000	-	-
17.	Mrs. Arunee	Watcharananan	2,794,000	-	590,000

Remark ⁽¹⁾ Retired from the director position, effective from May 26, 2016.

⁽²⁾ Retired from the director position, effective from December 31, 2015.

⁽³⁾ Appointed to be director and member of Audit Committee, effective from February 1, 2016.

⁽⁴⁾ Appointed to be director, effective from August 11, 2016.



6.4.2 Remuneration of the Executives for the Year 2016

Monetary remuneration Monetary remuneration in 2016 for 7 executives amounted to a total of Baht 172 million, which included monthly salary and other benefits.

Other remuneration - None -

6.5 Evaluation of the Board of Directors' performance

CPF directors have to evaluate their performance annually, both whole board and individual evaluation. The evaluation results will be useful for improving the board performance. The results of performance assessment for the year 2016 are summarized as follows:

6.5.1 Evaluation of the performance of the Board as a whole

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

The assessment covers six major areas, i.e. (1) structure of the Board (2) roles and responsibilities of the Board (3) Board meetings (4) duties of director (5) relationship with management and (6) self-development of directors and executive development. The evaluation results can be concluded that structure and characteristics of the Board are appropriate for the nature of the Company's business and enable the Board to perform its duty effectively. Meanwhile, the number of meetings and agendas are set appropriately and enable directors to allocate their time to attend every meeting and to perform their duties effectively and efficiently. Directors are able to discuss issues without restraint in board meetings and without conflicts among directors and management. In addition, the Board has also regularly undertaken self-development to enhance their knowledge in various topics that are beneficial to the business operations of the Company.

6.5.2 Evaluation of the performance of individual director

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

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

6.6 Personnel

As of December 31, 2016, CPF had a total of 11,546 employees and workers who received remuneration in 2016 totaling Baht 6,039 million in form of salary, wages and other benefits. Number of employees and workers can be grouped according to the main business units as follows:

Major functions	Number of employees and workers
1. Operation units	10,914
2. Central units	632
Total	11,546

As of December 31, 2016, CPF and its subsidiaries had a total of 120,433 employees and workers.

Human Resources Management

The Company has realized that "employees" are important resources in driving businesses to the goals and leading organizations towards sustainability. Therefore, the Company has developed the human resources management work on the basis of fair treatment to personnel and respect of human rights by enhancing opportunities of job advancement and participatory work environment as well as developing skills and promoting learnings throughout the period of work to obtain "talented and good personnel" and adhering to the corporate values of "CPF Way", creating bonds between employees and the organization together with the enhancement of work safety and happiness to create good balance of working life and personal life of employees under the vision "People Excel-Business Exceeds".

**From “Vision” to “Human Resources Management”**

With the vision “People Excel-Business Exceeds”, the Company has given the importance to management processes of human resources at all levels including attraction, retention, motivation and development so that employees at all levels and fields of careers will have excellent knowledge, abilities and expertise, which will be significant factors and driving forces for world-class competitiveness and sustainable growth and success of the business.

Moreover, the Company has provided its succession plan to support the job enlargement and replacement in case of vacancies together with the talent management in order to provide opportunities for employees to express their potentials and to step up to leader positions in the future and to develop local personnel in terms of professional skills through the learning center as per the business lines and the leadership for executives; and employees in each country in which the Company has operated its businesses in order to support local personnel to step up to executive positions and to obtain knowledge and abilities of business management under the world-class standards.

Human Resources Supervision and Assurance

The Company has established HR Assurance Unit to follow up and ensure the effective implementation of the Company’s human resources management processes and to be able to support the business operation and to ensure that the human resources management processes shall be continuously developed and to reduce personnel management risks within the organization, thus, to be in accordance with the laws, standards and policies on human resources of the Company, including requirements of business customers in order to step up to world-class standards and to support the business growth.

Laws	To ensure that the human resources management processes are in accordance with the laws.
Standards adhered by the Company	To ensure that the human resources management processes are in accordance with the United Nations Universal Declaration of Human Rights (UNDHR) and Regulations of International Labour Organization (ILO), including standards adhered by the Company.
Corporate Human Resources Policy	To ensure that the human resources management processes are in conformity with the Corporate HR Policy.
Customers’ Requirements	To ensure that the human resources management processes are in accordance with Customers’ Code of Conduct.

The Company announced its appointment of the Committee for Support and Promotion of Thai Labour Standard System (TLS8001-2010); whereas, such committee shall have its roles and duties to determine policies and action plans and to support and promote the application of Thai Labour Standard System (TLS8001-2010) so that the Company shall have its good labour management system equivalent to the international labour standards such as:

1. All units of CPF shall not have overtime works exceeding to the limits prescribed by law;
2. CPF export business and supply chains shall apply for accreditation under TLS8001-2010 and shall have weekly holidays in accordance with customers’ requirements;
3. CPF aquatic animal business shall apply for accreditation under TLS8001-2010 for best aquaculture practices;

In 2016, there were 16 additional factories and farms fully accredited under TLS.8001-2010; therefore, there were totally 22 accredited factories and farms, including Pakthongchai Animal Feed Factory, Sriracha Animal Feed Factory, Tharn Kasem Animal Feed Factory, Ban Phru Aquatic Animal Feed Factory, Ban Phru Aquatic Animal Feed Factory, Ban Beung Aquatic Animal Feed Factory, Mahachai Aquatic Animal Feed Factory, Nong Kae Aquatic Animal Feed Factory, Eastern Region Shrimp Hatchery, Rayong Shrim Farm 3, Nakhon Farm Shrimp Farm, Sawi Shrimp Farm 1, Klaeng Ready-to-Eat Food Factory, Mahachai Ready-to-Eat Food Factory, Saraburi Ready-to-Eat Food Factory, Nongchok Ready-to-Eat Food Factory, Chachoengsao Ready-to-Eat Food Factory, Korat Chicken Processing Plant, Bangna Chicken Processing Plant, Minburi Food Processing Plant 1, Minburi Food Processing Plant 2, Saraburi Food Processing Plant and Pet Feed Factory (Jerhigh).

CPF Corporate Compliance

The Company has given the importance to standards, rules and regulations which are extremely significant to its business operation; and has therefore established CPF Corporate Compliance Unit with its duties to supervise rules and regulations relating to business operation of CPF.

Creation of Strong Corporate Culture

The Company has aimed to create a participatory corporate culture on the basis of honesty, integrity and ethics and to create common interests through its implantation of “CPF Way” values such as innovation projects to promote and support employees at all levels with opportunities, presentation of ideas or development of outstanding work performances and job advancement together with the Company through creative thinking.

Employees’ Code of Conduct has been promoted by means of dissemination through various communication channels of the Company such as meetings of each business line, CPF HR Web Portal to each employee, orientation of new employees; and the Company has developed the E-learning system as a channel of dissemination of data to new employees throughout the organization, which helps follow up new employees to receive such data correctly and completely and making it easy for storage and reporting through online registration. The Company has its commitment to business operation in a fair, honest and transparent manner and with responsibilities to the society and all groups of stakeholders under the Good Governance Policy, Employees’ Code of Conducts and Universal Principles to create confidence to all groups of stakeholders and to support sustainable growth of the Company.

After the Company had signed the Declaration of Intention of the Private Sector Collection Action Coalition against Corruption in cooperation with the public sector, the private sector and regulatory bodies to establish standards of transparent business operation, the Board of Directors passed its resolution to approve that the anti-corruption policy shall be used as business operation frameworks by its business units and that the human resources business lines shall be responsible for dissemination of the anti-corruption policy, including policies and regulations prescribed thereunder, to directors, executives and employees for acknowledgment on a regular basis and for promotion of implementation thereof throughout the organization with operational guidelines, as follows:

1. The Company’s directors, executives and employees at all levels must comply with the anti-corruption policy and Employees’ Code of Conducts and must not be involved directly or indirectly with corruption-related actions, thus, for the benefits of the Company, themselves, families, friends and acquaintances;
2. The Company’s directors, executives and employees at all levels must not omit or neglect when having witnessed any corruption-related actions involving the Company; and must report the same to their superiors or responsible persons; and must give their cooperation in the audit of matters of facts. In case of having any questions or inquiries, they must consult with their superiors or persons responsible for monitoring of compliance with Employees’ Code of Conducts through the prescribed channels;
3. The Company shall uphold justice and protection to employees who refused or reported matters of corruptions involving the Company as per guidelines for protection of employees or whistleblowers regarding commission of offences as prescribed by the Company though such actions may cause the loss of benefits or business opportunities to the Company;
4. A maker of corruption, which is action against the Company’s Code of Conduct, must be considered with disciplinary actions as per the Company’s Regulations and may also be punished according to the laws, if such action has been committed against the laws;
5. The Company has adhered and has given the importance to the dissemination and giving of knowledge and making understanding with parties who have business transactions or interests with the Company relating to the compliance with the anti-corruption policy as well as the disclosure of data to the general public relating to the anti-corruption policy;

6. The Company has communicated its anti-corruption policy, including channels of whistleblowing, making complaints or giving recommendations within the Company through different methods and channels such as orientation of directors and employees, Intranet system, etc., in order to create understanding and knowledge on the implementation of this policy;

In 2016, the Company has organized training courses, including communication through channels such as newsletters and posters so that CPF employees shall be informed of such guidelines continuously; moreover, the Company has further organized anti-corruption training courses through electronic media (e-learning) and has also planned to magnify the outcomes covering all employees.

Recruitment of Talents

The Company has continuously applied its proactive personnel recruitment process and has built up relationship with labour networks, the public sector, the private sector, particularly universities nationwide starting from establishment of trainee program, set-up of job application booths in university, including creation of good relationship with target groups of students before their graduation through creative processes and interesting activities such as “Cooperative Education Program”, “Getting-to-Know Program” and “CPF Ambassador Program”, etc., and additional use of social networks, including domestic and overseas recruitment of talents to develop CPF as “Employer of Choice”.

Respect of Human Rights

With its awareness of importance of respect of human rights, the Company has issued its human rights policy and employment and labour management policy as guidelines of management in accordance with the United Nations Universal Declaration of Human Rights (UNDHR) and the International Labour Organization (ILO) in order to promote participatory corporate culture and respect of creative differences of individuals, enhancement of workplace safety and happiness and supervision of fair remunerations together with appropriate promotion of career advancement in order to promote “CPF Home of Happiness”.

- Promotion of participatory corporate culture and respect of differences of individuals;

The Company has envisaged the value and benefits of using different ideas, skills and experiences of personnel as major forces in business extension and propelling, creation of innovation and having excellent operational performances; whereas, the diversity and inclusion management policy has been implemented for the benefits of business operation and employees, with the policy-based promotional guidelines, as follows:

- Leaders must be open to others' opinions;
- Employees are encouraged to express their creative ideas;
- Enhancement of working atmospheres and mutual respects for co-existence on the basis of difference, non-discrimination and equal opportunities, appropriate admiration of employees. In 2015, CPF has promulgated its policy of non-discrimination and non-harassment in order to prevent and protect employees at all levels from discrimination due to races, nationalities, ethnicities, skin colors, family origins, religions, social statuses, genders, age, disability or infirmity, political thoughts, as well as marital statuses, and to prevent from different patterns of discrimination, harassment and threats.

- Enhancement of workplace safety and happiness;

The Company has given prerequisites to the provision of safe working environment to its employees at all workplaces, including farms, manufacturing factories, office areas for administrative and manufacturing support sections, including workplaces in retail stores; and has aimed to reduce statistics of work-related accidents to “zero” through its promotion of participation of employees at all levels and continuous training and giving of knowledge on occupational health and safety, and creation of understanding on the occupational health and safety policy to its employees since the first date of employment through activities that continuously promote “work and life balance” of employees; and in 2015, the Company has announced its vision, mission and policy on occupational health and safety, environment and energy as operational guidelines throughout the organization.

Employees Motivation

- Supervision of fair remunerations;

The Company has its policy to offer total remunerations and welfare to its employees at competitive level to the labour market, particularly to the leading industries on the basis of consideration of short-term and long-term operating results of the business, including the work performances of employees; whereas, the Company has participated in the survey of employees' benefits and welfare system on a yearly basis to ensure its competitiveness to the labour market.

- Performance management;

The Company has given the importance to its performance management by means of target setting with key performance indicator (KPI), including behaviours in conformity with the corporate values of "CPF Way", to be properly used as indicators of work performances of employees at all levels so that the Company shall be able to consider and give rewards to personnel who had good performances of work and conducted themselves in conformity with the corporate values and ethics and to offer remunerations to them with significant differences when compared to those who had poorer performances of work. The performance management shall be used as rewards and motivation for employees to keep such good level of performances of work and as motivation and role models for other employees to improve their performances of work.

Development of Leadership and Professionalism

For conformity of CPF personnel development with the international system, CPF Training Center (CPFTC), in the capacity of significant organization in personnel development, including development of leadership and professionalism, has been accredited with the quality standard system of ISO9001:2015, which was the latest standard on giving of advice on design and development of learning, services on training and learning through electronic media, as the first company in Thailand accredited by the United Registrar of Systems Ltd. (URS) under the Accredited Bodies of the United Kingdom Accreditation Service (UKAS) of the United Kingdom, which is an organization accrediting assessment units covering industrial sectors worldwide; and this new system has been officially promulgated since 9th October 2016, and has been accredited with the quality standard system of ISO29990 under the continuous services on training and learning through electronic media. The Company has operated its competency-based business with an emphasis on development of leadership skills, management, professionalism and CPF values. The Company is confident that only the development through classroom learning is inadequate to create potentials of its employees; therefore, the Company has applied the principle of learning at an international level (10-20-70 Development Impact), and has designed the learning process under this principle and has continuously developed training courses; and the success of CPF personnel development was resulted from the provision of clear objectives to apply the learning experiences to practical operation of work; whereby, the development training courses started from the participatory classroom learning processes for responses and exchange of opinions on the content lectured by the resource person; and after the classroom learning, employees have learned through the coaching process, consulting services from the superiors, or assignment of trainers for employees and discussions on the application of the received knowledge to the performance of work or implementation of extension projects, including continuous follow-up of results and the use of outcomes from discussions on the practical operation so that employees shall have experiences and shall use knowledge and skills for concrete results in order to obtain the talents who have their potentials and abilities to sustainably achieve their personal goals of work and the organization's goals in each area of the development process, as per the examples, as follows:

- Enhancement of leadership to support the business growth

The Company had its corporate strategies that emphasized the personnel development through the creation of effective people by developing 7 basic habits to employees at all level throughout the organization and the process of development of potentials of leaders under the framework of leadership skills together with the abilities of business management, study and creation of new models of business operation which can be adapted to the Company, and the practical operation, including the emphasis on the corporate values of "CPF

Way” such as promotion of the culture of “Creating Innovation and Improving Efficiency” through “Theory of Inventive Problem Solving (TRIZ) Program”, “21-Day Idea-Sharing Program” and “Lean Six Sigma Program” to increase the productivity of performance of work.

Moreover, the Company has prescribed standard programs as per levels for enhancement of leadership skills and management abilities, jointly designed with PacRim, the world-class personnel development consultant, and using development tools from Franklin Covey, VitalSmarts, etc., and leadership development programs of C.P. Leadership Institute.

- Skill development and learning that supports continuous performance of work

The Company has given the importance to the development of work-related abilities to create expertise in works through the Learning Center of each business that has emphasized the creation of work-related skills and knowledge by means of dissemination of knowledge from experts within the organization for design of learning process appropriate to each subject, including learning by doing, learning in classrooms and learning through self-service systems in the knowledge management.

Moreover, the Company had its guidelines of “leaders developing leaders (LDL)” and believed that the resource person with the best knowledge and experiences was the resource person within the Company; therefore, the Company has developed internal trainers through the “Train the Trainer” program for personnel development within the Company in several projects.

- Promotion and creation of employee engagement

The Company’s success of becoming a world-class organization is partly due to employee engagement and personnel management since the first day of employment through the on-boarding process for management of new employees and their adaptation to co-workers, friendly working environment, including corporate culture of “CPF Way”, which promoted the participatory corporate culture and respects in differences as well as continuous personnel development through the above-mentioned process until their retirement period as a reward for their work and support of happy life after their retirement.



7. Corporate Governance

7.1 Corporate Governance Policy

The directors and management are confident that good corporate governance is a significant factor in promoting our sustainable economic growth and preserving society and the environment. Therefore, the implementation of the principles and guidelines established in this Restated Corporate Governance Policy is one of the missions of the Company's and its subsidiaries' boards of directors, executives, and employees. The Human Resources Unit has the duty and responsibility to communicate this Corporate Governance Policy and other policies and regulations established hereunder to the directors, executives, and employees on a regular basis, and to promote the implementation of this Policy and such other policies and regulations throughout the organization. An evaluation of the implementation of this Policy and such other policies and regulations, and report on the results thereof to the Board of Directors, shall be made at least once a year and disclosed in the annual report. In the year 2015, the Company established the Corporate Compliance Unit to ensure that the Company's operations are in compliance with relevant laws and regulations. The Corporate Compliance Unit is also responsible for setting up and developing compliance standards as well as the promotion of employee's awareness about the non-compliance risk.

This Corporate Governance Policy has been revised to be consistent with certain changes in the capital market community in order to improve our organization's governance in line with international standards. The Company's Corporate Governance Policy consists of five chapters: (1) Rights of Shareholders (2) Equitable Treatment of Shareholders (3) Roles towards Stakeholders (4) Disclosure of Information and Transparency and (5) Responsibilities of the Board of Directors with details as follows.

7.1.1 Rights of Shareholders

The Board of Directors recognizes the rights of shareholders as provided by laws, and support the exercise of their rights in a manner not inconsistent with the provisions of the laws. The Board of Directors will not do anything which violates or deprives shareholders of their rights. To promote the exercise of rights by shareholders, the Board of Directors has established guidelines as set forth below.

General Practices

1. The Company shall ensure that all shareholders have the fundamental rights as prescribed by the laws, such as the equal right to profit sharing, the right to receive adequate news and information of the Company in a timely manner, etc., and shall facilitate and encourage shareholders, especially the institutional group, to attend and exercise their voting rights at shareholders meetings.
2. The Company shall ensure that the total number of shares held by directors does not exceed twenty-five percent (25%) of the total number of shares issued and sold by the Company.
3. The Company shall promote the maintenance of ordinary shareholding by minority shareholders at a proportion in excess of forty percent (40%) of the total number of shares issued and sold by the Company.
4. The Company shall not obstruct or cause obstacle to communication opportunities among shareholders.
5. When a shareholders agreement is to be executed by any shareholders, the Company shall endeavor to ensure that such shareholders agreement will not materially affect the Company or other shareholders.
6. The Company shall refrain from doing anything to limit shareholders' opportunities to study information publicly disclosed by the Company.

Procedures before the Date of Shareholders Meeting

7. The Company shall ensure that a notice of meeting, in Thai and English, is sent to shareholders at least 14 days prior to the meeting date, and posted on the Company's website at least 30 days prior to the meeting date. A notice of meeting shall consist of the following information:
 - 7.1 the date, time and place of the meeting, an agenda which clearly describes the respective agenda items, the rules and procedures relating to attendance of the meeting and voting under each agenda item, as

- well as adequate information, rationales, and opinions of the Board of Directors for the proposed agenda items so as to enable shareholders to exercise their independent decision making and protect their interests and the Company's overall interests;
- 7.2 the profiles of persons nominated to be directors, e.g. their ages, educational background, work experience and number of companies in which they hold directorship position, the rules and method of nomination, the types of directors who are nominated for re-election, their attendance of meetings during the previous years and the date of their first appointments as directors, etc. for the shareholders' information and consideration under the agenda item relating to the election of directors;
 - 7.3 the names of auditors nominated for appointment, their companies, experience, expertise, independence, and fee for the shareholders' information and consideration under the agenda item relating to the appointment of auditors; and
 - 7.4 the dividend payment policy and the proposed amount and rate of dividend payment, including other supplementary details for the shareholders' information and consideration under the agenda item relating to dividend payment.
8. The Company shall provide shareholders with an opportunity to raise questions relating to the agenda items to the Board of Directors prior to the meeting date.

Procedures on the Date of Shareholders Meeting

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

Procedures after the Date of Shareholders Meeting

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



For the 2016 Annual General Meeting of Shareholders, the Company has publicized relevant documents and information on its website since March 21, 2016. Such documents and information were the same as those sent to shareholders by mail on April 1, 2016, along with a notice of meeting. The notice of meeting consisted of information relating to the meeting agenda, the rationales for and opinions of the Board of Directors on the proposed matters, the date, time and place of the meeting, and the rules and supporting documents for registration of attendance. Shareholders were given an opportunity to send questions to the Company on matters relating to the agenda in advance at csoffice@cpf.co.th or facsimile number 0-2638-2139, for the Board of Directors to consider and provide full clarification on to the shareholders' meeting.

The 2016 Annual General Meeting of Shareholders was held on April 22, 2016, in the Conference Room, 3rd Floor, Convention Hall, Panyapiwat Institute of Management, 85/1 Moo 2, Chaengwattana Road, Bang Talad, Pakkred, Nonthaburi, in order to facilitate the attendance of shareholders. The Company also provided snacks and refreshments for shareholders in the registration area prior to the commencement of the meeting. In order to minimize the time for the registration process, the Company used a bar-code system and arranged adequate personnel to check the documentation of each attending shareholder.

Before the 2016 Annual General Meeting of Shareholders began, the Company clarified the rules for conducting the meeting and the voting procedures and methods for the meeting. There were 27 directors and senior executives in attendance, including the Vice Chairman, the President, the committee members, the Chief Operating Officer and the Chief Financial Officer.

As the Chairman of the Board of Directors could not attend the meeting, the Vice Chairman shall preside over the Meeting, according to the Articles of Associations of the Company. Therefore, Mr. Adirek Sripratak, the Vice Chairman, was the Chairman of the Meeting. Shareholders were given opportunities to express their views and raise questions on matters under the relevant agenda items, and to elect directors individually to replace the retiring directors under the agenda item relating to election of directors. For each agenda item, shareholders were asked to vote by ballot in case they wished to vote against the proposed matter or abstain from voting. During the meeting, the conductor of the meeting provided information and rationales supporting the decision on each proposed matter and informed the meeting of the votes required for each agenda item. Legal advisors were also present to monitor the meeting to ensure that it was conducted in accordance with the law and the Company's Articles of Association, and to witness the vote counting.

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

The Company submitted the minutes of the 2016 Annual General Meeting of Shareholders to the Stock Exchange of Thailand on May 9, 2016 (14 days from the meeting date), and simultaneously posted them on the Company's website.

7.1.2 Equitable Treatment of Shareholders

To ensure that all shareholders are treated equally and fairly based on their fundamental rights, the Company must have measures to prevent misuse of insider information for the interests of oneself or other persons, or disclosure of information to persons associated with directors or executives to the detriment of shareholders as a whole. The shareholders meeting process must also support equal treatment of all shareholders.

Use of Insider Information

1. The Company has a policy on the use of insider information. One of the main purposes of this policy is to prevent misuse of insider information for undue benefits, with an aim to ensure transparency. This policy

prevents misuse of the Company's undisclosed insider information by its directors, executives, and employees, and also applies to the sale and purchase of securities issued by the Company. Under this policy, the Company's directors, executives and employees of the Company who can access to inside information must prepare and submit a report on the holding, sale and purchase of securities issued by the within the period of time prescribed by the relevant law and regulations whenever there is a change. The Company Secretary's Office must also report changes in the securities holdings of the directors and executives to a Board meeting on a quarterly basis.

Moreover, the Company's directors and executives have to notify the board or its delegate at least one business day before dealing in the Company securities.

Protection of the Rights of Minority Shareholders

2. Minority shareholders are given the opportunity to propose matters to be included in the agenda before the meeting date, and to nominate qualified individuals for election as directors. The rules, channels, and timing for submitting these matters are posted on the Company's website for shareholders' information.
3. The Company provides a proxy form on which shareholders can dictate the direction of their voting through proxies in the event that shareholders are unable to attend the meeting in person. At least one independent director will be nominated in a notice of meeting as an alternative proxy for shareholders.
4. A notice of meeting will specify the documents or evidence, including instructions and process for appointing a proxy, in order to ensure correct preparation by shareholders and to avoid problems in the attendance of meeting by proxies. The rules, procedures, and conditions for the appointment of proxies will be prescribed according to the legal requirements. The Company will not intentionally include any other requirement to make it complicated for shareholders to appoint proxies.
5. The Company shall ensure that no shareholder who is an executive can add any agenda items without advance notice, through the same process applicable to general shareholders.
6. Shareholders are equally entitled to one vote for each share held by them.
7. A policy regarding transactions which may cause conflicts of interest shall be established to provide explicit guidelines and prescribe a careful, reasonable, and independent consideration process for the execution of such transactions within the scope of the code of ethics and for the interests of the Company and shareholders as a whole.
8. The Company shall explicitly disclose shareholders information on related party transactions, which include the names and relationships of the related persons, pricing policies, and transaction values, as well as the Board's opinions relating to such transactions.
9. In case of related party transactions requiring shareholders' approval, the decision shall be made by shareholders who have right to vote only, excluding shareholders who have a conflict of interest according to the relevant regulations of the regulatory bodies.

In the 2016 and 2017 Annual General Meeting of Shareholders, shareholders had the opportunity to propose matters to be included in the meeting agenda and to nominate qualified individuals for election as directors more than three months before the end of each fiscal year i.e. from September 29, 2015 and September 30, 2016, respectively. The Board of Directors also communicated the rules, channels, and timing for submitting the matters through the Company's website.

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

7.1.3 Roles toward Stakeholders

In operating its businesses, the Company has several groups of stakeholders, namely shareholders, employees, customers, business partners, trade competitors, creditors, community, and society. All groups of stakeholders must be fairly served by the Company according to their statutory rights and agreements with the Company. Should there be any damage, the Company will provide proper indemnification to all parties concerned.

1. The Company shall have measures to indemnify stakeholders who sustain damage as a result of the Company's acting in violation of their statutory rights.
2. The Company shall ensure that indications of, or lodgment of complaints relating to, any violation of law or the Company's ethics may be made through the Company's independent directors and audit committee members. The Company shall also have measures to protect employees or persons who report any violation of law. The complainant can contact independent directors and Audit Committee by providing the information in the Inquiries Form posted on the Company's website at www.cpfworldwide.com or submit the written information to
Address: 1,1/1 Soi Yen Chit 2, Intersection 1, Sapsamut Building 2, 4th floor, Yen Chit Road, Thung Wat Don, Sathon, Bangkok 10120
E-mail: iaoffice@cpf.co.th
3. After receiving any indications, the Company shall ensure that appropriate action is taken. Matters with material impact must be investigated and reported to the Board of Directors.
4. The Company shall provide channels through which stakeholders may lodge complaints relating to infringement of their rights. Contact details of the delegated persons are clearly designated.
5. The Company shall establish a policy on non-violation of human rights.
6. The Company shall establish a policy on non-infringement of intellectual property or copyright.
7. The Company shall establish a policy on anti-corruption and anti-bribery, and ensure that its risk assessment process covers this area of risk.

In order to ensure that all groups of stakeholders are fairly treated according to their rights and agreements with the Company, the Board of Directors has established guidelines as set forth below.

Roles toward Shareholders

The Board of Directors acts as a representative of the shareholders in monitoring and supervising the management to manage the businesses for maximum returns and the best satisfaction of shareholders, taking into account the value and sustainable growth of the Company. Therefore, the Board of Directors has established the following guidelines:

- to organize an efficient nomination process in order to recruit qualified individuals to be appointed as directors, and to assign the Remuneration and Nominating Committee to be responsible for this process; and
- to disclose the Company's financial information and other matters in an adequate, transparent and reliable manner, and to set up an Investor Relations Office to act as a channel of communication between shareholders and the Company and as a source of information concerning the Company's businesses.

Roles toward Employees

All employees are valuable resources and major factors for the success in businesses. Therefore, the Board of Directors has established the following guidelines:

- to establish a human resource management policy which covers personnel management, fair, equal, polite, and respectful treatment of employees, provision of career opportunities for employees at all levels, and creation of morale. In this regard, a channel of communication between the CEO and employees has been provided via the Company's internet system, through which the CEO can communicate the Company's policies, visions and goals to employees, and through which employees' comments, suggestions and grievances can be brought directly to the attention of the CEO for timely investigation. The names of those employees will be kept confidential;

- to establish an occupational safety and health policy;
- to establish a personal development policy in order to improve and develop employees' skills and performance to support the Company's growth;
- to establish a policy on employees' remuneration and welfare, based on the fundamental principles that such remuneration and welfare must be reasonable and comparable to those of the domestic peers in the same industry and based on employees' individual performance, and that they must reflect the short-term and long-term operating results of the Company.
- to establish a code of ethics for employees, which includes prohibition from paying or receiving bribes or any forms of incentive to induce the commission of any act in violation of law or the Company's regulations or to induce undue compromise in any business dealing, as well as a code of conduct for executives and employees which embodies the Company's values, ethics, and accountability towards stakeholders, with an aim to establish standards in the performance of duties by the executives and employees on the basis of integrity and honesty,
- to respect the employees' right to privacy, and to keep employees' personal data confidential, as well as to designate persons who are specifically authorized to access such information as necessary and appropriate; and
- to establish the provident fund after the employment agreements between the Company and its employees have been done.

Roles toward Customers

The customers' greatest satisfaction and confidence in the Company are of utmost importance. Therefore, the Board of Directors has established guidelines regarding the fair and accountable treatment of customers as follows:

- to set up a system to monitor and control the processes of production and product supply in order to offer quality merchandise to customers, and to regularly upgrade and modernize the production and quality control technologies;
- to set up a system to control and ensure compliance with the agreements made with customers in a strict, honest, attentive, and regular manner;
- to set up a system to control the maintenance of customers' confidential information as if it were the Company's confidential information; and
- to set up a "call center" to receive comments and complaints regarding the Company's merchandise, and to ensure that the designated unit will promptly conduct an investigation and take remedial action upon receiving such complaints.

Roles toward Business Partners

Business partners are important. Therefore, the Board of Directors has established guidelines regarding the fair and equitable treatment of all business partners as follows:

- to set up procurement regulations and select suppliers, contractual parties, or consultants on the basis of the Company's best interest, whereby the selection process must be transparent, unbiased and auditable, and employees must be prohibited from taking any benefits from the candidates; and
- to set up a system to monitor and prevent disclosure or unlawful exploitation of any confidential information of business partners in the operation of businesses.

Roles toward Trade Competitors

Business competition must be on the basis of compliance with rules and ethics. Therefore, the Board of Directors has established the guidelines regarding fair and accountable treatment of trade competitors as follows:

- to set up a system to monitor and prevent unlawful acquisition or exploitation of trade secrets of trade competitors;
- not to intentionally injure the reputation of any trade competitor by making an adverse accusation; and
- not to take advantage of trade competitors by any dishonest means.

Roles toward Creditors

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

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

Roles toward Community and Society

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

- to commit to being an organization that is accountable to the local, national, and global society, and to create activities that benefit the development of the community and society;
- to demonstrate a clear intention to take all steps to preserve the environment with emphasis on the prevention and reduction of pollution that destroys environment, and to provide knowledge and training on the environment to employees;
- to give importance to political activities and political participation, and to recognize the political rights and freedoms of employees in their private capacity, provided that employees may not exercise political rights or provide political support in the name of the Company;
- to support and participate in community development activities;
- to establish a policy on the preservation of the environment and society; and
- to establish a policy on the promotion of efficient utilization of natural resources.

7.1.4 Disclosure of Information and Transparency

The Company's important information, be it financial or non-financial, must be fully disclosed in a transparent, timely and equitable manner through easily accessible channels, and must be credible, non-misleading, and sufficient for investors' decisions. The disclosure of such information must not be in violation of the regulations regarding the disclosure of information as prescribed by the regulatory authorities. Important information also includes reports on the performance of duties by the Board of Directors and committees, reports on the corporate governance policy, and reports on compliance with various policies. In order to ensure that the Company's important information is fully disclosed in a transparent and timely manner, the Board of Directors has established the following guidelines:

Disclosure of Information

1. The Company shall disclose its corporate governance policy, code of business conduct, and other policies, such as risk management policy, environmental and social protection policy, etc., as well as the reports on compliance with such policies through various channels, such as its annual reports, website, etc.
2. The Company shall fully disclose its financial reports, both financial and non-financial performance indicators as well as general information to shareholders and general investors in a timely and transparent manner. Such disclosure must not be in violation of the regulations regarding disclosure of information as prescribed by the regulatory authorities. A report on the Board of Directors' responsibility for the financial report and auditor's report must also be included in an annual report.
3. The Company shall disclose in its annual report the roles and duties of the Board of Directors and committees, the numbers of the Board meetings and committee meetings, the attendance record of each director and committee member during the previous year, the opinions given by the directors and committee members in their performance of duties, as well as the attendance of professional training and development programs by the directors on a regular basis.
4. The Company shall disclose in its annual report the policy on remuneration of directors and executives which should reflect their individual duties and responsibilities, including the forms or types of such remuneration. The remuneration so disclosed shall include the remuneration which each director receives in his or her capacity as a director of one of the Company's subsidiaries.



5. The Company shall also include in its annual report all shareholdings by its directors and executives, either directly, i.e. shareholdings by themselves, or indirectly, e.g. shareholdings by their spouses.
6. The directors and executives have the duty to report their interests according to the rules and method prescribed by the Board of Directors.

Communication of the Company's Information Via Other Channels

7. The Company shall disclose up-to-date information in both Thai and English versions through its website, in addition to the disclosure of information according to the prescribed rules and via the channels of the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
8. The Company has set up an Investor Relations Office to disseminate its financial and general information to shareholders, security analysts, and investors, and to serve as a channel of communication for shareholders and interested investors. The Investor Relations Office has the duty to meet with investors and securities analysts on a regular basis to present the Company's performance.

7.1.5 Responsibilities of the Board of Directors

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

In order to ensure that the Board's structure is suitable for the Company's business operations and to clearly define the framework, authorities, duties and responsibilities of the Board with a view to enhancing its efficiency, the Board of Directors has established the guidelines as set forth below.

Structure of the Board of Directors

1. Composition of the Board of Directors

- 1.1 The Board of Directors must consist of at least five directors. At least one-third of the total number of directors, but not less than three directors, must be independent directors. The Chairman of the Board of Directors must not be a chairman or member of any committee, and must not be the same person as the President.
- 1.2 The Board of Directors must consist of directors who possess different qualifications in terms of skills, experiences, special expertise that benefits the Company, and gender. The composition of the Board of Directors and the years of directorship of each director will be disclosed in an annual report and the Company's website.
- 1.3 The Board of Directors must include at least one female independent director.

2. Qualifications of Directors

2.1 Directors

- 2.1.1 All directors must possess the qualifications, and have no prohibited characteristics, as prescribed by the law on public limited companies, law on securities and exchange and notifications of the regulatory authorities. The independent directors must also possess the qualifications as prescribed by the Capital Market Supervisory Board.
- 2.1.2 All directors must have experience in related fields of business and industry for the overall interests of the Company as well as an understanding of business obstacles, and must be able to perform duties in an efficient manner, to create competitive advantage in the industry and to provide insight into the handling of important risks.
- 2.1.3 Without exception, no director may hold directorship positions in more than five listed companies.



- 2.1.4 A director may not have been an employee or partner of an external auditing firm engaged by the Company during the past two years.
- 2.1.5 A director who serves as an executive director may not hold a directorship position in more than two other listed companies.
- 2.1.6 If any director holds a directorship or management position in another company, he or she shall report the details thereof to the Company. This matter shall be one of his or her interests that must be reported according to Clause 7.1.4 Disclosure of Information and Transparency in Part 2.
- 2.2 Additional qualifications for independent directors
- 2.2.1 The qualifications of independent directors shall at least be in accordance with the criteria prescribed by the regulatory authorities as prescribed below. The Company may add required qualifications as appropriate as follows:
- a. Holds not more than 0.5% of the total outstanding voting shares of the Company, a parent company, a subsidiary, an associate, a major shareholder, or a controlling person of the Company, including shares held by a person related to the independent director.
 - b. Is neither a director that has a management authority nor an employee, staff, advisor on regular retainer, or a controlling person of the Company, a parent company, a subsidiary, an associate, a subsidiary of the same tier, a major shareholder, or of the Company's controlling person both in the present and at least two years prior to taking the independent directorship.
 - c. No relationship by blood or legal registration, in a nature that makes the independent director be a parent, spouse, brothers and sisters, children nor spouse of children of a management, a major shareholders, a controlling person or a person who will be nominated as a management or a controlling person of the Company or a subsidiary.
 - d. Is not involved in the following relationships with the Company, a parent company, a subsidiary, an associate, a major shareholder or a controlling person of the Company in a nature which may obstruct his independent judgment, both in the present and at least two years prior to taking the independent directorship.
 - The business relationship including from normal course of business transactions, rent or lease out the property, transactions related to assets or services nor provide or receive financial support by borrowing, lending, surety, or other similar manner, which incur debt to the Company or contract party equivalent to 3% of the net tangible assets of the Company or amounting to Baht 20 million up, whichever is lower. This threshold is applicable to all indebtedness incurred within one year prior to the date of having such business relationship. For consideration the business relationship, it is included the relationship as a significant shareholder or a controlling person of firms the Company having such businesses with.
 - be an auditor or a significant shareholder, a controlling person or a partner of the audit firm of such auditor.
 - be a professional service provider such as legal or financial advisor, whose service fee exceed Baht 2 million per year, or a major shareholder, a controlling person or a partner of such firm.
 - e. Is not appointed as a representative of the Company's directors, major shareholders or shareholders who are related to the major shareholders of the Company.
 - f. Does not engage in the similar business and significantly competing with the business of the Company or subsidiary, or not being a significant partner in partnership or not being a director that has a management authority nor an employee, staff, advisor on regular retainer or holding shares exceed 1 percent of the total voting shares of other company which engage in the similar business and significantly competing with the business of the Company.



g. No other impediments or impairments to express independent opinions concerning the operations of the Company.

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

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

Nomination of Directors

3. The rules and process for nominating new directors must be disclosed in the annual report.
4. In nominating directors, the Company must prescribe the qualifications of directors to be nominated according to its business strategies. The Company may engage a professional search firm or use a third-party institution's director pool to recruit appropriate persons.

Term of Directorship

5. At every annual general meeting of shareholders, one-third of the directors, being those who have held the longest term in office, shall retire. If the number of directors is not a multiple of three, the number nearest to one-third shall retire from office. A retiring director may be nominated to the meeting for re-election.
6. If there is a vacancy on the Board of Directors for any reason other than a retirement by rotation, the Board of Directors shall elect a person who has the qualifications and possesses no prohibited characteristics under the law as a substitute director, unless the remaining term of office of the vacating director is less than two months. The newly-appointed director shall hold office only for the remaining term of office of the director whom he or she replaces. Such appointment must be approved by a vote of not less than three-fourths of the number of subsisting directors.
7. Each independent director may hold the position of independent director for no more than a maximum of nine consecutive years from the date of the 2014 Annual General Meeting of Shareholders, unless he or she is re-elected by a shareholders meeting to hold such position in excess of nine consecutive years based on the reasons and necessities as proposed by the Company

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

Details as shown in Duties and Responsibilities of the Board of Directors in Clause 6.1.1-6.1.6 under 6. Management in Part 2.

Board of Directors Meetings

8. Meetings of the Board of Directors shall be held more than six times a year. The meeting dates shall be scheduled annually in advance, but may be rescheduled if necessary. Each director will be notified of the meeting schedule, and has the duty to attend every board meeting. If any director is unable to attend a meeting, he or she shall give notice of the reason therefor to the Company Secretary prior to such meeting. The Company Secretary shall subsequently notify such director of the meeting results.
9. The President, together with the Chief Financial Officer and the Company Secretary, shall review issues to be included in the meeting agenda of the Board of Directors before such agenda is submitted to the Chairman of the Board of Directors for approval. Each director is freely entitled to propose any matters beneficial to the Company for inclusion in the meeting agenda.
10. The Company Secretary has the duties to give advice on laws and regulations which the Board of Directors must be aware of, to handle activities of the Board of Directors, to coordinate the implementation of the Board of Directors' resolutions, to prepare meeting documents with full and complete significant details, and to deliver these documents to the directors at least seven days before the meeting date for their thorough and complete consideration.
11. At each meeting, the executives who are directly responsible for the proposed agenda items shall be invited to present such agenda items to the meeting, so that the directors will have an opportunity to know them to support the Board's consideration of a succession plan. All directors are given an opportunity to discuss and

exchange their views, and make independent decisions. The meeting may request additional information from the President, the Company Secretary or other executives, or seek advice from independent consultants as appropriate.

12. A minimum quorum of at least 2/3 for board decisions for each agenda is required.

If any director has a vested interest in any agenda item, he or she shall immediately disclose the details thereof to the Board of Directors and shall not participate in the decision making for such agenda item. This shall also be recorded in the minutes of meeting of the Board of Directors.

13. The non-executive directors may hold meetings to discuss matters relating to the Company's overall management as necessary, without any management personnel in such meeting. The reports on the meeting results shall be submitted to the board meetings for information.

14. The Chairman of the Board of Directors should allocate sufficient time for the management to present matters, and the directors to thoroughly discuss the same, and should encourage the exercise of prudential discretion. Every director should pay attention to all issues presented to the meeting, including corporate governance issues.

15. Each director has to attend at least 75% of all the board meetings held during the year.

Evaluation of the Board of Directors' Performance

16. The Remuneration and Nominating Committee shall evaluate the Board of Directors' performance annually and report the results to the Board of Directors.

17. The Board of Directors shall conduct a self-assessment at least once a year. The Chairman of the Board of Directors will be responsible therefor. Such self-assessment process and criteria shall be disclosed in the annual report.

18. There shall be an evaluation of individual directors' performance. The process and criteria for such evaluation shall be disclosed in the annual report.

19. An evaluation of the performance of each sub-committee shall be conducted, and a report on the results thereof shall be made to the Board of Directors at least once a year.

20. The Board of Directors may engage an external consultant to help establish the guidelines and recommend the issues in evaluating the performance of the Board of Directors.

Remuneration of Directors and Executives

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

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

Development of Directors and Executives

23. The development of directors and executives shall be in accordance with the director and executive development plan and succession plan in in Clause 6.1.1 under 6. Management in Part 2. The President must report the implementation of these plans to the Executive Committee every year.

24. Training and knowledge on the Company's corporate governance shall be regularly provided to the directors and executives. Such training and knowledge enhancement may be conducted internally or by third-party institution.

25. Upon assuming a directorship position for the first time, the director shall receive all the important information relating to the Company, including its Articles of Association which prescribe the roles, duties and responsibilities of the Board of Directors, as well as information relating to the laws, regulations and conditions pertaining to the assumption of directorship position in a listed company, and other information relating to the Company's business operations.

*Holding of Position by Executives*

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

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

7.2 Nomination and Appointment of Directors and Senior Executives**7.2.1 Nomination of directors and independent directors**

Every board member of the Company currently has residence status in Thailand. They are experienced and understand the various obstacles that can arise in the course of the Company's business operations. They undertake their roles effectively and can create competitive advantage for the Company as well as provide beneficial insights into the Company's business operations as well as on matters such as risk management. Furthermore, every board member is fully qualified, which means that they all possess the qualifications that are stipulated by law, i.e. as laid down in the Public Company Limited Act and Securities Act. Every Independent Director is qualified in accordance with the Notification of the Capital Market Supervisory Board No. Tor Chor. 4/2552 Re: Application for and Approval of Offer for Sales of Newly Issued Shares (No. 2) as specified in Responsibilities of the Board of Directors in Clause 7.1.5 under 7. Corporate Governance in Part 2.

Remuneration and Nominating Committee is responsible for nominating individuals qualified to be the Company's directors and propose for an appointment to the Board of Directors to fill the vacancy for reasons other than retirement by rotation or propose to the Shareholders' Meeting for further consideration. Shareholders of the Company also have the opportunity to nominate qualified individuals for election as directors in advance according to the rules prescribed by the Company.

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

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

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

7.2.2 Nomination of Senior Executive

The Board of Directors assigns the Executive Committee to be responsible for selecting qualified individuals with the knowledge, competence and related experience to hold senior executive positions.



7.3 Administration of Subsidiaries and Associates

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

7.4 Protection of the Use of Insider Information

Procedure to protect the use of insider information as shown in the Equitable Treatment of Shareholders in Clause 7.1.2 Equitable Treatment of Shareholders under 7. Corporate Governance in Part 2.

7.5 Auditor's Remuneration

CPF's auditors in the year 2016, considered and proposed by the Audit Committee which then approved by the Annual General Shareholders' Meeting No.1/2016, were Mrs. Munchupa Singsuksawat C.P.A. (Thailand) Registration No. 6112, Mr. Charoen Phosamritlert C.P.A. (Thailand) Registration No. 4068 and Mr. Veerachai Ratanajaratkul C.P.A. (Thailand) Registration No. 4323, of KPMG Phoomchai Audit Limited.

The remunerations that CPF and its subsidiaries paid to KPMG Phoomchai Audit Limited and its related companies⁽¹⁾ in 2016, were as follows:

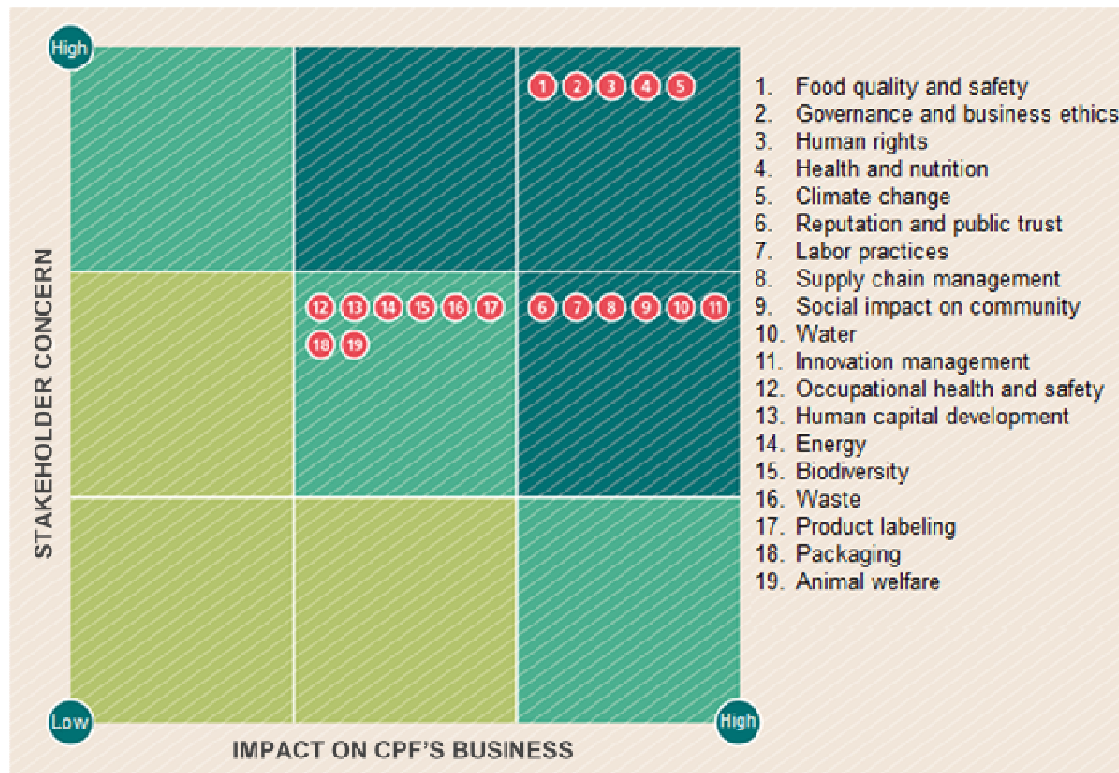
(Unit : Baht)	CPF	Subsidiaries
1. The audit fees on company's accounts	3,290,000	67,307,105
2. Other audit fees on special projects	230,000	730,000
3. Other fees	1,951,649	3,051,155

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

8. CSR towards Sustainability

The Company prescribes its Corporate Social Responsibility (CSR) as one of the main strategies for sustainable business operations. The strategic directions for corporate social responsibility towards sustainability are under the “3 pillars: “Food Security”, “Self-Sufficiency Society”, and “Balance of Nature” with the foundation of good corporate governance and fair people development based on respect for human rights. This ensures that the Company delivers appropriate benefits to shareholders, health and safety to consumers, as well as security and livelihood to our people, business partners, and communities while also conserving natural resources that are the sources of the current and future socio-economic development.

For efficient and effective sustainability management, the Company annually review and assess material aspects of corporate social responsibility towards sustainability covering significant opportunities and risks in economic, environmental and social dimensions, abided by the four principles of Global Reporting Initiatives (GRI): Sustainability Context, Materiality, Completeness and Stakeholder Inclusiveness. In 2016, the Company summarized the result of materiality assessment based on influence on stakeholder decisions and impact on business, as follows:



The above-mentioned integrated view on expectation of stakeholders and the Company helped enhance the confidence in pursuing strategic directions under the three pillars “Food Security, Self-Sufficient Society and Balance of Nature”, which are within the scope of our corporate social responsibility towards long-term sustainability of the Company. It shall be implemented together with continuous review and improvement of management approaches in order to achieve the Company’s goals, meet stakeholders’ expectation, as well as address challenges at present and in the future.

In addition, as the Company became signatory to the UN Global Compact in 2015, its strategic directions for corporate social responsibility towards sustainability also follow UN Global Compact’s principles covering human rights, labor, environment and anti-corruption. It also supports the Sustainable Development Goals (SDGs), the 15-year international development agenda for 2015 – 2030, which comprise a set of 17 aspirational goals. The Company focuses on nine goals namely, SDGs 2, 3, 6, 8, 12, 13, 14, 15 and 16, which align with the Company’s capability and potential to support sustainable and inclusive development.



Food Security

Food security is at the top of the agenda under the global public attention. Global and regional strategic plans are set to address this challenge. As the leading agro-industrial and food conglomerate, the Company recognizes its role in enhancing food security. The Company aims to “Enhance Quality and Food Safety throughout the Chain” and to “Improve Food Access” for health and safety of the consumers as well as for relieving hunger and malnutrition in the wider society.

1. Enhancing food quality and safety throughout the value chains

The Company has given highest importance to food quality and safety throughout the value chains, from raw material selection, research and development, animal feed production, farming, food processing to packaging and delivering to our consumers.

In 2016, the Company proceeded with “CPF Value Chain Traceability” project, the development of online traceability system within two minutes, with the aim to cover all product groups within 2017. The Company also continued with its “CPF Food Standard” project to standardize systems on food quality and safety throughout its value chains, to be piloted in poultry business in 2017. The Company unceasingly provides choices for consumers through its provision of more than 1,000 fresh, processed, ready-to-eat as well as healthy and nutritious products. In 2016, about 6.25% of the Company’s new product development were healthy products. The Company has the target to increase its healthy product portfolio to 30% of new product development by 2020.

2. Improving food access

The quality of population, which would drive the country towards the future, always starts from the quality of life of children and youth at present. Recognizing this, the Company is committed to improving food access among children and youth with the aim to address malnutrition and support proper child development.

In 2016, the Company helped more than 180,000 children and youth improve their access to food, with the target to reach 300,000 children and youth by 2020. This was done through the “Raising Layer for Student’s Lunch Project” which improved access to protein sources among the youth in remote areas, “CPF Growing Happiness, Growing Futures Project” which improved nutrition of students around our factories and farms, and “Open the World of Learning Project” which enhanced knowledge and understanding of children and youth nationwide on the production of quality, safe and nutritious food through experience in the Company’s food processing facilities.

Self-Sufficient Society

One of the key success factors for businesses is to recognize their role in tackling social and environmental issues. The Company has thus been dedicated to continually mitigating negative impacts while fostering positive influence on the communities. It aimed to “Develop Win-Win Partnership” with our business partners and “Support Community Livelihood” through the leverage of our expertise, the engagement of stakeholder groups and the collaboration with other partners. The work will help prepare its business partners and communities for today’s and tomorrow’s challenges.

- **Promoting win-win partnership**

The Company believes that in order to create growth, drive excellence, and build a solid foundation to achieve the “Kitchen of the World” vision, it needs to be socially and environmentally responsible throughout the process including the way our business partners conduct their business.

In 2016, the Company **expanded the dissemination of the Sustainable Sourcing Policy and Supplier Guiding Principle to more than 7,100 business partners in 13 raw material groups** while 97% of critical suppliers had already acknowledged the policy. Simultaneously, the Company encouraged the critical suppliers to conduct self-assessment on environmental, social, and governance (ESG) and also started the independent supplier audit of high risk critical suppliers.

In addition, the Company has put its utmost effort in **sourcing responsibly** with the aim to purchase agricultural raw materials namely, fishmeal, corn for animal feed, soybean and palm oil from responsible sources by 2020.

Since 2015, the Company has purchased in Thailand only fishmeal made from fish by-product that is traceable and sourced from processing plants certified under the IFFO Responsible Sourcing (IFFO RS) standard, which is currently the best international standard for sustainable fishmeal and fish oil production.

In 2016, CPF was the first company in Thailand that sources corn for animal feed from legal sources under in-house developed traceability system for corn, helping to address natural resource and environmental challenges including forest encroachment, haze and management of agricultural waste in the highlands. The traceability system underwent the participation from various stakeholder groups including business partners, farmers, academia, the government and civil society. The Company also organized workshops for all corn business partners.

The Company also collaborated with AG Processing Inc. or AGP, the leading soybean business in the US, in the “Collaboration to Develop Sustainable Soybean Sourcing System” project.

- **Supporting community livelihood**

Recognizing that business simply cannot succeed in societies that fail and healthy community brings about healthy business, the Company has a strong commitment to support employment and promote quality of life of smallholder farmers and small entrepreneurs as well as communities surrounding the Company’s operations, adhering to the “4Cs to Sustainability: Competency + Creation + Collaboration + (Connection)” framework.

In 2016, the Company **supported employment and promoted quality of life of more than 23,000 smallholder farmers and small entrepreneurs** as well as people in communities surrounding the operations; through its contract farming scheme, Five Star Business, CP Porkshop Business, programs to improve the quality of life of communities surrounding the operations, and programs to support smallholder farmers.

Over the past year, the Company’s **contract farming scheme**, which has benefited more than 5,000 smallholder farmers, attracted the attention of Food and Agriculture Organization of the United Nations (FAO). The Organization conducted a study visit and used the Company’s contractual agreement as the exercise of participants in its regional training workshop on “Planning and Implementing Contract Farming Operations” after the Company improved its contracts to benefit farmers, the Company, and consumers using the guideline from UNIDROIT who is the most well-known independent intergovernmental organization on private law. The contract was also available for the public to comment. Two organizations commented, namely FAO and the Faculty of Law, Chulalongkorn University. At the

same time, the Company also established CPF's Contract Farming Complaint Center since September 2015 to increase communication channels for information exchange and express opinion from farmers which would be used form an improvement plan for long term mutual growth.

Moreover, with its commitment to improve the quality of life of people in the society, in 2016 the Company initiated the **CP Porkshop project** with the aim to create employment for small entrepreneurs and to enhance the safety standard of fresh pork in communities. The project was collaborated by government agencies in improving butchery system, temperature control for transportation and at selling points, and traceability throughout the value chain. The project already attracted 1,556 small entrepreneurs.

Balance of Nature

Protecting environmental quality and keeping the ecosystem in balance are the responsibilities of all parties in the society for their tremendous importance in maintaining food security and promoting wellbeing of the society. As the leading agro-industrial and food conglomerate, the Company continues to embed environmental sustainability in its business activities through the consideration of environmental impacts and the support on conservation activities with the aims to "Reduce Environmental Footprints" and to "Protect Biodiversity."

- **Reducing Environmental Footprints**

The Company acknowledges that environmental challenges, climate change in particular, can have impacts on business continuity. Hence, the Company continues to improve, adapt, and develop its management approach in process and product so as to reduce environmental impacts from business activities.

In 2016, the Company established the **Sustainable Environment Sub-committee and set targets to reduce environmental footprints by 2020**. The company aimed to reduce greenhouse gas emission and energy consumption per production unit by five percent, reduce water consumption per production unit by ten percent, and reduce waste per production unit by thirty percent from base year 2015. The improvement in resource efficiency and the invention of process innovation resulted in the Company is able to significantly reduce its energy consumption, water consumption and waste generation while minimally improve Greenhouse gas emission compared to base year. The Company committed to continuously working towards achieving the 2020 targets.

The Company has also continued its **Carbon Footprint Project** since 2008 and has planned to expand the project to cover all product groups by 2018. Its CPF Product Sustainability Project has been launched since 2012 in CP Fresh Chicken and Roasted Chicken Strips and has planned to expand the project to other chicken products in 2017.

Moreover, the Company has emphasized **the design of packaging by taking into account environmental impacts** from the selection of packaging materials to post-consumption management. In 2016, the Company was able to **reduce 238 tons of plastic and paper consumption in packaging production or over 2,130 tons during 2007-2016**.

- **Protecting biodiversity**

Operating business with the consideration of the environment and biodiversity is critical for sustaining the balance of ecosystem. Therefore, the Company has carefully chosen sites that are not located in conservation areas according to laws and regulations, standards, and ministerial regulations, and assesses the impacts from business activities on a regular basis. Its effort is to promote stability of ecosystem and resource base which are essential capital for sustainable economic and social development.

In 2016, the Company has continued its **Grow-Share-Protect Mangrove Forestation Project** for three consecutive years. In collaboration with Department of Marine and Coastal Resources, Biodiversity-Based Economy Development Office (Public Organization) and civil society groups, the project focuses on conserving and restoring mangrove forests as well as increasing biodiversity in five strategic areas, namely Chumphon, Rayong, Samut Sakhon, Songkla, and Phang Nga province, covering the areas of 2,245 rai under the 5-year strategic plan (2014 – 2018). In 2016, the Company **expanded an additional 113 rai of mangrove forest, totaling 267 rai or 68 percent of the target of 390 rai** while also helped conserve



2,218 rai of mangrove forest or 99 percent of the target. The mangrove forest learning center at Prasae estuary, Rayong province was the first to be established in 2016. The Company also succeeded in establishing Mangrove Community Committee at every area of the project.

Moreover, the Company also initiated the **Rak Ni-Ves Project at Pasak Watershed - Khao Phya Doen Tong** in collaboration with Royal Forest Department, Thailand Greenhouse Gas Management Organization (Public Organization), Biodiversity-Based Economy Development Office (Public Organization) and civil society groups with a 5-year strategic plan (2016 – 2020). The project aims to conserve and restore Pasak watershed forest at Phraya Doen Thong mountain covering the area of 5,900 rai with the plan to monitor and assess increasing biodiversity as well as to calculate carbon absorption and ecosystem services. In 2016, the Company already proceeded with the area of 50 rai. In 2016, **the Company's 44 plants and farms were awarded LESS (Low Emission Support Scheme) from Thailand Greenhouse Gas Management Organization** for their ability in absorbing 12,130 tons of carbon dioxide. As of present, a total of 98 plants and farms has contributed to the absorption of 30,147 tons of carbon dioxide.

Remark: Results of the Company's CSR to Sustainable activities for 2016 are exhibited in the 2016 Sustainable Report



9. Internal Control and Risk Management

At the Board of Directors' meeting No.1/2017 held on February 24, 2017, including 4 Audit Committee members presented, reviewed the Company's internal control system. Following the reviewed by the Audit Committee and the Internal Audit Office, it can be concluded that the existing internal control system is appropriate and sufficient to ensure compliance of the Company's operations with the required target, objectives, legal requirements and relevant regulations effectively, so as to protect Company's assets from being misused. It provides a reasonable assurance that financial statements are reliable and correctly prepared. The internal auditors reviewed of the various operations of the Company to ensure compliance with the Company's internal control system. Any major non-compliance found was reported to the Executive Board and the Audit Committee for review and correction. However, in 2016 the Internal Audit Office found no major non-compliance that would affect the operation of the Company. Additionally, according to the assessment of the financial statements performed by external auditor which considers internal control relevant to the Company's preparation and presentation of the financial statements, the auditor did not report any material non-compliance activities.



10. Related Transactions

During 2016, the Company entered into transactions with related persons, which the Audit Committee considered reasonable as summarized below:

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

10.1.1 Accounts Receivable

As of December 31, 2016, the Company had accounts receivable, arising from transactions with associates, joint ventures and related companies amounting to Baht 9,320 million, or 30% of total accounts receivable. (2015: Baht 7,338 million)

10.1.2 Accounts Payable

As of December 31, 2016, the Company had accounts payable, arising from transactions with associates, joint ventures and related companies, amounting to Baht 4,681 million, or 15% of total accounts payable. (2015: Baht 3,537 million)

10.1.3 Sales

In 2016, the Company sold products to associates, joint ventures and related companies which were based on the ordinary course of business price list. The value of these transactions for the year ended December 31, 2016 was Baht 42,538 million, or 9% of total sales. (2015: Baht 34,350 million)

10.1.4 Purchase of Raw Materials

In 2016, the Company purchased raw materials from associates, joint ventures and related companies which were also based on the ordinary course of business price list. The value of these transactions for the year ended December 31, 2016 was THB 60,172 million, or 15% of total cost of goods sold. (2015: Baht 59,595 million)

10.1.5 Other Income

In 2016, the Company received other income in forms of dividends, interest, training and seminar fees, system service fees, rental and service fees, and others from associates, joint ventures and related companies amounted to Baht 337 million, or 0.1% of total revenues. (2015: Baht 1,140 million)

10.1.6 Rental and Services Fees

The Company has lease agreements covering office premises (including related facilities service agreements), land, farms, and vehicles with certain related companies, for periods of 1 to 9 years expiring during year 2017 to 2025. The rental and services fees obligation of the Company, as of December 31, 2016, amounted to Baht 3,103 million. (2015: Baht 2,839 million).

The Company rented assets from associates, joint ventures and related companies according to the rates set by their owners. For the year ended December 31, 2016, the value of these transactions was Baht 1,541 million, or 3% of total selling and administrative expenses. (2015: THB 1,582 million)

10.1.7 Technical Service Fees

The Company has technical service agreements with the major shareholder, Charoen Pokphand Group Co., Ltd. ("CPG"). Under the terms of these agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feeds for the Company and its subsidiaries. In this regard, CPF and its subsidiaries are committed to pay the technical service fee which is calculated from the feed production quantity dependent upon the types of feed, as stipulated in the agreements, to CPG. The minimum service fee ranges from Baht 0.1 million to Baht 1.3 million per month.

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

In 2016, the Company paid CPG for technical services according to the agreements amounting to Baht 1,867 million, or 0.5% of total cost of goods sold. (2015: Baht 1,624 million)

10.1.8 Insurance Premium

The Company paid the insurance premiums to Allianz C.P. Insurance Plc. ("AZCP") which is a related company. The insurance premium rates were paid according to the standards set by the insurers. In 2016, the Company paid insurance premiums to AZCP amounted to Baht 203 million, or 0.4% of total selling and administration expenses. (2015: Baht 243 million)



10.1.9 Other Expenses

In 2016, the Company paid application system service fee, sales promotional fee, transportation fee and other fees, to related companies amounted to Baht 1,309 million. (2015: Baht 1,238 million)

10.1.10 Others

The Company has some hire-of-work agreements to construct buildings, structures and other agreements, including equipment and other purchase with certain related companies. In 2016, the payments in respect of these agreements amounted to a total of Baht 2,711 million. (2015: Baht 1,948 million)

A subsidiary has a trademark agreement Star Marketing Co., Ltd. ("STAR"), a related company, for the right to use STAR trademark. In this regard, the subsidiary is committed to pay the trademark license fee to STAR, which is calculated from the sale value under the trademark at the rates as stipulated in the agreement. The fees for 2016 amounted to Baht 32 million. (2015: THB 34 million)

The Company entered into agreements with the major shareholder, CPG, for the right to use  and  trademark. In this regard, the Company is committed to pay the trademark license fees to CPG at the rates of 0.2% and 0.4% of the sale value of each product as stipulated in the agreements. The fees for 2016 amounted to a total of Baht 89 million. (2015: Baht 85 million)

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

Details of the related transaction not in the ordinary course of business or supporting transactions related to the ordinary course of business which were in accordance with the conditions specified in the notification of the Capital Market Supervisory Board No. Torchor. 21/2551 Re: Transactions of Related Parties can be summarized as follows:

- 2nd quarter of 2016

The Board of Directors' Meeting convened on May 11, 2016 approved Chia Tai (China) Investment Co., Ltd. ("CTI") to acquire the entire investment in Hubei Chia Tai Co., Ltd. ("Hubei") from Chia Tai Food Investment Company Limited ("CTFI"), subsidiary of CPG, at the total consideration of RMB 103 million. The Board of Directors including independent directors/the Audit Committee and those directors without a conflict of interest considered and were of the view that this transaction was reasonable and beneficial to the Company and shareholders as Hubei engages in manufacture and sale of animal feed, breeding and processed food products; therefore, the acquisition of investment in Hubei will allow the Group to expand its agri-food business in China and further reinforce the Group's leading position in the agri-food industry in China. The consideration was determined on the arm's length negotiation between CTI and CTFI with reference to the paid-up capital of Hubei. The transaction was completed during the second quarter of 2016.

10.3 Reasonableness of the Related Transactions

The related transaction entered by the Company with person who have conflict of interest which was not in the ordinary course of business or supporting transactions related to the ordinary course of business has been thoroughly reviewed by the Audit Committee. The Audit Committee opined that said transaction was reasonable and is reasonable and beneficial to the Company and shareholders.

**10.4 Measures to Govern Related Transactions**

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



Charoen Pokphand Foods Public Company Limited

Part 3

Financial Status and Performance

**11. Key Financial Information****Financial Statements**Highlights of the Consolidated Financial Statements and Key Financial Ratios(A) *Consolidated Statements of financial position of CPF and its subsidiaries as of December 31, 2014, 2015 and 2016*

	As of December 31,					
	2014		2015		2016	
	Baht million	%	Baht million	%	Baht million	%
Cash and cash equivalent	33,552	8	36,461	7	34,100	6
Current investments	5,769	1	7,773	1	6,757	1
Accounts receivable - trade and others	24,953	6	26,156	5	30,679	5
Inventories	49,036	12	52,112	11	54,991	10
Current biological assets	24,378	6	27,757	6	29,178	5
Other current assets	8,566	2	9,734	2	10,664	2
Total current assets	146,254	35	159,993	32	166,369	29
Long-term investments	62,012	15	75,303	15	87,658	15
Investment properties	1,169	-	1,379	-	1,372	-
Property, plant and equipment	124,461	30	149,599	30	176,177	30
Non-current biological assets	5,595	1	7,221	2	7,525	2
Goodwill	60,699	15	81,298	17	107,492	18
Other non-current assets	16,575	4	19,470	4	35,586	6
Total non-current assets	270,510	65	334,270	68	415,810	71
Total assets	416,764	100	494,263	100	582,179	100
Overdrafts and short-term borrowings	63,686	15	88,397	18	68,680	12
Bills of exchange	1,989	1	18,731	4	43,563	8
Accounts payable – trade and others	25,632	6	28,022	6	31,562	5
Current portion of long-term debts	13,433	3	30,724	6	23,190	4
Other current liabilities	18,545	5	20,417	4	23,504	4
Total current liabilities	123,285	30	186,291	38	190,499	33
Long-term debts	116,425	28	120,299	24	177,295	30
Other non-current liabilities	13,088	3	13,948	3	20,679	4
Total non-current liabilities	129,513	31	134,247	27	197,974	34
Total liabilities	252,798	61	320,538	65	388,473	67
Total equity	163,966	39	173,725	35	193,706	33



(B) Consolidated statements of income of CPF and its subsidiaries for the years ended December 31, 2014, 2015 and 2016

	2014		2015		2016	
	Baht million	%	Baht million	%	Baht million	%
Revenue from sale of goods	426,039	98	421,355	97	464,465	99
Gains on changes in fair value of investment in associates	-	-	236	-	-	-
Gains on sale of investments	4,662	1	7,129	2	2,126	-
Others	2,801	1	5,473	1	3,579	1
Total income	433,502	100	434,193	100	470,170	100
Cost of sale of goods	368,760	85	363,287	83	391,822	83
Gains on changes in fair value of biological assets	(338)	-	(404)	-	889	-
Selling and administrative expenses	42,811	10	46,889	11	45,473	10
Finance costs	8,903	2	9,614	2	10,601	2
Others	356	-	-	-	-	-
Total expenses	420,492	97	419,386	96	448,785	95
Share of profits of associates and joint venture	4,869	1	5,221	1	6,513	1
Profit before income tax	17,879	4	20,028	5	27,898	6
Income tax expense	3,650	1	3,654	1	7,212	2
Profit for the year	14,229	3	16,374	4	20,686	4
Non-controlling interests	(3,667)	(1)	(5,315)	1	(5,983)	(1)
Profit for the year attributable to equity holders of the Company	10,562	2	11,059	3	14,703	3

(C) Consolidated Statements of comprehensive income for the years ended December 31, 2014, 2015 and 2016

(Unit : Baht million)	2014	2015	2016
Profit for the year	14,229	16,374	20,686
Other comprehensive income (loss) for the year, net of income tax	(1,258)	(2,988)	8,869
Total comprehensive income for the year	12,971	13,386	29,555
Non-controlling interests	(4,102)	(8,805)	(5,207)
Total comprehensive income for the year attributable to equity holders of the Company	8,869	4,581	24,348

(D) Consolidated statements of cash flows for the years ended December 31, 2014, 2015 and 2016

(Unit : Baht million)	2014	2015	2016
Net cash provided by operating activities	23,208	20,862	31,231
Net cash used in investing activities	(33,163)	(51,868)	(62,783)
Net cash provided by financing activities	23,510	30,755	29,618
Net increase (decrease) in cash and cash equivalent	13,555	(251)	(1,934)
Cash and cash equivalents at the beginning of the year	17,180	31,924	32,388
Effect of exchange rate changes on the balances held in foreign currencies	1,189	715	520
Cash and cash equivalents at end of year	31,924	32,388	30,974



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

	2014	2015	2016
Liquidity ratios			
Current ratio ¹ (times)	1.19	0.86	0.87
Quick ratio ² (times)	0.52	0.38	0.38
Cash flow liquidity ratio ³ (times)	0.19	0.13	0.17
Accounts receivable turnover ⁴ (times)	16.92	16.08	15.92
Collection period ⁵ (days)	21	23	23
Inventory turnover ratio ⁶ (times)	27.55	25.93	27.59
Inventory turnover ⁷ (days)	13	14	14
Accounts payable turnover ⁸ (times)	15.52	13.54	13.15
Payable period ⁹ (days)	23	27	27
Cash Cycle ¹⁰ (days)	11	10	10
Profitability ratios			
Gross profit margin ¹¹ (%)	13.44	13.78	15.64
Operating profit margin ¹² (%)	6.29	7.03	8.29
Net profit margin ¹³ (%)	2.41	2.52	3.08
Return on Equity ¹⁴ (%)	7.20	6.55	8.00
Operating Efficiency ratios			
Return on fixed assets ¹⁵ (%)	16.59	15.39	16.57
Asset turnover ¹⁶ (times)	1.12	0.97	0.89
Leverage ratios			
Debt to equity ¹⁷ (times)	1.54	1.85	2.01
Interest coverage ¹⁸ (times)	2.88	2.42	3.08
Debt service coverage ¹⁹ (times)	0.32	0.20	0.20
Dividend payout ²⁰ (%)	64.99	51.51	66.84

¹ Current ratio = Total current assets / Total current liabilities

² Quick ratio = (Cash and cash equivalents + 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 = Average accounts receivable / Total revenues*360

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 finance costs 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

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

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

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

²⁰ Dividend payout = Dividend paid / Net profit of the Company's separate financial statements



12. Management Discussion and Analysis

In 2016, there were significant events affecting the preparation and presentation of the consolidated financial statements for the year ended December 31, 2016, i.e. the acquisition of investments in companies, as follows:

Transaction No.1: During the 2nd quarter of 2016, Chia Tai (China) Investment Company Limited, a 50.43% indirect subsidiary of CPF, acquired 100% of the total issued and paid-up ordinary shares of Hubei Chia Tai Co., Ltd. (“Hubei”) which is incorporated in China.

Transaction No.2: During the 3rd quarter of 2016, CPF Investment Limited, a wholly-owned subsidiary of CPF, acquired 80% of the total issued and paid-up ordinary shares of Norfolk Foods (Private) Limited (“Norfolk”) which is incorporated in Sri Lanka.

Transaction No.3: During the 4th quarter of 2016, CP Foods UK Limited, a 57.52% indirect subsidiary of CPF, acquired 60% of total issued and paid-up share capital of The Foodfellas Limited (“Foodfellas”) which is incorporated in England.

Transaction No.4: During the 4th quarter of 2016, Chia Tai (China) Investment Company Limited, a 50.43% indirect subsidiary of CPF, acquired 70% of total issued and paid-up share capital of Fujian Sumpo Foods Holdings Co., Ltd. (“Fujian Sumpo”) which is incorporated in China; and

Transaction No.5: During the 4th quarter of 2016, Bellisio Investment, LLC, a new wholly-owned subsidiary of CPF in USA, acquired 100.00% of total issued and paid-up share capital of Bellisio Parent, LLC (“Bellisio”) which is incorporated in USA.

Upon above-mentioned transactions, all those companies became the Company’s subsidiaries. In the preparation of consolidated financial statements for the year ended December 31, 2016, financial statements of all those subsidiaries were included; and the Company complied with the Financial Reporting Standards No.3 (Revised 2015) Business Combinations. The Company disclosed the recognition of such transactions in the Notes to Financial Statements for the year ended December 31, 2016, Clause 4 “Business Combination by Acquisition of Shares”.



Resulting from the acquisition of shares in such companies, the Company recognized amounts of assets acquired and liabilities assumed at the acquisition date according to its fair value as follows:

Unit : Baht million	Transaction No.1	Transaction No.2	Transaction No.3	Transaction No. 4	Transaction No.5	Total
Cash and cash equivalents	478	13	99	21	768	1,379
Accounts receivables - trade and others	636	57	279	260	1,802	3,034
Inventories	310	21	175	367	2,271	3,144
Current biological assets	129	-	-	114	-	243
Other current assets	86	2	9	1,579	702	2,378
Property, plant and equipment	2,909	68	1	1,736	5,448	10,162
Leasehold rights	759	4	-	291	-	1,054
Other intangible assets	-	-	-	55	-	55
Other intangible assets - customer relationship	-	-	786	-	5,128	5,914
Other intangible assets - trademarks	-	7	-	-	3,474	3,481
Other intangible assets - trademark licenses	-	-	-	-	2,986	2,986
Other intangible assets - recipes	-	-	-	-	2,100	2,100
Other non-current assets	-	1	-	150	-	151
Overdraft and short-term loans from financial institutions	(1,292)	-	(27)	(1,304)	-	(2,623)
Trade and other payables	(152)	(22)	(237)	(422)	(1,368)	(2,201)
Short-term borrowings	(205)	-	-	-	-	(205)
Long-term loans due within 1 year	(200)	-	-	-	-	(200)
Income tax payable	-	(3)	(14)	(5)	-	(22)
Other current liabilities	(535)	(4)	(114)	(379)	(784)	(1,816)
Long-term loans	(2,361)	-	-	-	-	(2,361)
Deferred tax liabilities	(2)	(10)	(157)	(11)	(6,480)	(6,660)
Provisions	-	(4)	-	-	-	(4)
Employee benefit obligations	-	(10)	-	-	-	(10)
Other non-current liabilities	-	-	-	(64)	(44)	(108)
Net assets	560	120	800	2,388	16,003	19,871
Non-controlling interests	-	(24)	(320)	(716)	-	(1,060)
Goodwill	-	43	87	-	23,100	23,230
Consideration transferred	560	139	567	1,672	39,103	42,041

The Consolidated statement of income for the year ended December 31, 2016 includes operating results of new subsidiaries as per Transaction No.1 - No.4, excluding operating results of new subsidiary as per Transaction No. 5 as the Company acquired Bellisio on December 20, 2016. The significant details are as follows:

Unit : Baht million	Transaction No.1	Transaction No.2	Transaction No.3	Transaction No. 4	Total
Revenue from sale of goods	3,478	154	653	576	4,861
Profit for the period attributable to equity holders of the Company	73	7	12	10	102



The following financial analysis is based on the Company's consolidated financial statements ended December 31, 2016 includes the financial statements of CPF and its subsidiaries (The "Company") as disclosed in No. 1 General Information of the notes to the financial statements.

1. Operating Performance

(1) *Overview of Previous Operating performance*

In 2016, the Company's income from sale was amounted to Baht 464,465 million (2015: Baht 421,355 million), increased by 10% from those of the previous year due to 7% increase in the sales of Thailand Operations; meanwhile, the sales of International Operations increased by 12%.

The Company's 2016 net profit was amounted to Baht 14,703 million or equal to Baht 1.99 per share (2015: Baht 11,059 million or equal to Baht 1.50 per share), increased by 33% from those of the previous year primarily due to the livestock business operation in Thailand which returned to normal situation, the continuous recovery of shrimp business in Thailand after having encountered the Early Mortality Syndrome (EMS) and the contribution from subsidiaries in Russia and Cambodia as well as an efficient expense management.

(2) *Operating Performance of Each Business Line*

	2014		2015		2016	
	Baht million	%	Baht million	%	Baht million	%
1. Thailand Operations						
Feed	51,850	12	50,287	12	49,165	11
Farm	79,212	19	74,686	18	86,255	18
Food	44,212	10	42,074	10	43,162	9
<i>Total Sales – Thailand Operations</i>	<i>175,274</i>	<i>41</i>	<i>167,047</i>	<i>40</i>	<i>178,582</i>	<i>38</i>
2. International Operations						
Feed	173,448	41	167,008	40	171,315	37
Farm	70,036	16	79,158	18	101,327	22
Food	7,281	2	8,142	2	13,241	3
<i>Total Sales – International Operations</i>	<i>250,765</i>	<i>59</i>	<i>254,308</i>	<i>60</i>	<i>285,883</i>	<i>62</i>
Total Sales Revenue	426,039	100	421,355	100	464,465	100

Operating Performance by Geography

(1) *Thailand Operations*

In 2016, total sales revenue generated from Thailand Operations was amounted to Baht 178,582 million (2015: Baht 167,047 million), increased by 7% from those of the previous year, as per the following details:

a. Domestic Sale

In 2016, domestic sales was amounted to Baht 149,855 million (2015: Baht 140,591 million), increased by 7% mostly resulting from the increase in the sales from livestock and aquaculture farm.

b. Export

In 2016, revenue from export was amounted to Baht 28,727 million (2015: Baht 26,456 million), increased by 9% from those of the previous year mainly due to the increase in livestock export volume.

(2) *International Operations*

In 2016, sales revenue from international operations was amounted to Baht 285,883 million (2015: Baht 254,308 million), increased by 12% from those of the previous year primarily resulting from the sales of the subsidiaries in Russia (CJSC Poultry Parent Stock Production Woyskovitsy and CJSC Poultry Production

Severnaya) and Cambodia (C.P. Cambodia Company Limited) as well as the sales of livestock farm in Vietnam.

2. Changes in Other Comprehensive Incomes

Changes in other components of shareholders' equity after tax presented in the Statements of Comprehensive Income of 2016 increased by Baht 8,869 million, resulting from the revaluation differences on assets which increased by Baht 6,462 million, defined benefit plan actuarial gain which increased by Baht 1,168 million, the increase of currency translation differences by Baht 987 million and changes in the fair value of the available-for-sale investments which increased by Baht 252 million.

3. Financial status

(1) *Assets*

As of December 31, 2016, the Company's total assets were amounted to Baht 582,179 million, consisting of current assets of Baht 166,369 million, property, plant and equipment of Baht 176,177 million, goodwill of Baht 107,492 million, along with long-term investments and other assets of Baht 132,141 million.

The Company's assets increased by 18% from those of the previous year mostly from total assets of new subsidiaries acquired in 2016 as mentioned earlier, including the goodwill arose from the acquisition of Bellisio and the increase in property, plant and equipment.

(2) *Liquidity*

As of December 31, 2016, the Company's liquidity ratio as per the consolidated financial statements was equal to 0.87 times, increased from 0.86 times of the previous year. Meanwhile, the cash cycle was equal to 10 days as last year. The Company's long-term loans due within 2017 were amounted to Baht 23,180 million; long-term loans due within 2018 were amounted to Baht 25,606 million; long-term loans due within 2019 were amounted to Baht 25,533 million; and long-term loans due within 2020-2041 were amounted to Baht 126,131 million.

Regarding the inventory management, as of December 31, 2016, the Company's inventories was amounted to Baht 54,991 million, increased by 6% from those of the previous year mostly resulting from the inventories of new subsidiaries; whereby the inventory turnover ratio in 2016 was equal to 27.59 times, increased from 25.93 times in 2015,

(3) *The Analysis of Financial Ratios*

For the profitable ratio in 2016, net profit margin was 3.08%, grew from 2.52% in 2015, mainly due to the livestock business operation in Thailand and the continuous recovery of shrimp business in Thailand after having encountered the Early Mortality Syndrome (EMS) as well as the contribution from CJSC Poultry Parent Stock Production Woyskovitsy and CJSC Poultry Production Severnaya.

The Interest coverage ratio for the year 2016 was 3.08 times, rose from 2.42 times in 2015 due to the increase of net cash provided by operating activities which was more than the increase of interest expenses.

(4) *Sources and Uses of Capital*

In 2016, the Company's sources of capital were obtained from its operation of Baht 31,231 million and financing activities of Baht 29,618 million (divided into net borrowing totaling Baht 51,283 million and outflow in payment of interest, dividends and others totaling Baht 21,665 million) and spending in the investment activities amounted to Baht 62,783 million.

As of December 31, 2016, the Company's interest bearing debts were amounted to Baht 187,943 million and debentures amounted to Baht 124,785 million.



Details of the outstanding debenture tranches as of December 31, 2016 are as follows:

a. *Debentures issued by CPF*

Debentures	Amount (THB mn.)	Issued Date	Maturity Date	Tenor (Years)	Coupon Rate per Annum
1. CPF Debenture #2/2010 Series 2	5,000	Nov. 3, 2010	Nov. 3, 2017	7	Year 1-3 = 3.00% Year 4-5 = 4.00% Year 6-7 = 5.00%
2. CPF Debenture #1/2011 Series 1	3,000	Aug. 19, 2011	Aug. 19, 2018	7	4.65%
3. CPF Debenture #1/2011 Series 2	3,000	Aug. 19, 2011	Aug. 19, 2011	10	4.87%
4. CPF Debenture #1/2011 Series 3*	4,000	Aug. 19, 2011	Aug. 19, 2041	30	5.42%
5. CPF Debenture #2/2011*	6,000	Dec. 21, 2011	Dec. 21, 2041	30	5.42%
6. CPF Debenture #2/2012 Series 1	6,000	Aug. 3, 2012	Aug. 3, 2019	7	Year 1-4 = 4.35% Year 5-7 = 5.00%
7. CPF Debenture #2/2012 Series 2	4,000	Aug. 3, 2012	Aug. 3, 2022	10	Year 1-4 = 4.40% Year 5-9 = 5.00% Year 10 = 6.00%
8. CPF Debenture #2/2012 Series 3*	5,000	Aug. 3, 2012	Aug. 3, 2032	20	5.30%
9. CPF Debenture #1/2013	6,000	May 9, 2013	May 9, 2018	5	3.93%
10. CPF Debenture #2/2013 Series 1	2,000	Aug. 2, 2013	Aug. 2, 2017	4	4.04%
11. CPF Debenture #2/2013 Series 2	2,500	Aug. 2, 2013	Aug. 2, 2019	6	4.54%
12. CPF Debenture #2/2013 Series 3	5,500	Aug. 2, 2013	Aug. 2, 2021	8	4.90%
13. CPF Debenture #1/2015 Series 1	6,500	May 13, 2015	May 13, 2020	5	3.21%
14. CPF Debenture #1/2015 Series 2	5,500	May 13, 2015	May 13, 2023	8	3.98%
15. CPF Debenture #2/2015 Series 1	1,940	July 29, 2015	July 29, 2023	8	3.97%
16. CPF Debenture #2/2015 Series 2	3,000	July 29, 2015	July 29, 2025	10	4.28%
17. CPF Debenture #2/2015 Series 3	2,000	July 29, 2015	July 29, 2027	12	4.51%
18. CPF Debenture #1/2016 Series 1	3,060	Apr. 12, 2016	Apr. 12, 2020	4	2.28%
19. CPF Debenture #1/2016 Series 2	3,500	Apr. 12, 2016	Apr. 12, 2024	8	3.11%
20. CPF Debenture #1/2016 Series 3	2,500	Apr. 12, 2016	Apr. 12, 2031	15	3.73%

* *Debenture with holders' early redemption right at the end of year 15*

According to the specified Terms and Conditions of debenture issuers and holders of the above debentures, CPF shall maintain debt to equity ratio calculated based on the financial statements for the accounting period ended June 30 and December 31 of each accounting period which reviewed or audited by the auditor. For examples, debentures issued before CPF debenture #1/2013 shall maintain net debt to equity ratio of not exceeding 1.15:1 for the separate financial statements and not exceeding 2:1 for the consolidated financial statements, CPF Debenture No.1/2013 shall maintain net debt to equity ratio of not exceeding 2:1 for the consolidated financial statements and CPF Debenture No.2/2013 and debentures issued thereafter shall maintain net interest bearing debt to equity ratio of not exceeding 2:1 for the consolidated financial statements.

b. Debentures issued by subsidiaries

1. Debentures issued by CPFTH

Debentures	Amount (THB mn.)	Issued Date	Maturity Date	Tenor (Years)	Coupon Rate per Annum
1. CPFTH Debenture #1/2016 Series 1	7,450	Jan. 20, 2016	Jan. 20, 2021	5	3.10%
2. CPFTH Debenture #1/2016 Series 2	2,150	Jan. 20, 2016	Jan. 20, 2023	7	3.47%
3. CPFTH Debenture #1/2016 Series 3	3,350	Jan. 20, 2016	Jan. 20, 2026	10	3.87%
4. CPFTH Debenture #1/2016 Series 4	3,050	Jan. 20, 2016	Jan. 20, 2028	12	4.15%
5. CPFTH Debenture #2/2016 Series 1	5,000	July 15, 2016	July 15, 2020	4	2.51%
6. CPFTH Debenture #2/2016 Series 2	3,300	July 15, 2016	July 15, 2023	7	3.09%
7. CPFTH Debenture #2/2016 Series 3	1,400	July 15, 2016	July 15, 2026	10	3.46%
8. CPFTH Debenture #2/2016 Series 4	1,100	July 15, 2016	July 15, 2028	12	3.65%
9. CPFTH Debenture #2/2016 Series 5	2,200	July 15, 2016	July 15, 2031	15	3.95%

According to the specified Terms and Conditions of debenture issuers and holders of the above debentures, CPFTH shall maintain net interest bearing debt to equity ratio of not exceeding 2:1 for the separate financial statements ended December 31 of each accounting period which audited by the auditor.

2. Exchangeable Bonds issued by CPFH

In September 2016, C.P. Foods Holdings Limited (“CPFH”), a 100% holding subsidiary of CPF also issued exchangeable bonds totaling USD 300 million due in 2021 with a per annum coupon of 0.5% (“EB”). Under the terms and conditions of the EBs, the EBs holders can exchange the EBs into a pro rata share of the Exchange Property with a sponsor undertaking from CPF. The Exchange Property, at the EBs issue date, initially comprised 135,285,000 shares in CP ALL Public Company Limited (“CPALL Shares”), which belong to CPFH and which were deposited with the Custody Account with UBS AG London Branch (the “Custodian” or “UBS”) pursuant to the details set out in the terms and conditions of the EBs. Under the terms and conditions of the EBs, the EB holders have the options to (1) exchange the EBs into CPALL Shares as held by CPFH, or (2) put the EBs to CPFH on the date falling 2 years from the issue date of the EBs, or (3) hold the EBs until maturity, whereby in the case of (2) and (3) CPFH will repay the EB holders in cash. In accordance with the terms and conditions of the EBs, where the EB holders exercise the exchange right, CPFH has to deliver CPALL Shares to the EBs holders or redeem the EBs using cash of equivalent market value of CPALL Shares. The initial exchange ratio of EBs is 90,190 CPALL Shares for each USD 200,000 principal amount of EBs (1 CPALL Share equivalent to Baht 77.35 (rounded up) at the exchange rate USD 1: Baht 34.881). In addition, CPFH, as the EBs issuer, has option to early redeem the whole amount of the EBs as specified in the terms and conditions of the EBs.

The issuance and offering of the EBs was completed on September 22, 2016 and the EBs were listed on Singapore Exchange Securities Trading Limited on September 23, 2016.

As of December 31, 2016 the carrying amount of the EBs were USD 297 million or equivalent to Baht 10,645 million.

3. Debentures issued by CTI

In November 2016, Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary, issued The First Tranche of Domestic Bonds (“Debenture”) with total aggregate value of RMB 1,000 million with 3.69% interest rate per annum due in 2021. The Debenture holders have the redemption right from CTI on the third years from the issuing date.



The Debenture were listed on Shanghai Exchange Securities Trading Limited on September 29, 2016 with credit rating of “AA” rated by China Chengxin Securities Rating Co., Ltd.

As of December 31, 2016 the carrying amount of the Debenture was RMB 996 million or equivalent to Baht 5,140 million.

As of December 31, 2016, the Company’s net debt to equity ratio as calculated based on the specified Terms and Condition of debenture issuers and holders for the outstanding debentures are as follows:

(Unit : times)	Net debt to equity ratio	
	Consolidated financial statement	Separate financial statement
Debentures issued before CPF debenture #1/2013 ²¹	1.66	1.09
CPF Debenture #1/2013 ²¹	1.66	N/A
CPF Debenture #2/2013 and debentures issued thereafter ²²	1.33	N/A
CPFTH Debenture #1/2016 and #2/2016 ²³	N/A	1.64

As of December 31, 2016, the Company’s total liabilities were amounted to Baht 388,473 million, increased by 21% from those of the previous year due to the increase in interest bearing liabilities of Baht 54,577 million and the increase in non-interest bearing liabilities of Baht 13,358 million. Total liabilities consisted of non-interest bearing and interest-bearing liabilities amounted to Baht 75,745 million and Baht 312,728 million, respectively. The interest-bearing liabilities consisted of short-term liabilities amounted to Baht 135,433 million and long-term liabilities amounted to Baht 177,295 million.

As of December 31, 2016, the shareholders’ equity was amounted to Baht 193,706 million, increased by 12% from those of the previous year, mostly resulting from the increase of profit from operation and the revaluation differences on assets.

(5) *Commitments and Contingent Liabilities*

As of December 31, 2016, the Company had commitments and contingent Liabilities with capital commitments, commitments under operating lease agreements, letters of credit and guarantees as the major commitments which were disclosed in No. 5 and No. 40 of the notes to the financial statements.

(6) *Capital Expenditure Plan for 2017*

The Company’s estimated capital expenditure for both Thailand and international operations for the year 2017 totaled approximately Baht 36,000 million. However, the investment budget is subject to certain situation changes.

(7) *Dividend Payment*

In accordance with the Company’s dividend policy, the sum for dividend payments for each year’s operating results will be approximately 50% of net profit after tax and legal reserve requirements (based on the separate financial statements of the Company). On February 24, 2017, the Company’s Board of Directors passed a resolution to approve a dividend payment for 2016 performance to shareholders of Baht 0.95 per share in total. The Company paid the first dividend payment to shareholders, as an interim dividend of Baht 0.50 per share on September 8, 2016. Therefore, the second dividend payment will be Baht 0.45 per share. The Board of Directors will propose such dividend payment to the Annual General Shareholders’ Meeting No. 1/2017, to be held on April 25, 2017 for further approval.

²¹ Net debt = Total liabilities - Cash and cash equivalents + Guarantee to any persons or juristic persons excluded (1) guaranteed by CPF to its subsidiaries and guaranteed by CPF’s subsidiaries to CPF and (2) deferred tax liabilities

²² Net debt = Total interest-bearing liabilities excluded liabilities under financial lease agreements - Cash and cash equivalents and current investments

²³ Net debt = Total interest-bearing liabilities - Cash and cash equivalents and current investments

(8) *Events after the reporting period*

8.1 On December 2, 2016, Chia Tai (China) Investment Co., Ltd. ("CTI"), a subsidiary which 50.43% of its ordinary shares being indirectly owned by the Company, entered into Equity Transaction Agreement ("the Agreement") with COFCO Poultry Industry Co., Ltd. ("the Seller") to complete the following transactions:

- 1) acquire entire interests in COFCO Meat (Suqian) Co., Ltd. ("COFCO Suqian") at a consideration of RMB 187 million or approximately Baht 976 million and;
- 2) take over the loan receivables from the Seller who loan to COFCO Suqian by settlement the amount of RMB 384 million or approximately Baht 2,005 million to the Seller.

As at December 31, 2016, CTI paid RMB 571 million or approximately Baht 2,981 million in advance as specified in the agreements for the 2 transactions above and recorded as other non-current assets. In this regard, the transaction completed on January 20, 2017. However, the final fair value of the net assets acquired is the assessment process as at the date of the financial statements were authorised for issue.

8.2 On January 23, 2017, CPF filed an offering circulars to the Securities and Exchange Commission to offer a Subordinated Perpetual Debentures which is similar to equity with one-time payment upon dissolution of CPF or upon the exercise of CPF's early redemption right ("Debentures"). Under the terms of the Debentures, CPF has the right to unconditionally defer interest and cumulative interest payments to Debentures holders without limitation on deferral period and times at the sole discretion of CPF. CPF offered the Debentures to institutional investors and/or general investors at offer price of Baht 1,000 per unit for 15,000,000 units amounting to Baht 15,000 million and offered additional reserved Debentures not exceeding 5,000,000 units at the amount not exceeding Baht 5,000 million. The total offering Debentures are not exceeding 20,000,000 units amounting to Baht 20,000 million. The Debentures' interest rates during year 1-5 is 5%, after the fifth year, the interest rates are adjusted every 5 year based on (1) 5-year government bond yield, (2) Initial Credit Spread and (3) percentage as stipulated in the prospectus.

In this regard, CPF will offer the Debentures during February 23-24 and 27-28, 2017 and on March 1, 2017 with issuance date on March 2, 2017. The above Debentures have a credit rating of "A-" with stable trend rated by TRIS Rating Co., Ltd. on January 27, 2017.

8.3 On 17 February 2017 Chia Tai (China) Investment Co., Ltd. ("CTI"), a subsidiary which 50.43% of its ordinary shares being indirectly owned by the Company, entered into Share Transfer Agreement with Ningbo City Beilun Economic Construction Investment Co., Ltd. ("the Seller") to acquire 15% interests in Ningbo Chia Tai Agriculture Co., Ltd. ("Ningbo CT") at a consideration of RMB 22.9 million or approximately Baht 118 million.

As at December 31, 2016 CTI holds 70% equity interests in Ningbo CT. After the transaction, the equity interests in Ningbo CT will increase to 85%. The transaction has not completed as at the date of the financial statements were authorised for issue.

(9) *Factors Bearing Impact on the Company's Future Performance*

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



Charoen Pokphand Foods Public Company Limited

Attachment 1

Details of Directors, Executives and Company Secretary

Attachment 1 Item 1.1 detail about director ,executives¹ and company secretary as of December31, 2016

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ²		Period	Position	Company	Business
Mr. Dhanin Chearavanont Chairman	77	Dec. 28, 1993 ³	The National Defence College of Thailand Commercial School, Hong Kong Shantou Secondary School, China Enrollment in Director Accreditation Program on 4 May 2005 Thai Institute of Directors Association	None	None	Cousin of Mr. Phongthep Chearavanont	1993-Present 2005-Present 2003-Present 1999-Present 1993-Present 1989-Present 2004-Present Present Present Present	<u>CPF Group</u> Chairman Chairman Chairman Chairman Chairman Chairman Honorary Chairman Director Director Director	Charoen Pokphand Foods Plc. C.P. Pokphand Co., Ltd. Chia Tai (China) Investment Co., Ltd. CP All Plc. True Corporation Plc. Charoen Pokphand Group Co., Ltd. True Move Co., Ltd. Bangkok Inter Teletech Plc. C.P. Land Plc. C.P. Intertrade Co., Ltd.	Agro-industrial and food Investment in agro-industrial and food Investment and trading Convenience store business Telecommunication Investment, import and sale of chemical products, and technical assistance service Telecommunication Investment Property development International trading
Mr. Prasert Poonglumam Vice Chairman and Member of the Remuneration and Nominating Committee	80	Dec. 28, 1993	Honorary Doctorate in Agriculture Chiang Mai University Honorary Doctorate in Business Administration Mae Fah Luang University Honorary Doctorate in Social Development Prince of Songkla University Honorary Doctorate in Agriculture Jhejiang University, Chengchou province, China Honorary Professor in Agriculture Jhejiang University, Chengchou province, China Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	0.0016%	0.0157%	Brother-in-law of Mr. Phongthep Chearavanont	1993-Present 2009-Present Present Present Present Present Present Present Present Present Present	<u>CPF Group</u> Vice Chairman Member of the Remuneration and Nominating Committee Chairman Chairman Chairman Director Vice Chairman Chairman Director Director Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. C.P. Vietnam Corporation CPF Food Trading Co., Ltd. Charoen Pokphand Enterprise (Taiwan) Co., Ltd. CPF (India) Private Ltd. Charoen Pokphand Group Co., Ltd. CPPC Plc. C.P. Land Plc. C.P. Intertrade Co., Ltd. CP-Meiji Co., Ltd.	Agro-industrial and food Agro-industrial and food Animal feed production and distribution and farming and food processing plant importer and distributor of processed meat and ready meals Chicken integration and livestock farming Animal feedmill and livestock farming Investment, import and sale of chemical products, and technical assistance service Production and sale of plastic Property development International trading Manufacturing and distribution of milk products and healthy dairy products
Mr. Min Tiansorn Vice Chairman	80	Dec. 28, 1993	Honorary Professor in Economics Jhejiang University, Chengchou province, China Honorary Doctorate in Sociology and Anthropology Ramkhamhaeng University Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	None	None	None	1993-Present 1995-Present Present Present Present	<u>CPF Group</u> Vice Chairman Director Vice Chairman Director Director	Charoen Pokphand Foods Plc. CPF Investment Ltd. Charoen Pokphand Group Co., Ltd. C.P. Land Plc. C.P. Intertrade Co., Ltd.	Agro-industrial and food Investment Investment, import and sale of chemical products, and technical assistance service Real Estate Development International trading
Mr. Chingchai Lohawatanakul Vice Chairman and Chairman of the Executive Committee	77	Dec. 28, 1993	Master Degree in Science Arizona State University, USA Enrollment in Director Certification Program No. 5/2001 Thai Institute of Directors Association	0.3125%	None	None	1993-Present 2003-Present 1995-Present Present Present Present	<u>CPF Group</u> Vice Chairman Chairman of the Executive Committee Director Director Vice Chairman Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. CPF Investment Ltd. Chia Tai (China) Investment Co., Ltd. Charoen Pokphand Group Co., Ltd. C.P. Land Plc. C.P. Intertrade Co., Ltd.	Agro-industrial and food Agro-industrial and food Investment Investment and trading Investment, import and sale of chemical products, and technical assistance service International trading
Adirek Srpratak Vice Chairman Member of the Corporate Social Responsibility and Sustainable Development Committee Executive Director President Chief Executive Officer (CEO)	70	Jul. 14, 1998	Honorary Doctorate in Business Administration (Management) Rajamangala University of Technology Suvarnabhumi Honorary Doctorate in Philosophy Faculty of Food Technology, Mae Fah Luang University Honorary Doctorate in Philosophy Faculty of Food Science Kasetsart University Honorary Doctorate in Science Maejo University Honorary Doctorate in Economics Chiang Mai University Honorary Doctorate in Science, Food Science and Technology, Rajamangala University of Technology Isar Enrollment in Director Certification Program No. 5/2001 Thai Institute of Directors Association Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	0.0497%	None	Elder Brother of Mrs. Arunee Watcharananan	2013-Present 2012-Present 2003-Present 2002-Present 2012-Present 2012-Present Present 2013-Present 2005-Present Present Present	<u>CPF Group</u> Vice Chairman Member of the Corporate Social Responsibility and Sustainable Development Committee President and Chief Executive Officer (CEO) Executive Director Chairman Vice Chairman, member of the Remuneration Committee and Nomination Committee Director Director Director Director Director Honorary President	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. CPF (Thailand) Plc. C.P. Pokphand Co., Ltd. Subsidiaries of Charoen Pokphand Foods Plc. Siam Makro Plc. CP All Plc. CP-Meiji Co., Ltd. Thai Broiler Processing Exporters Association	Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Investment Cash and carry wholesale business Convenient Retail Store Manufacturing and distribution of milk products and healthy dairy products Association

¹ Executives according to the announcement of SEC no. Kor Chor 17/2551 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee³ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limited by exchange Act of 1992⁴ Independent Director

Attachment 1 Item 1.1 detail about director ,executives¹ and company secretary as of December31, 2016

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ²		Period	Position	Company	Business
Dr. Chaiyawat Wibulswasdi Director ⁴ Chairman of the Audit Committee Chairman of the Corporate Social Responsibility and Sustainable Development Committee and Chairman of the Corporate Governance Committee	70	Apr. 20, 2010	Ph.D. in Economics Massachusetts Institute of Technology, USA Bachelor Degree in Economics Williams College, USA Enrollment in Director Certification Program No. 77/2006 Thai Institute of Directors Association Enrollment in Director Accreditation Program in Year2004 Thai Institute of Directors Association	None	None	None	2010-Present 2016-Present 2012-Present 2016-Present 2013-Present 2015-Present 2015-Present 2015-Present 2005-Present 2012-2013	<u>CPF Group</u> Director Chairman of the Audit Committee Chairman of the Corporate Social Responsibility and Sustainable Development Committee Chairman of the Corporate Governance Committee <u>Other Listed Companies</u> Director and a member of the Audit Committee <u>Other Juristic Person</u> Chairman Advisor to Deputy Prime Minister on Economy Chairman Honorary Advisor Chairman of the Steering Committee	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Siam Makro Plc. The Stock Exchange of Thailand Office of the Prime Minister Thailand Futures Exchange Plc. Fiscal Policy Research Institute Foundation The Corporate Social Responsibility Institute, The Stock Exchange of Thailand	Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Cash and carry wholesale business
Professor Emeritus Supapun Ruttanaporn Director ⁴ and a member of the Audit Committee	72	Apr. 22, 2009	Master Degree in Business Administration (Accounting) Michigan State University, USA Bachelor degree in Accounting (Honor) Chulalongkorn University Enrollment in Director Certification Program No. 15/2002 Thai Institute of Directors Association Certificate, "PoomPalungPandin" program class 2 (June – November 2013) Chulalongkorn University Enrollment in "Update accounting standards and financial reporting" course and "Accounting standards and financial reporting trend" during 2013-2014 Faculty of Commerce and Accountancy, Chulalongkorn University Seminar "Audit and Internal Audit", November 14, 2015 Federation of Accounting Professions	0.0003%	None	Son is son-in-law of of Mr. Phongthep Chiaravanont	2009-Present 1999-Present 2004-2016 2006-Present 1999-Present 2013-2014 1981-2013	<u>CPF Group</u> Director and a member of the Audit Committee <u>Other Listed Companies</u> Director and a member of the Audit Committee Director and chairperson of the Audit Committee <u>Other Juristic Person</u> Treasurer Director Director and a member of the Audit Committee Honorary Auditor	Charoen Pokphand Foods Plc. Glow Energy Plc. Delta Electronics (Thailand) Plc. Watanasangwararam Foundation Subsidiaries of Glow Energy Plc. Thai Poly Acrylic Plc. Her Royal Highness Princess Maha Chakri Sirindhorn Foundation	Agro-industrial and food Energy Manufacturer of power supplies and electronic components Foundation Energy Manufacturer of acrylic sheet Foundation
Professor Dr. Pongsak Angkaskh Director ⁴ a member of the Audit Committee a member of the Remuneration and Nominating Committee and a member of the Corporate Social Responsibility and Sustainable Committee	68	Aug. 1, 2013	Ph.D. in Agricultural Education and Extension Oklahoma State University, USA Master Degree in Agricultural Education and Extension Oklahoma State University, USA Bachelor Degree in Agriculture, Chiang Mai University Enrollment in Rural Extension course, International Agriculture Centre Wageningen, the Netherlands Enrollment in International Project Administration and Management course Management for Development Foundation, Ede, the Netherlands Enrollment in Director Certification Program in Year 2006 Thai Institute of Directors Association	0.0006%	None	None	2013-Present 2016-Present 2014-Present 2014-Present 2014-Present 2006-Present 1992-Present 1992-Present 2004-2012	<u>CPF Group</u> Director and a member of the Audit Committee Member of the Remuneration and Nominating Committee Member of the Corporate Social Responsibility and Sustainable Committee <u>Other Juristic Person</u> Chancellor President President Executive Director and Head of Research and Extension of Coffee Advisor for Agriculture and Integrated Agricultural Extension Chancellor	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Rangsit University Northern Thai Arabica Coffee Association Agricultural Support Association Royal Project Foundation Boon Rawd Brewery Co., Ltd. Chiang Mai University	Agro-industrial and food Agro-industrial and food Agro-industrial and food Academic institution Association Association Foundation Manufacturer and sale of beverage Academic institution
Mr. Rungson Sriworasat Director ⁴ a member of the Audit Committee and a member of the Corporate Governance Committee	61	Feb. 1, 2016	Master Degree in Business Administration Prince of Songkha University Bachelor Degree in Accountancy, Ramkhamhaeng university Bachelor Degree in Law Sukhothai Thammathirat University Senior Executive Program 1, No. 42 Office of the Civil Service Commission, National Defense College, 2003 Senior Executive on Criminal Justice Administration (BoYorSor.10) Institute of Administrative Justice Politics and Governance in Democratic Systems for Executives (PorPorRor. No 13) King Prajadhipok's Institute Training program for Inspector of the Ministry Senior Executive on Criminal Justice Administration No. 2 (BoYorSor.2) Senior Executive No. 10 Capital Market Academy Enrollment in Director Certification Program No. 81/2006 Thai Institute of Directors Association Enrollment in Audit Committee Program No. 26/2009 Thai Institute of Directors Association Enrollment in Successful Formulation & Execution the Strategy (SFE) No. 2/2008 Thai Institute of Directors Association	None	None	None	2016-Present 2015-Present 2013-Present 2012-Present 2014-Present 2015-Present 2014-2015 2014-2015 2013-2015 2013-2015 2013-2015 2013-2015 2013-2015 2011-2013 2010-2012	<u>CPF Group</u> Director, a member of the Audit Committee and Corporate Governance Committee <u>Other Listed Companies</u> Director Chairman <u>Other Juristic Person</u> Audit member of the Thai Bar Honorary member of the university council Advisor to the Prime Minister Director Permanent Secretary Chairman Chairman Chairman Deputy Permanent Secretary - Chief of Income Group Comptroller General	Charoen Pokphand Foods Plc. Berj Jucker Plc. TMB Bank Plc. The Thai Bar Prince of Songkha University Secretariat of the Prime Minister PTT Plc. Thai Airways International Plc. Ministry of Finance Office of Insurance Commission Government Pension Fund Committee Student Loan Fund Committee Ministry of Finance The Comptroller General's Department	Agro-industrial and food Manufacture and sale of packaging, consumer goods and retail business Commercial bank Academic institution Energy Airline Ministry

¹ Executives according to the announcement of SEC no. Kor Chor 17/2561 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee³ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limited Exchange Act of 1992⁴ Independent Director

Attachment 1 Item 1.1 detail about director, executives¹ and company secretary as of December 31, 2016

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect		Period	Position	Company	Business
Pol. Gen. Phatcharawat Wongsuwan Director and Chairman of the Remuneration and Nominating Committee	67	Aug. 11, 2016	Master Degree in Arts (Social Development) Kasetsart University Royal Police Cadet Academy Class25 Armed Forces Academy Preparatory School Class9 Diploma, National Defence College, The State Private Sector and Political Sectors Course Class 2	None	None	None	2016-Present	Director and Chairman of the Remuneration and Nominating Committee	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2014-Present	Director	Energy Absolute Plc.	Alternative energy
							2013-Present	Director	CP All Plc.	Convenient Retail Store
							2014-Present	Member of the The National Legislative Assembly	The National Legislative Assembly	
							Present	Director	The Thai Dairy Industry Co., Ltd.	Manufacture and sale of dairy products
Present	Director	IMCC Corp Plc.	Import and sale of all-terrain vehicles and ATV							
Mr. Phongthep Chiaravanont Director and Executive Director	66	Dec. 28, 1993	Master Degree in Avian Sciences University of California at Davis, USA Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors	0.0142%	0.0115%	Cousin of Mr. Dhanin Chearavanont, Brother-in-law of Mr. Prasert Poongkumam and daughter is daughter-in-law of Prof. Emeritus Supapun Ruttanaporn	1993-Present	Director	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2002-Present	Executive Director	Charoen Pokphand Foods Plc.	Agro-industrial and food
							Present	Vice Chairman	Charoen Pokphand Group Co., Ltd.	Investment, import and sale of chemical products, and technical assistance service
							2014-Present	Director	CP-Meiji Co., Ltd.	Manufacturing and distribution of milk products and healthy dairy products
							2000-Present	Chairman and Chief Executive Officer	Perfect Companion Group Co., Ltd.	Manufacturer and sale of pet food
Dr. Veeravat Kanchanadul Director and member of the Corporate Governance Committee	78	Dec. 28, 1993	Doctorate in Business Administration University of Illinois, USA Master Degree in Business Administration University of Hawaii, USA Master in Public Administration Thammasat University Bachelor Degree in Faculty of Commerce and Accountancy Thammasat University Enrollment in Role of the Chairman Program 7/2002 Thai Institute of Directors Association Enrollment in Director Certification Program No.99/2008 Thai Institute of Directors Association	0.1443%	None	None	1993-Present	Director	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2013-Present	Member of the Corporate Governance Committee	Charoen Pokphand Foods Plc.	Agro-industrial and food
							1995-Present	Director	CPF Investment Ltd.	Investment
							Present	Director	College of Graduate Study in Management Program Khon Kaen University	Academic institution
							2015-Present	Honorary Director	National Institute of Development Administration	Academic institution
							2016-Present	Director	Pongsatun Supaboon Co., Ltd.	Property development
							2009-Present	Advisor to the president	Thai Listed Companies Association	Association
							2007-Present	Honorary Director	Thammasat University Council	Academic institution
							2003-Present	Director	Joint Doctorate Program in Business Administration	Academic institution
							1987-Present	Director	C.P. Land Plc.	Property development
Mr. Pong Visetpaatoo Director and Executive Director	71	Dec. 28, 1993	Honorary Doctorate in Fisheries Maejo University Enrollment in Director Accreditation Program on 4 May 2005 Thai Institute of Directors Association	None	None	None	1993-Present	Director	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2002-Present	Executive Director	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2007-Present	Member of the university council	Maejo University	Academic institution
							Present	Director	Asia Aqua (M) Sdn. Bhd.	Shrimp farming and processing plant
							Present	Director	Charoen Pokphand Foods (Malaysia) Sdn. Bhd.	Investment in aquaculture integration business and swine business
							Present	Director	Charoen Pokphand Foods Philippines Corporation	Animal feed production and distribution and shrimp hatchery business
							Present	Director	Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution
Mr. Sunthorn Arunanonchais Director	74	Mar. 29, 2000	Master Degree in Business Administration University of Arkansas, USA Honorary Doctorate in Business Administration Khon Kaen University Enrollment in Director Certification Program No.98/2008 Thai Institute of Directors Association Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association Enrollment in Certificate of Leadership Program No.6 The Capital Market Academy	0.1943%	None	None	2000-Present	Director	Charoen Pokphand Foods Plc.	Agro-industrial and food
							Present	Director	C.P. Enterprises Ltd.	Investment
							1976-Present	Director	Bangkok Life Assurance Plc.	Life Insurance
							2007-Present	Chairman of the Audit Committee	Bangkok Life Assurance Plc.	Life Insurance
							2008-Present	Member of sub-committee	Office of the National Anti-Corruption Commission	
							1998-Present	Chairman	Ek-Chai Distribution System Co., Ltd.	Hypermarket retail business
							1988-Present	Director and President	C.P. Land Plc.	Property development
							1985-Present	Chairman	Rajburi Sugar Co., Ltd.	Manufacture and sale of sugar
							Present	Director	Bangkok Inter Teletech Plc.	Investment
							Present	Director	True Move Co., Ltd.	Telecommunication
Mrs. Arunee Watcharananar Director and Executive Director	68	Mar. 29, 2000	Bachelor degree in Economics, Thammasat University Enrollment in Director Accreditation Program on 4 May 2005 Thai Institute of Directors Association	0.1047%	None	Younger sister of Mr. Adirek Sripatak	2000-Present	Director	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2002-Present	Executive Director	Charoen Pokphand Foods Plc.	Agro-industrial and food
							2012-Present	Director	CPF (Thailand) Plc.	Agro-industrial and food
							2012-Present	Executive Director	C.P. Pokphand Co., Ltd.	Investment in agro-industrial and food
							2007-Present	Director	C.P. Merchandising Co. Ltd.	Investment and international trading
							2005-Present	Director	CPF Investment Ltd.	Investment
							2003-Present	Deputy Group CFO	Charoen Pokphand Group Co., LTD	Investment, import and sale of chemical products, and technical assistance service

¹ Executives according to the announcement of SEC no. Kor Chor 17/2561 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee³ The date which Extraordinary General Shareholders' Meeting passed a resolution confirming the conversion of the Company to be public company limited Exchange Act of 1992⁴ Independent Director

Attachment 1 Item 1.1 detail about director, executives¹ and company secretary as of December 31, 2016

Name-Surname Position	Age (Year)	First Appointment Date for Directorship	Highest Educational Degree	Percent shareholding		Family relations with other executives	Working Experience for the past 5 years			
				Direct	Indirect ²		Period	Position	Company	Business
Mr. Teerasak Utunanon Executive Director and Chief Operating Officer – Livestock Feed Business	67	N/A	Honorary Master Degree in Business Administrator Rajaganindra Rajabhat University Honorary Master's degree in Management Rajaganindra Rajabhat University Professional Diploma Thonburi Commercial College Enrollment in Director Accreditation Program on May4, 2005 Institute of Directors Association	0.0018%	None	None	2015-Present 2012-Present 2002-Present 2014-Present Present 2009-Present Present Present	CPF Group Chief Operating Officer - Livestock Feed Business Vice Chairman Executive Director Director <u>Other Juristic Person</u> Vice President Advisory Board Member Vice President Director	Charoen Pokphand Foods Plc. CPF (Thailand) Plc. Charoen Pokphand Foods Plc. C.P. Standard Gida Sanayi ve Ticaret A.S. Thai Broiler Processing Exporters Association Sukhothai Thammathirat Open University Thai Feed Mill Association Board of University Affair Promotion, Rajabhat Rajaganindra University	Agro-industrial and food Agro-industrial and food Agro-industrial and food Agro-industrial and food Association Academic Institution Association
Mr. Virachai Ratanabanchuen Chief Operating Officer - Chicken Business	67	N/A	Honorary Doctorate in Animal Husbandry Business Management Maejo University Bachelor degree in Business Administration Thammasat University Enrollment in Director Accreditation Program on May4, 2005 Institute of Directors Association Enrollment in Director Certification Program No. 194/2014 Thai Institute of Directors Association	0.0036%	None	None	2015-Present 2007-Present Present	CPF Group Director and Chief Operating Officer - Chicken Business Director Director	CPF (Thailand) Plc. CPF Trading Co., Ltd. C.P. Laos Co., Ltd.	Agro-industrial and food Wholesale and retail food products Animal feedmill and livestock farming
Mr. Prsit Ohnponnuwat Chief Operating Officer - Duck Business	62	N/A	Professional Diploma Assumption Commercial College Enrollment in Director Accreditation Program on May4, 2005 Institute of Directors Association Enrollment in Director Certification Program No. 194/2014 Thai Institute of Directors Association	None	0.00003%	None	2015-Present Present	CPF Group Chief Operating Officer - Duck Business Director	CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc.	Agro-industrial and food
Mr. Sompong Mongkolpitakauk Chief Operating Officer - Egg Business	64	N/A	Bachelor Degree in Agriculture Chiang Mai University Enrollment in Director Certification Program No.227/2016 Thai Institute of Directors Association	0.0013%	None	None	2015-Present 2016-Present	CPF Group Chief Operating Officer - Egg Business Director	CPF (Thailand) Plc. CPF (Thailand) Plc.	Agro-industrial and food Agro-industrial and food
Mr. Somkuan Choowatanapaskom Chief Operating Officer - Pig Business	68	N/A	Master Degree in Animal Production Kasetsart University Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association Enrollment in Director Certification Program No.217/2016 Thai Institute of Directors Association	0.003%	None	None	2015-Present 2016-Present	CPF Group Chief Operating Officer - Pig Business Director	CPF (Thailand) Plc. CPF (Thailand) Plc.	Agro-industrial and food Agro-industrial and food
Mr. Sukhawat Danersasuk Chief Operating Officer - Food Business	66	N/A	Bachelor Degree in Economics Thammasat University Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association Enrollment in Director Certification Program No.227/2016 Thai Institute of Directors Association	0.0081%	None	None	2015-Present 2015-Present 2015-Present 2015-Present	CPF Group Director and Chief Operating Officer - Food Business Director Director Director	CPF (Thailand) Plc. CP Chozen Ltd. And subsidiaries CPF Food Research and Development Center Co., Ltd. Chester Foods Co., Ltd.	Agro-industrial and food Restaurant and property lease-out Food research and development Restaurant
Mr. Sathit Sangkiansubordee Chief Operating Officer - Five Star and Restaurant Business	61	N/A	Bachelor Degree in Agricultural Economics Kasetsart University Enrollment in Director Certification Program No.218/2016 Thai Institute of Directors Association	0.0024%	None	None	2015-Present 2015-Present 2012-Present	CPF Group Chief Operating Officer - Five Star and Restaurant Business Director Director	CPF (Thailand) Plc. CP Chozen Ltd. And subsidiaries Chester Foods Co., Ltd.	Agro-industrial and food Restaurant and property lease-out Restaurant
DVM Sujit Thammasart Chief Operating Officer - Aquaculture Business	66	N/A	Bachelor Degree in Veterinary Medicine Kasetsart University Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association	0.0018%	None	None	2016-Present 2002-2016	CPF Group Chief Operating Officer - Aquaculture Business Executive Vice President - Aquatic Research and Development Unit	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food
Mr. Paisan Chairaktchareem Executive Director and Chief Financial Officer	57	N/A	Master Degree in Business Administration National Institute of Development Administration Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association Enrollment in Director Certification program No. 98/2008 Thai Institute of Directors Association	0.0013%	None	None	2003-Present 2002-Present 2012-Present 2012-Present Present	CPF Group Chief Financial Officer Executive Director Director Director Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Bangkok Produce Plc. CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food Animal feed raw materials distribution Agro-industrial and food
Ms. Patchara Charbunchachai Executive Director and Company Secretary	58	N/A	Bachelor Degree in Accounting Thammasat University Enrollment in Director Accreditation Program on May4, 2005 Thai Institute of Directors Association Enrollment in Director Certification program No. 195/2014 Thai Institute of Directors Association	0.0060%	None	None	2008-Present 2002-Present 2008-Present 2012-Present Present	CPF Group Company Secretary Executive Director Director Director Director	Charoen Pokphand Foods Plc. Charoen Pokphand Foods Plc. Bangkok Produce Plc. CPF (Thailand) Plc. Subsidiaries of Charoen Pokphand Foods Plc.	Agro-industrial and food Agro-industrial and food Animal feed raw materials distribution Agro-industrial and food

¹ Executives according to the announcement of SEC no. Kor Chor 17/2561 Re: Determination of Definitions in the Notification Relating to Issuance and Offer for Sale of Securities² Shareholding of Individuals according to section 258 of The Securities and Exchange Act of 1992 and nominee

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

Name - Surname	Balance as of December 31,		Increase (Decrease) during the year
	2015	2016	
1. Mr. Dhanin Chearavanont	0	0	0
Spouse and minor children	0	0	0
2. Mr. Prasert Poongkumarn	120,033	120,033	0
Spouse and minor children	1,215,950	1,215,950	0
3. Mr. Min Tieworn	0	0	0
Spouse and minor children	0	0	0
4. Mr. Chingchai Lohawatanakul	24,195,131	24,195,131	0
Spouse and minor children	0	0	0
5. Mr. Adirek Sripratak	3,844,778	3,844,778	0
Spouse and minor children	0	0	0
6. Dr. Chaiyawat Wibulwasdi	0	0	0
Spouse and minor children	0	0	0
7. Emeritus Professor Supapun Ruttanaporn	0	20,000	20,000
Spouse and minor children	20,000	0	(20,000)
8. Professor Dr. Pongsak Angkasith	50,000	50,000	0
Spouse and minor children	0	0	0
9. Mr. Rungson Sriworasat ²	N/A	0	N/A
Spouse and minor children	0	0	0
10. Pol. Gen. Phatcharavat Wongsuwan ³	N/A	0	N/A
Spouse and minor children	0	0	0
11. Mr. Phongthep Chiaravanont	1,100,000	1,100,000	0
Spouse and minor children	890,000	890,000	0
12. Dr. Veeravat Kanchanadul	11,175,070	11,175,070	0
Spouse and minor children	0	0	0
13. Mr. Pong Visedpaitoon	0	0	0
Spouse and minor children	0	0	0
14. Mr. Sunthorn Arunanondchai	15,048,299	15,048,299	0
Spouse and minor children	0	0	0
15. Mrs. Arunee Watcharananan	8,108,928	8,108,928	0
Spouse and minor children	0	0	0
16. Mr. Teerasak Urunanon	136,288	136,288	0
Spouse and minor children	0	0	0
17. Mr. Virachai Ratanabanchuen	281,000	281,000	0
Spouse and minor children	0	0	0
18. Mr. Pisit Ohmpornuwat	0	0	0
Spouse and minor children	2,000	2,000	0
19. Mr. Sompop Mongkolpitaksuk	103,334	103,334	0
Spouse and minor children	0	0	0
20. Mr. Somkuan Choowatanapakorn	0	200,000	200,000
Spouse and minor children	0	0	0
21. Mr. Sukhawat Dansermasuk	630,433	630,433	0
Spouse and minor children	0	0	0
22. Mr. Sathit Sangkanarubordee	189,533	189,533	0
Spouse and minor children	0	0	0
23. DVM Sujit Thammasart ⁴	N/A	138,348	N/A
Spouse and minor children	0	0	0
24. Mr. Paisan Chirakitcharem	99,417	99,417	0
Spouse and minor children	0	0	0

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

² Appointed as the director, effective since February 1, 2016

³ Appointed as the director, effective since August 11, 2016

⁴ Appointed as executive according to the definition in announcement by SEC at KorChor 17/2008, effective since May 16, 2016



Charoen Pokphand Foods Public Company Limited

Attachment 2
Report of the Audit Committee

Report of the Audit Committee

By the appointment of the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Audit Committee consists of 5 independent directors including Dr. Chaiyawat Wibulswasdi, Chairman of the Audit Committee, Emeritus Professor Supapun Ruttanaporn, Professor Dr. Pongsak Angkasith and Mr. Rungson Sriworasat members of the Audit Committee. As Mr. Arsa Sarasin retired from the Chairman of the Audit Committee position, effective from May 26, 2016, the Board of Directors approved the appointment of Dr. Chaiyawat Wibulswasdi as the Chairman of the Audit Committee, effective from July 13, 2016.

In 2016, the Audit Committee has convened totally 10 meetings; whereas, Dr. Chaiyawat Wibulswasdi, Emeritus Professor Supapun Ruttanaporn and Professor Dr. Pongsak Angkasith participated in all 10 meetings; meanwhile, Mr. Rungson Sriworasat (the appointment was effective from February 1, 2016 onwards) participated in 8 meetings from 9 meetings. Mr. Arsa Sarasin, held the position of Chairman of the Audit Committee until May 25, 2016, participated in 4 meetings from 4 meetings.

Significant activities carried out by the Audit Committee during 2016 under the scope of duties and responsibilities assigned by the Board of Director can be summarized, as follows:

1. Reviewed the financial statements and financial reports of 2015 and of 1st Quarter, 2nd Quarter and 3rd Quarter of 2016 covering the review of compliance with the accounting standards, selection of the accounting policies and proper disclosure of data in financial statements to be proposed to the Board of Directors and to be submitted to the Stock Exchange of Thailand;
2. Reviewed the adequacy and suitability of the internal control system and risk management performed by the Company's Management and as reported by Head of the Internal Audit Department for effective and efficient operations of the Company and for provision of sustainable returns to all stakeholders;
3. Reviewed the independence of the Internal Audit Department; and reviewed and approved the annual internal audit plans and also reviewed the Charter of the Internal Audit Department; and evaluated the performance of duties of the Head of the Internal Audit Department;
4. Reviewed the Company's operations whether they were in conformity with the laws governing securities and exchange, requirements of the Stock Exchange of Thailand and laws relating to the Company's businesses;
5. Reviewed the entry of transactions and disclosure of data relating to transactions with people with potential conflicts of interest in 2015 whether they were proper and in accordance with the criteria announced by the Capital Market Supervisory Board;
6. Reviewed policies and guidelines of the Company to ensure that they were in accordance with the Company's good governance principle as prescribed by the Stock Exchange of Thailand;
7. Reviewed the performance of duties of the Board of Directors to ensure that they were in compliance with the Code of Best Practices prescribed as guidelines by the Stock Exchange of Thailand;
8. Reviewed the audit plan, audit results and opinions as well as the independence of the Auditor; nominated the Company's auditor; and proposed the audit fees to the Board of Directors to be proposed to the shareholders' meeting;
9. Participated in 4 meetings with the Auditor without attendance by the Company's Management so that the Auditor would be able to report events and data relating to the Company independently and to exchange their opinions freely;
10. Reviewed the Charter of the Audit Committee to be in conformity with practices and related laws; and also evaluated the results of performance of duties of the Audit Committee in person which was summarized that the performances of the Audit Committee were in accordance with the Code of Conduct as prescribed by the Office of the Securities and Exchange Commission;
11. Participated in meetings with executives and team members of the Company and its subsidiaries to acknowledge guidelines of management and business operation, including working procedure of Shared Services Center or SSC, procedure governing related-party transactions, information system security, monitoring the progress of the investment

projects approved by the Board, the investment in processed food business in China, the application for the certification from Private Sector Collective Action Coalition Against Corruption Council as well as the complaints and whistle blow.

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

On behalf of the Audit Committee

Chaiyawat Wibulswasdi

(Dr. Chaiyawat Wibulswasdi)

Chairman of the Audit Committee

February 24, 2017



Charoen Pokphand Foods Public Company Limited

Attachment 3

Report of the Remuneration and Nominating Committee

Report of the Remuneration and Nominating Committee

By the appointment of the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Remuneration and Nominating Committee consists of 3 members, i.e. Pol. Gen. Phatcharavat Wongsuwan, Chairman of the Remuneration and Nominating Committee, Mr. Prasert Poongkumarn and Professor Dr. Pongsak Angkasith.

In 2016, the Remuneration and Nominating Committee has convened totally 3 meetings; whereas, Pol. Gen. Phatcharavat Wongsuwan had not participated as he was appointed as Chairman of the Remuneration and Nominating Committee from December 15, 2016 onwards, Mr. Prasert Poongkumarn participated in 3 meetings and Professor Dr. Pongsak Angkasith (the appointment was effective from January 27, 2016 onwards) participated in 2 meetings from 2 meetings. Mr. Arsa Sarasin, held the position of Chairman of the Remuneration and Nominating Committee until May 25, 2016, participated in 2 meetings from 2 meetings.

Significant activities carried out by the Remuneration and Nominating Committee during 2016 under the roles and responsibilities assigned by the Board of Director can be summarized, as follows:

1. Conducted an annual evaluation of the performance of the Board of Directors for the year 2015;
2. Considered the individuals qualified to be nominated as directors replacing those who retire by rotation to be proposed to the Board of Directors and to the Annual General Shareholders' Meeting;
3. Considered the suitability of the directors' remuneration for the year 2016 to be proposed to the Board of Directors and to the Annual General Shareholders' Meeting;
4. Considered the individuals qualified to be nominated as directors replacing those who tendered his retirement resignation.

The Remuneration and Nominating Committee has prudently and carefully performed the duties as assigned by the Board of Directors, especially the consideration of the individuals qualified to be nominated as directors replacing those who tendered his retirement resignation in order to ensure that the nominated persons have the knowledge, capability and experience that will benefit the Company's business and possess the qualifications required by the Public Limited Company Act B.E. 2535, the Notification of the Board of Governors of the Stock Exchange of Thailand and the Notification of the Capital Market Supervisory Board.

In addition, the Remuneration and Nominating Committee has also reviewed the process of providing an opportunity for minority shareholders to nominate individuals with proper qualifications for directorship. The Company has clearly disseminated the criteria and period for receipt of proposed nominations to shareholders through the Company's website; and in the previous year, there was no shareholder nominating any individual for the nomination process for the Annual General Shareholders' Meeting No.1/2016.

On behalf of the Remuneration and Nominating Committee

Pol. Gen. Phatcharavat Wongsuwan

(Pol. Gen. Phatcharavat Wongsuwan)

Chairman of the Remuneration and Nominating Committee

February 24, 2017



Charoen Pokphand Foods Public Company Limited

Attachment 4

Report of the Corporate Governance Committee

Report of the Corporate Governance Committee

By the appointment of the Board of Directors of Charoen Pokphand Foods Public Company Limited, the Corporate Governance Committee consists of 3 members, i.e. Dr. Chaiyawat Wibulswasdi, Chairman of the Corporate Governance Committee, Mr. Rungson Sriworasat and Dr. Veeravat Kanchanadul.

In 2016, the Corporate Governance Committee has convened totally 2 meetings; whereas, Dr. Chaiyawat Wibulswasdi (appointed as Chairman of the Corporate Governance Committee from August 11, 2016 onwards) and Dr. Veeravat Kanchanadul participated in 2 meetings and Mr. Rungson Sriworasat (the appointment was effective from August 11, 2016 onwards) participated in 1 meeting from 1 meeting. Mr. Arsa Sarasin, held the position of Chairman of the Corporate Governance Committee until May 25, 2016, participated in 1 meeting from 1 meeting.

Significant activities carried out by the Corporate Governance Committee during 2016 under the roles and responsibilities assigned by the Board of Director can be summarized, as follows:

1. Reviewed the compliance with the Corporate Governance Policy for the year 2015;
2. Reviewed the performance of the Corporate Governance Committee for the year 2015;
3. Prepared a report of the Corporate Governance Committee for the year 2015 and published in the Company's annual report;
4. Revised the Corporate Governance Policy as well as relevant principles and rules to be consistent with certain changes in the capital market community in order to improve the organization's governance in line with international standards and the corporate governance assessment of the Thai Institute of Directors Association ("IOD").

In addition, the Corporate Governance Committee also shared and learnt about the new regulations or related knowledge with active participation and expressing their view.

With the commitment to corporate business with transparency and fairness, the Company was awarded the "Excellent" Corporate Governance Scoring from IOD for the year 2016. Moreover, the Company was also selected to join the 2016 Dow Jones Sustainability Indices (DJSI) - Emerging Markets for two consecutive years confirming our dedication on business operation with social and environment responsibility upon good corporate governance basis for utmost benefit and sustainability of all parties.

The Corporate Governance Committee has still given the importance to the supervision of the Company for strict compliance with the corporate governance policy and is determined to be part of the creation of sustainability to the organization together with the creation of economic growth of the organization and maintenance of the society and the environment for the benefit of the Company, shareholders and other stakeholders.

On behalf of the Corporate Governance Committee

Chaiyawat Wibulswasdi

(Dr. Chaiyawat Wibulswasdi)

Chairman of the Corporate Governance Committee

February 23, 2017



Charoen Pokphand Foods Public Company Limited

Attachment 5

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

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

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

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

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

In this regard, the Board has the opinion that the overall internal control system of the Company is satisfactorily effective and can provide reasonable assurance of the reliability of the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2016.

Dhanin Chearavanont

(Mr. Dhanin Chearavanont)
Chairman

Adirek Sripratak

(Mr. Adirek Sripratak)
President and Chief Executive Officer



Charoen Pokphand Foods Public Company Limited

Attachment 6

Financial Statements for the Year 2016

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

Financial statements for the year ended
31 December 2016
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floors
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิภาคไทย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

Independent Auditor's Report

To the Shareholders of Charoen Pokphand Foods Public Company Limited

Opinion

I have audited the consolidated financial statements of Charoen Pokphand Foods Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Charoen Pokphand Foods Public Company Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements in the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Recognition and measurement of identifiable assets acquired and liabilities assumed from the business combination	
Refer to notes 3 (a) and 4.5 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>On 20 December 2016, the Group acquired a company whose main business is manufacturing and distributing ready-to-eat frozen foods in the United States of America. At the reporting date, the Group is still assessing the final fair value of the net assets acquired. Management has provisionally estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record by considering the draft valuation report from an independent valuer.</p> <p>I considered this as the key audit matter because the accounting for the business combination is complex and the identification and fair value measurement of assets acquired and liabilities assumed requires significant judgment and the amount of this business combination is significant.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • involving KPMG valuation specialist to evaluate the valuation methodology and the identification of significant assets acquired and liabilities assumed and inquiring about the qualifications and independence of the independent valuer of the Group; • evaluating the key assumptions used by the Group in determining the fair value based on information in the draft valuation report from an independent valuer such as discount rate, long-term growth rates, tax rates, royalty rates, historical rates of customers retention, and the estimation of the future business operating results; and • evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.

Impairment testing of investments in subsidiaries, intangible assets, property, plant and equipment and goodwill	
Refer to notes 3 (j), 3 (l), 3 (m), 3 (o), 11, 17, 18 and 19 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company have investments and business operations in many countries and there is a risk from various external factors such as the fluctuation in economies, politics, laws, and trade regulations, the change in environment, climate, and disease so there is a risk that the operating results of certain businesses and the investments in certain countries might significantly less than the initial forecast and budget and might result in the higher of the assets' carrying value than the recoverable amounts which might represent losses from impairment.</p> <p>I considered this as the key audit matter because the impairment testing involved a significant level of management judgment.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • evaluating the management's assessment on the reasonableness of the indicators and impairment testing of investments, intangible assets, property, plant and equipment and goodwill including evaluating the key assumptions which supports the management's forecast; and • inquiring of management about the discounted cash flow projection model, understanding the Group and the Company's business, strategies and testing a sample of inputs and key assumptions applied in the discounted cash flow model including testing the calculation.

Impairment testing of investments in subsidiaries, intangible assets, property, plant and equipment and goodwill	
Refer to notes 3 (j), 3 (l), 3 (m), 3 (o), 11, 17, 18 and 19 to the financial statements	
The key audit matter	How the matter was addressed in the audit
	<ul style="list-style-type: none"> evaluating the assumptions applied in preparing cash flow projections by comparing the key assumptions with internal and external sources of information, taking into account the accuracy of the past cash flow projections in comparison to the actual operating results, and testing the mathematical accuracy of the impairment calculation; and evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.

Recognition of deferred tax assets	
Refer to notes 3 (x) and 21 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company have recognised deferred tax assets which were calculated from temporary differences and unutilised tax losses by considering the forecast of future taxable profits whether they will be sufficient for the utilisation of temporary differences and unutilised tax losses prior to the expiry of tax losses or not.</p> <p>I considered this as the key audit matter because the consideration of the forecast of future taxable profits of management involved a significant level of judgment in determining the key assumptions.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> evaluating the assumptions used by management in the forecast of future taxable profits of the Group and the Company in comparison to the key assumptions used by management in the preparation of the forecast of future taxable profits with the internal and external sources of information and considering the reasonableness of the forecast of future taxable profits by comparing the past forecast to the actual operating results and the operation plans; and evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.





Measurement of biological assets	
Refer to note 3 (h) and 9 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group measured certain types of biological assets at fair value less costs to sell. Management assessed the fair value by using market comparison approach which used key unobservable inputs such as quoted prices based on market prices at the end of the reporting period.</p> <p>I considered this as the key audit matter because management's estimation of the fair value of biological assets involved a significant level of judgment.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none">• evaluating the approach used by management in the measurement of biological assets including information used in the classification and categorising age, weight, and quantity of biological assets and comparing the quoted prices used by the Group to the internal and external sources of data and the available market prices at the reporting date; and• evaluating the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.

Emphasis of Matter

I draw attention to note 35 to the financial statements describing that the Group and the Company recorded adjustments from the change in the corporate income tax calculation of the entities being granted promotional privileges from the Separate Project Calculation Method to the Combine All Projects Method for the accounting period 2010 to 2015. The change required the Group and the Company to pay additional income tax amounted to Baht 1,320 million and Baht 1,096 million respectively. The Group and the Company paid the income tax on 15 August 2016 and have already recorded the additional income tax in the financial statements for the year ended 31 December 2016. My opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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



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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink, appearing to read 'Munchupa S.'.

(Munchupa Singsuksawat)
Certified Public Accountant
Registration No. 6112

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2017

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

Statements of financial position

(Unit: Thousand Baht)

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets		2016	2015	2016	2015
<i>Current assets</i>					
Cash and cash equivalents	6	34,100,378	36,460,815	9,067,360	17,399,514
Current investments		6,756,586	7,772,903	-	-
Accounts receivable - trade and others	7	30,678,922	26,155,921	3,551,428	4,112,539
Short-term loans to subsidiaries	5	-	-	34,582,797	33,935,834
Current portion of long-term loans to subsidiaries	5	-	-	866,785	387,151
Inventories	8	54,991,065	52,111,810	3,026,138	4,210,182
Current biological assets	9	29,177,777	27,757,337	1,153,521	1,054,173
Advance payments for purchase of goods		3,440,623	2,224,032	-	-
Prepaid expenses		2,127,342	1,550,515	199,387	190,010
Accrued dividend income	5	176,668	188,755	-	5,926,986
Restricted deposits at financial institutions	20	1,472,236	1,946,451	-	-
Other current assets	5	3,447,272	3,824,841	235,587	951,067
Total current assets		166,368,869	159,993,380	52,683,003	68,167,456

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

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

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Assets (Continued)		2016	2015	2016	2015
<i>Non-current assets</i>					
Available-for-sale investments	10	5,265,228	3,659,056	-	-
Investments in subsidiaries	11	-	-	120,795,534	86,937,987
Investments in associates	13	75,785,532	65,312,420	334,809	334,809
Investments in joint ventures	14	4,581,774	4,419,269	-	-
Investments in related companies	15	1,604,989	1,608,434	678,170	678,170
Investments in other companies		420,565	303,916	-	-
Long-term loans to subsidiaries	5	-	-	6,012,844	22,980,106
Investment properties	16	1,371,945	1,379,047	199,863	200,756
Property, plant and equipment	17	176,176,780	149,599,244	17,071,785	16,112,553
Non-current biological assets	9	7,524,720	7,220,430	-	-
Goodwill	18	107,491,745	81,297,865	-	-
Other intangible assets	19	18,688,277	4,515,179	39,573	43,102
Restricted deposits at financial institutions	20	1,076	1,081	-	-
Deferred tax assets	21	3,302,684	4,434,351	2,331,312	3,061,554
Leasehold rights	22	7,728,437	6,946,130	-	-
Other non-current assets		5,866,409	3,572,934	223,586	210,509
Total non-current assets		415,810,161	334,269,356	147,687,476	130,559,546
Total assets		582,179,030	494,262,736	200,370,479	198,727,002

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

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

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2016	2015	2016	2015
Liabilities and equity					
<i>Current liabilities</i>					
Overdrafts and short-term borrowings					
from financial institutions	23	68,389,281	88,018,612	6,629	7,257,156
Bills of exchange	23	43,562,400	18,731,169	21,055,490	18,731,169
Accounts payable - trade and others	24	31,561,944	28,022,326	1,358,257	1,520,800
Short-term borrowings from					
joint ventures	5, 23	290,600	378,346	-	-
Current portion of long-term debts	23	23,189,797	30,723,561	8,849,628	6,676,400
Accrued expenses		10,583,205	8,339,940	165,877	404,751
Income tax payable		1,832,589	1,711,550	-	-
Other current liabilities		11,088,686	10,365,185	1,658,640	2,283,580
Total current liabilities		190,498,502	186,290,689	33,094,521	36,873,856
<i>Non-current liabilities</i>					
Long-term debts	23	177,295,450	120,299,374	73,000,000	72,794,792
Provisions and others		1,513,673	1,172,319	-	-
Deferred tax liabilities	21	13,680,506	5,531,193	-	-
Employee benefit obligations	25	5,484,489	7,244,211	1,531,137	1,969,448
Total non-current liabilities		197,974,118	134,247,097	74,531,137	74,764,240
Total liabilities		388,472,620	320,537,786	107,625,658	111,638,096

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

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

Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity (Continued)		2016	2015	2016	2015
Equity					
Share capital	26				
Authorised share capital		7,742,942	7,742,942	7,742,942	7,742,942
Issued and paid-up share capital		7,742,942	7,742,942	7,742,942	7,742,942
Treasury shares	27	(1,135,146)	(1,135,146)	-	-
Additional paid-in capital	28				
Premium on ordinary shares		36,462,883	36,462,883	35,572,855	35,572,855
Other premium		3,470,021	3,470,021	3,470,021	3,470,021
Surplus from change in equity in subsidiaries and associates		4,001,573	3,997,711	-	-
Surplus on common control transactions		(5,159)	(5,159)	490,423	490,423
Retained earnings					
Appropriated	28				
Legal reserve		820,666	820,666	820,666	820,666
Unappropriated		74,782,483	65,919,003	41,825,530	37,712,076
Other components of equity		7,557,420	(908,246)	2,822,384	1,279,923
Total equity attributable to equity holders of the Company		133,697,683	116,364,675	92,744,821	87,088,906
Non-controlling interests	12	60,008,727	57,360,275	-	-
Total equity		193,706,410	173,724,950	92,744,821	87,088,906
Total liabilities and equity		582,179,030	494,262,736	200,370,479	198,727,002

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

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

Statements of income

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
Income	5				
Revenue from sale of goods		464,464,888	421,354,833	29,705,456	24,675,518
Interest income		790,842	643,751	4,126,526	3,680,128
Dividend income		73,658	67,980	12,542,016	13,450,364
Net foreign exchange gains		387,664	1,348,234	565,882	1,344,093
Gains on sale of investments	10, 13	2,125,803	7,128,792	-	-
Gains on changes in fair value of investment in associates		-	235,758	-	-
Other income		2,327,344	3,413,629	156,197	70,438
Total income		470,170,199	434,192,977	47,096,077	43,220,541
Expenses	5				
Cost of sale of goods	8, 33	391,822,154	363,287,019	26,566,679	23,781,294
Losses (gains) on changes in fair value of biological assets	9	888,852	(404,186)	-	-
Selling expenses	30, 33	18,760,445	20,890,492	993,472	1,075,700
Administrative expenses	31, 33	26,712,415	25,998,751	3,446,789	3,946,473
Finance costs	34	10,601,235	9,613,774	3,737,583	3,590,336
Total expenses		448,785,101	419,385,850	34,744,523	32,393,803
Share of profit of investments in associates and joint ventures	13, 14	6,512,494	5,220,876	-	-
Profit before income tax expense (income)		27,897,592	20,028,003	12,351,554	10,826,738
Income tax expense (income)	35	7,211,808	3,653,860	1,347,238	(447,467)
Profit for the year		20,685,784	16,374,143	11,004,316	11,274,205
Profit for the year attributable to:					
Equity holders of the Company		14,702,819	11,058,741	11,004,316	11,274,205
Non-controlling interests		5,982,965	5,315,402	-	-
Profit for the year		20,685,784	16,374,143	11,004,316	11,274,205
Basic earnings per share (in Baht)	37	1.99	1.50	1.42	1.46

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

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

Statements of comprehensive income

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December 2016	2015	Year ended 31 December 2016	2015
Profit for the year		20,685,784	16,374,143	11,004,316	11,274,205
Other comprehensive income					
<i>Items that will never be reclassified to profit or loss subsequently</i>					
Revaluation differences on assets		8,027,259	(685)	1,929,126	-
Defined benefit plan actuarial gains (losses)		1,474,111	(138,631)	580,116	-
Income tax on other comprehensive income	35	(1,870,898)	22,567	(501,849)	-
		7,630,472	(116,749)	2,007,393	-
<i>Items that are or may be reclassified to profit or loss subsequently</i>					
Fair value changes on available-for-sale investments		271,172	(3,485,262)	-	-
Reclassification of net change in fair value of available-for-sale investment to profit or loss		-	(1,449,938)	-	-
Currency translation differences		986,888	1,700,363	-	-
Reclassification of currency translation differences on previously held interest in associate before status change to subsidiary to profit or loss		-	(36,876)	-	-
Income tax on other comprehensive income	35	(19,210)	400,485	-	-
		1,238,850	(2,871,228)	-	-
Other comprehensive income for the year, net of income tax		8,869,322	(2,987,977)	2,007,393	-
Total comprehensive income for the year		29,555,106	13,386,166	13,011,709	11,274,205
Total comprehensive income attributable to:					
Equity holders of the Company		24,347,629	4,581,534	13,011,709	11,274,205
Non-controlling interests		5,207,477	8,804,632	-	-
Total comprehensive income for the year		29,555,106	13,386,166	13,011,709	11,274,205

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

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

Statements of changes in equity

(Unit: Thousand Baht)

	Consolidated financial statements														
	Issued and paid-up share capital	Treasury shares	Premium on ordinary shares	Other premium	Surplus from change in equity in subsidiaries and associates	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Revaluation differences on assets	Other components of equity			Total equity attributable to equity holders of the Company	Non- controlling interests	Total equity
										Fair value changes on available-for-sale investments	Currency translation differences	Total other components of equity			
Year ended at 31 December 2015															
Balance at 1 January 2015	7,742,942	(1,135,146)	36,462,883	3,470,021	4,042,933	-	820,666	60,130,818	7,645,190	1,379,924	(3,027,971)	5,997,143	117,532,260	46,433,990	163,966,250
Transactions with equity holders, recorded directly in equity															
<i>Distributions to owners</i>															
Dividends paid	-	-	-	-	-	-	-	(5,541,696)	-	-	-	-	(5,541,696)	(2,899,045)	(8,440,741)
Total distributions to owners	-	-	-	-	-	-	-	(5,541,696)	-	-	-	-	(5,541,696)	(2,899,045)	(8,440,741)
<i>Changes in ownership interests in subsidiaries and associates</i>															
Acquisitions of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	5,003,988	5,003,988
Acquisitions of non-controlling interests without a change in control	-	-	-	-	(94,343)	-	-	-	499	-	(157,541)	(157,042)	(251,385)	(191,179)	(442,564)
Changes in interests in associates	-	-	-	-	49,121	(5,159)	-	-	-	-	-	-	43,962	-	43,962
New shares issued by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	207,889	207,889
Total changes in ownership interests in subsidiaries and associates	-	-	-	-	(45,222)	(5,159)	-	-	499	-	(157,541)	(157,042)	(207,423)	5,020,698	4,813,275
Total transactions with equity holders, recorded directly in equity	-	-	-	-	(45,222)	(5,159)	-	(5,541,696)	499	-	(157,541)	(157,042)	(5,749,119)	2,121,653	(3,627,466)
Comprehensive income for the year															
Profit	-	-	-	-	-	-	-	11,058,741	-	-	-	-	11,058,741	5,315,402	16,374,143
Other comprehensive income															
- Actuarial losses	-	-	-	-	-	-	-	(101,759)	-	-	-	-	(101,759)	(13,621)	(115,380)
- Other	-	-	-	-	-	-	-	-	(685)	(4,525,767)	(1,848,996)	(6,375,448)	(6,375,448)	3,502,851	(2,872,597)
Total comprehensive income for the year	-	-	-	-	-	-	-	10,956,982	(685)	(4,525,767)	(1,848,996)	(6,375,448)	4,581,534	8,804,632	13,386,166
Transferred to retained earnings	-	-	-	-	-	-	-	372,899	(372,899)	-	-	(372,899)	-	-	-
Balance at 31 December 2015	<u>7,742,942</u>	<u>(1,135,146)</u>	<u>36,462,883</u>	<u>3,470,021</u>	<u>3,997,711</u>	<u>(5,159)</u>	<u>820,666</u>	<u>65,919,003</u>	<u>7,272,105</u>	<u>(3,145,843)</u>	<u>(5,034,508)</u>	<u>(908,246)</u>	<u>116,364,675</u>	<u>57,360,275</u>	<u>173,724,950</u>

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

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

Statements of changes in equity

(Unit: Thousand Baht)

	Consolidated financial statements															
	Note	Other components of equity											Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity	
		Issued and paid-up share capital	Treasury shares	Premium on ordinary shares	Other premium	Surplus from change in equity in subsidiaries and associates	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Revaluation differences on assets	Fair value changes on available-for-sale investments	Currency translation differences				Total other components of equity
Year ended at 31 December 2016																
Balance at 1 January 2016		7,742,942	(1,135,146)	36,462,883	3,470,021	3,997,711	(5,159)	820,666	65,919,003	7,272,105	(3,145,843)	(5,034,508)	(908,246)	116,364,675	57,360,275	173,724,950
Transactions with equity holders, recorded directly in equity																
<i>Distributions to owners</i>																
Dividends paid		-	-	-	-	-	-	-	(7,018,771)	-	-	-	-	(7,018,771)	(3,754,609)	(10,773,380)
<i>Total distributions to owners</i>		-	-	-	-	-	-	-	(7,018,771)	-	-	-	-	(7,018,771)	(3,754,609)	(10,773,380)
<i>Changes in ownership interests in subsidiaries and associates</i>																
Acquisitions of subsidiaries with non-controlling interests	4	-	-	-	-	-	-	-	-	-	-	-	-	-	1,060,408	1,060,408
Acquisitions of non-controlling interests without a change in control		-	-	-	-	38	-	-	(14)	232	-	70	302	326	(329)	(3)
Changes in interests in associates		-	-	-	-	3,824	-	-	-	-	-	-	-	3,824	-	3,824
New shares issued by subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	135,505	135,505
<i>Total changes in ownership interests in subsidiaries and associates</i>		-	-	-	-	3,862	-	-	(14)	232	-	70	302	4,150	1,195,584	1,199,734
Total transactions with equity holders, recorded directly in equity		-	-	-	-	3,862	-	-	(7,018,785)	232	-	70	302	(7,014,621)	(2,559,025)	(9,573,646)
Comprehensive income for the year																
Profit		-	-	-	-	-	-	-	14,702,819	-	-	-	-	14,702,819	5,982,965	20,685,784
Other comprehensive income																
- Actuarial gains		-	-	-	-	-	-	-	1,172,578	-	-	-	-	1,172,578	(4,044)	1,168,534
- Other		-	-	-	-	-	-	-	-	6,457,730	251,533	1,762,969	8,472,232	8,472,232	(771,444)	7,700,788
Total comprehensive income for the year		-	-	-	-	-	-	-	15,875,397	6,457,730	251,533	1,762,969	8,472,232	24,347,629	5,207,477	29,555,106
Transferred to retained earnings		-	-	-	-	-	-	-	6,868	(6,868)	-	-	(6,868)	-	-	-
Balance at 31 December 2016		<u>7,742,942</u>	<u>(1,135,146)</u>	<u>36,462,883</u>	<u>3,470,021</u>	<u>4,001,573</u>	<u>(5,159)</u>	<u>820,666</u>	<u>74,782,483</u>	<u>13,723,199</u>	<u>(2,894,310)</u>	<u>(3,271,469)</u>	<u>7,557,420</u>	<u>133,697,683</u>	<u>60,008,727</u>	<u>193,706,410</u>

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

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

Statements of changes in equity

(Unit: Thousand Baht)

Separate financial statements

Note	Separate financial statements						Other components of equity		Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Revaluation differences on assets	Total other components of equity	
Year ended 31 December 2015									
	7,742,942	35,572,855	3,470,021	428,671	820,666	32,244,832	1,280,169	1,280,169	81,560,156
	Transactions with equity holders, recorded directly in equity								
	<i>Distributions to owners</i>								
	Dividends paid								
38	-	-	-	-	-	(5,807,207)	-	-	(5,807,207)
	<i>Total distributions to owners</i>								
	-	-	-	-	-	(5,807,207)	-	-	(5,807,207)
	Common control transactions								
	-	-	-	61,752	-	-	-	-	61,752
	Total transactions with equity holders, recorded directly in equity								
	-	-	-	61,752	-	(5,807,207)	-	-	(5,745,455)
	Comprehensive income for the year								
	Profit								
	-	-	-	-	-	11,274,205	-	-	11,274,205
	Total comprehensive income for the year								
	-	-	-	-	-	11,274,205	-	-	11,274,205
	Transferred to retained earnings								
	-	-	-	-	-	246	(246)	(246)	-
	7,742,942	35,572,855	3,470,021	490,423	820,666	37,712,076	1,279,923	1,279,923	87,088,906

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

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

Statements of changes in equity

(Unit: Thousand Baht)

		Separate financial statements									
		Issued and paid-up share capital	Premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	<u>Other components of equity</u>		Total equity	
Note								Revaluation differences on assets	Total other components of equity		
Year ended 31 December 2016											
Balance at 1 January 2016		7,742,942	35,572,855	3,470,021	490,423	820,666	37,712,076	1,279,923	1,279,923	87,088,906	
Transactions with equity holders, recorded directly in equity											
<i>Distributions to owners</i>											
Dividends paid		38	-	-	-	-	(7,355,794)	-	-	(7,355,794)	
Total distributions to owners		-	-	-	-	-	(7,355,794)	-	-	(7,355,794)	
Total transactions with equity holders, recorded directly in equity											
		-	-	-	-	-	(7,355,794)	-	-	(7,355,794)	
Comprehensive income for the year											
Profit		-	-	-	-	-	11,004,316	-	-	11,004,316	
Other comprehensive income											
- Actuarial gains		25	-	-	-	-	464,092	-	-	464,092	
- Other		-	-	-	-	-	-	1,543,301	1,543,301	1,543,301	
Total comprehensive income for the year		-	-	-	-	-	11,468,408	1,543,301	1,543,301	13,011,709	
Transferred to retained earnings		-	-	-	-	-	840	(840)	(840)	-	
Balance at 31 December 2016		7,742,942	35,572,855	3,470,021	490,423	820,666	41,825,530	2,822,384	2,822,384	92,744,821	

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

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

Statements of cash flows

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
<i>Cash flows from operating activities</i>					
Profit for the year		20,685,784	16,374,143	11,004,316	11,274,205
<i>Adjustments for</i>					
Depreciation	16, 17	12,284,721	10,030,889	1,815,842	2,022,239
Amortisation		963,839	1,476,071	8,347	9,122
Depreciation of biological assets	9	5,259,442	4,338,839	151,158	140,120
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)	7	205,369	255,769	14,299	(2,277)
Losses (reversal of allowance for losses) on decline in value of inventories		(88,598)	209,951	(82,143)	119,136
Interest income		(790,842)	(643,751)	(4,126,526)	(3,680,128)
Dividend income		(73,658)	(67,980)	(12,542,016)	(13,450,364)
Finance costs	34	10,601,235	9,613,774	3,737,583	3,590,336
Gains on sale of investments		(2,125,803)	(7,128,792)	-	-
Employee benefit obligations		718,361	718,483	197,312	191,212
Gains on sales of investment properties		-	(1,142)	-	(1,142)
Impairment losses on investment properties		8,002	-	893	-
Losses (gains) on sale of property, plant and equipment		10,505	(1,287,753)	(68,182)	100,214
Gains on disposal of other intangible assets		-	-	(18)	(128)
Losses on disposal of plant and equipment		278,295	319,964	52,771	172,408
(Reversal) of impairment losses on property, plant and equipment	17	62,317	23,130	(1,770)	21,252
Gains on sales of leasehold rights		-	(35,833)	-	-
Unrealised gains on exchange rates		(72,808)	(68,156)	(271,204)	(285,595)
Impairment losses on investments		-	-	128,500	-
Losses (gains) on changes in fair value of biological assets		888,852	(404,186)	-	-
Gains on changes in fair value of investments in associates		-	(235,758)	-	-
Share of profits of investments in associates and joint ventures	13, 14	(6,512,494)	(5,220,876)	-	-
Income tax expense (income)	35	7,211,808	3,653,860	1,347,238	(447,467)
		49,514,327	31,920,646	1,366,400	(226,857)
<i>Changes in operating assets and liabilities</i>					
Accounts receivable - trade and others		(3,206,628)	(1,014,803)	546,812	229,340
Inventories		(701,948)	625,398	1,266,187	(190,924)

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

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

Statements of cash flows

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
<i>Note</i>	2016	2015	2016	2015
Cash flows from operating activities				
<i>(Continued)</i>				
Current and non-current biological assets	(7,776,494)	(6,162,909)	(250,506)	177,417
Other current assets	672,390	(333,314)	705,630	(681,852)
Other non-current assets	(2,728,142)	(2,719,575)	13,348	612
Accounts payable - trade and others	2,089,229	799,747	(162,542)	(75,811)
Other current liabilities	852,204	2,637,219	(584,489)	540,876
Employee benefits paid	(910,078)	(251,573)	(55,507)	(47,974)
Income tax paid	(6,573,759)	(4,638,396)	(1,145,270)	(56,779)
Net cash provided by (used in)				
operating activities	31,231,101	20,862,440	1,700,063	(331,952)
Cash flows from investing activities				
Interest received	777,506	633,701	4,126,999	3,671,583
Dividends received	3,705,652	2,677,767	18,469,002	11,425,361
Increase in short-term loans to subsidiaries	-	-	(660,227)	(13,893,423)
Decrease (increase) in current investments	530,688	(1,768,859)	-	-
Purchase of investments	(10,155,317)	(20,377,697)	(34,201,243)	(18,279,909)
Sale of investments	4,273,503	11,429,328	-	-
Net consideration paid for acquisition of subsidiaries	4 (40,688,006)	(20,413,360)	-	-
Decrease (increase) in long-term loans to subsidiaries	-	-	16,639,919	(6,437,573)
Purchase of property, plant and equipment	(22,174,627)	(25,397,858)	(1,139,575)	(1,181,464)
Purchase of investment properties	(8,860)	(16,649)	-	-
Sale of property, plant and equipment	1,348,138	1,537,950	345,151	98,515
Sale of investment properties	480	-	-	-
Sale of other intangible assets	-	-	283	1,375
Purchase of other intangible assets	19 (201,349)	(174,648)	(5,076)	(4,267)
Net cash inflow from business transfer under common control	-	-	-	556,951
Cash inflow from sale of leasehold rights	-	137,603	-	-
Purchase of leasehold rights	(191,420)	(135,750)	-	-
Net cash provided by (used in)				
investing activities	(62,783,612)	(51,868,472)	3,575,233	(24,042,851)

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

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

Statements of cash flows

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2016	2015	2016	2015
<i>Cash flows from financing activities</i>				
Interest paid	(10,538,041)	(8,996,892)	(3,596,991)	(3,218,427)
Increase (decrease) in short-term borrowings				
from financial institutions	(20,303,312)	17,337,063	(7,132,158)	7,154,000
Increase in bills of exchange	24,392,400	16,629,607	1,981,297	16,629,607
Decrease in short-term borrowings				
from joint ventures	(63,705)	(19,625)	-	-
Repayment of liabilities under finance leases	(15,961)	(7,650)	-	-
Proceeds from long-term borrowings				
from financial institutions	37,726,772	11,645,691	-	-
Repayment of long-term borrowings				
from financial institutions	(27,083,380)	(10,420,051)	(616,400)	(616,400)
Proceeds from issue of debentures	53,516,429	18,940,000	9,060,000	18,940,000
Repayment of debentures	(16,885,878)	(5,000,000)	(6,060,000)	(5,000,000)
Payment of financial transaction costs	(497,778)	(505,919)	(20,107)	(15,808)
Proceeds from issue of new ordinary shares	135,506	207,889	-	-
Dividend paid of the Company - net of dividends paid to subsidiaries (for share held in treasury)	(7,018,475)	(5,534,504)	(7,355,500)	(5,800,014)
Dividends paid to non-controlling interests	(3,746,080)	(3,078,036)	-	-
Consideration paid for acquisition of non-controlling interests	-	(442,564)	-	-
Net cash provided by (used in) financing activities	29,618,497	30,755,009	(13,739,859)	28,072,958

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

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

Statements of cash flows

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
Note	2016	2015	2016	2015
Net increase (decrease) in cash and cash equivalents	(1,934,014)	(251,023)	(8,464,563)	3,698,155
Cash and cash equivalents at beginning of year	32,387,481	31,923,565	17,393,118	13,691,168
Effect of exchange rate changes on balances held in foreign currencies	520,207	714,939	132,176	3,795
Cash and cash equivalents at end of year	30,973,674	32,387,481	9,060,731	17,393,118

Supplemental disclosures of cash flows information:

1. Cash and cash equivalents

These consisted of:

Cash and cash equivalents	6	34,100,378	36,460,815	9,067,360	17,399,514
Overdrafts	23	(3,126,704)	(4,073,334)	(6,629)	(6,396)
Net		30,973,674	32,387,481	9,060,731	17,393,118

2. Non-cash transactions

As at 31 December 2016 the Group had accrued dividend income amounting to Baht 177 million (2015: The Group and the Company had accrued dividend income amounting to Baht 189 million and Baht 5,927 million respectively).

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

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

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Charoen Pokphand Foods Public Company Limited and its Subsidiaries

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For the year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the executive directors on 24 February 2017.

1 General information

Charoen Pokphand Foods Public Company Limited, the “Company”, is incorporated in Thailand on 17 January 1978 and has its registered head office at 313 C.P. Tower, Silom Road, Silom, Bangrak, Bangkok 10500, Thailand.

The Company was listed on the Stock Exchange of Thailand on 21 December 1987.

The principal activities of the Company and its subsidiaries (together referred to the “Group”) are operating in agro-industrial and integrated food businesses. The Group’s business operations are located throughout Thailand and overseas. The businesses are divided into 2 main segments as follows:

- 1) The livestock business comprises chicken, duck and pigs
- 2) The aquaculture business comprises shrimp and fish

The Group’s two main businesses are vertically integrated, starting from sourcing of raw materials for animal feed production, manufacturing animal feed, breeding animals, farming animals for commercial purposes, processing meat, producing ready-to-eat food products, and including operating food retail outlets and restaurants. The Group’s main products are divided into 3 main categories as follows:

- 1) Animal feed
- 2) Animal farm products such as animal breeder, live animal and meat, etc.
- 3) Processed foods and ready meals

Details of the Company’s subsidiaries as at 31 December 2016 and 2015 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
<i>Thailand operations and businesses related to operations in Thailand</i>				
<i>Livestock business</i>				
<i>Direct subsidiaries</i>				
1) Bangkok Produce Merchandising Public Company Limited	Animal feed raw materials distribution	Thailand	99.44	99.44
2) Chester’s Food Company Limited	Restaurant	Thailand	99.99	99.99
3) CPF (Thailand) Public Company Limited	Agro-industrial and integrated food	Thailand	99.98	99.98
4) C.P. Merchandising Co., Ltd.	Investment and international trading	Thailand	99.99	99.99
<i>Indirect subsidiaries</i>				
1) CPF Trading Co., Ltd.	Wholesale and retail food products	Thailand	99.97	99.97
2) CPF Premium Foods Co., Ltd. ⁽¹⁾	Food processing plant	Thailand	99.99	99.99
3) CPF Denmark A/S	Importer and distributor of processed meat and ready meals	Denmark	52.00	52.00

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
4) CPF Europe S.A. (4.1 to 4.2 are subsidiaries of CPF Europe S.A.)	Importer and distributor of processed meat and ready meals	Belgium	99.99	99.99
4.1) CP Chozen Limited (4.1.1 to 4.1.2 are subsidiaries of CP Chozen Limited)	Investment	United Kingdom	71.50	71.50
4.1.1) Chozen Holdings Limited	Restaurant	United Kingdom	71.50	71.50
4.1.2) Chozen Noodle Trading Limited	Property lease-out	United Kingdom	71.50	71.50
4.2) Tops Foods NV	Production and distributor of ready meals	Belgium	84.08	84.08
5) CPF Food Trading Co., Ltd.	Importer and distributor of processed meat and ready meals	China	100.00	100.00
6) CP Foods (UK) Limited (6.1 to 6.61 are subsidiaries of CP Foods (UK) Limited)	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.1) Fusion Abbey Park Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.2) Fusion Alfrick Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.3) Fusion Bracewell Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.4) Fusion Bransford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.5) Fusion Broadway Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.6) Fusion Brothwood Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.7) Fusion Calis Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.8) Fusion Carnoustie Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.9) Fusion Charlton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.10) Fusion Crowle Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.11) Fusion Dalaman Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.12) Fusion Defford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.13) Fusion Dormington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.14) Fusion Driscoll Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.15) Fusion Dumbleton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.16) Fusion Eastoe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.17) Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
6.18) Fusion Everton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.19) Fusion Exning Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.20) Fusion Fethiye Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.21) Fusion Gatley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.22) Fusion Gocek Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.23) Fusion Gray Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.24) Fusion Harper Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.25) Fusion Hartford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.26) Fusion Hawstead Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.27) Fusion Head Street Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.28) Fusion Heath Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.29) Fusion Irvine Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.30) Fusion Kaitaia Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.31) Fusion Kroma Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.32) Fusion Krone Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.33) Fusion Lineker Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.34) Fusion Littleworth Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.35) Fusion Madeley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.36) Fusion McMahon Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.37) Fusion Mountfield Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.38) Fusion Moyes Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.39) Fusion Newlands Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.40) Fusion Niamh Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.41) Fusion Pershore Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.42) Fusion Priest Lane Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.43) Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
6.44) Fusion Reid Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.45) Fusion Richardson Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.46) Fusion Samui Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.47) Fusion Sharp Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.48) Fusion Sheedy Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.49) Fusion Soham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.50) Fusion Southall Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.51) Fusion Stevens Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.52) Fusion Thetford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.53) Fusion Turgay Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.54) Fusion Uzumlu Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.55) Fusion Van Den Hauwe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.56) Fusion Wadborough Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.57) Fusion Wellington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.58) Fusion Whistler Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.59) Fusion Wright Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.60) Fusion Yamac Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	57.52
6.61) The Foodfellas Limited ⁽²⁾	Importer and food production	United Kingdom	34.51	-
Aquaculture business				
Direct subsidiary				
1) Seafoods Enterprise Co., Ltd. ⁽¹⁾	Shrimp processing plant	Thailand	99.99	99.99
Indirect subsidiary				
1) C.P. Food Products, Inc.	Importer and distributor of seafood products	United States of America	100.00	100.00
Other businesses				
Direct subsidiaries				
1) CPF Training Center Co., Ltd.	Training center service provider	Thailand	99.99	99.99
2) CPF IT Center Co., Ltd.	Information technology service provider	Thailand	99.99	99.99
3) CPF Food Research and Development Center Co., Ltd.	Food research and development	Thailand	99.99	99.99

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
<i>Overseas operations</i>				
<i>Direct subsidiaries</i>				
1) Bellisio Investment, LLC. (1.1 is a subsidiary of Bellisio Investment, LLC.)	Investment	United States of America	100.00	-
1.1) Bellisio Parent, LLC. (1.1.1 to 1.1.10 are subsidiaries of Bellisio Parent, LLC.)	Investment	United States of America	100.00	-
1.1.1) Arden International, LLC.	Production and distributor of ready meals	United States of America	100.00	-
1.1.2) Arden Kitchens, LLC. (Delaware)	Production and distributor of ready meals	United States of America	100.00	-
1.1.3) Arden Kitchens, LLC. (Minnesota)	Production and distributor of ready meals	United States of America	100.00	-
1.1.4) Bellisio Finance, LLC.	Investment	United States of America	100.00	-
1.1.5) Bellisio Foods, Inc.	Investment	United States of America	100.00	-
1.1.6) Bellisio Foods Canada Corp.	Production and distributor of ready meals	Canada	100.00	-
1.1.7) Bellisio Holdco, LLC.	Investment	United States of America	100.00	-
1.1.8) Michelina's, LLC.	Production and distributor of ready meals	United States of America	100.00	-
1.1.9) Overhill Farms, Inc.	Production and distributor of ready meals	United States of America	100.00	-
1.1.10) The All American Gourmet Company	Production and distributor of ready meals	United States of America	100.00	-
2) Charoen Pokphand Foods Kenya Co., Ltd.	Animal feedmill and livestock farming	Kenya	99.99	99.99
3) CPF Investment Limited	Investment	British Virgin Islands	100.00	100.00
4) C.P. Aquaculture (Beihai) Co., Ltd.	Production and sale of animal feed	China	100.00	100.00
5) C.P. Aquaculture (Dongfang) Co., Ltd.	Shrimp hatchery business	China	100.00	100.00
6) C.P. Aquaculture (Hainan) Co., Ltd. ⁽³⁾	Aquaculture farming and hatchery business	China	100.00	100.00
7) C.P. Foods Holdings Limited	Investment	British Virgin Islands	100.00	100.00
8) C.P. Foods International Limited	Investment	British Virgin Islands	100.00	100.00
9) CPF Netherlands B.V. (9.1 to 9.2 are subsidiaries of CPF Netherlands B.V.)	Investment	Netherlands	99.99	99.99
9.1) Russia Baltic Pork Invest ASA (9.1.1 to 9.1.8 are subsidiaries of Russia Baltic Pork Invest ASA)	Investment	Norway	75.82	75.82
9.1.1) Farm Construction Limited Liability Company	Swine farm construction	Russia	75.82	75.82

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
9.1.2) Finagro ASP	Financial service	Denmark	75.82	75.82
9.1.3) Kornevo Limited Liability Company	Livestock farming	Russia	75.82	75.82
9.1.4) Management Company RBPI Group Limited Liability Company	Property lease-out	Russia	75.82	75.82
9.1.5) NNPP Limited Liability Company	Livestock farming	Russia	75.82	75.82
9.1.6) NNPP-2 Limited Liability Company	Livestock farming	Russia	75.82	-
9.1.7) Pravdinsk Pig Production Closed Joint Stock Company	Livestock farming	Russia	75.82	75.82
9.1.8) Pravdinsk Pig Production-2 Limited Liability Company	Livestock farming	Russia	75.82	75.82
9.2) Stesha LLC. (9.2.1 to 9.2.2 are subsidiaries of Stesha LLC.)	Investment	Russia	99.99	99.99
9.2.1) CJSC Poultry Parent Stock Production Woyskovitsy	Livestock farming and breeding	Russia	79.99	79.99
9.2.2) CJSC Poultry Production Severnaya	Animal feedmill, livestock farming and food processing plant	Russia	79.99	79.99
Direct and indirect subsidiaries				
1) Charoen Pokphand Foods Philippines Corporation (1.1 is a subsidiary of Charoen Pokphand Foods Philippines Corporation)	Production and sale of animal feed, farming and shrimp hatchery business	Philippines	99.99	99.99
1.1) A.P.P. Enterprise, Inc. ⁽²⁾	Property lease-out	Philippines	39.60	39.60
2) Charoen Pokphand Foods (Overseas) LLC. (2.1 to 2.6 are subsidiaries of Charoen Pokphand Foods (Overseas) LLC.)	Animal feedmill and livestock farming	Russia	99.99	99.99
2.1) CPF Agro LLC.	Livestock farming	Russia	99.99	99.99
2.2) CPF Foods LLC.	Livestock farming	Russia	99.99	99.99
2.3) CPF Ryazan LLC.	Livestock farming	Russia	99.99	-
2.4) CPF Serebryanie Prudy LLC.	Livestock farming	Russia	99.99	99.99
2.5) CPF Trading LLC.	Importer and distributor of meat products	Russia	99.99	59.99
2.6) CPF Zaraysk LLC.	Livestock farming	Russia	99.99	99.99

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For the year ended 31 December 2016

	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2016	2015
3)	Chia Tai Enterprises International Limited (3.1 to 3.9 are subsidiaries of Chia Tai Enterprises International Limited)	Investment	Bermuda	50.43	50.43
3.1)	C.P. Enterprises Limited	Investment	Hong Kong	50.43	50.43
3.2)	Chia Tai Huazhong Biochemistry Limited	Investment	Hong Kong	50.43	50.43
3.3)	Chia Tai Pucheng Biochemistry Limited	Investment	Hong Kong	50.43	50.43
3.4)	ECI Machinery Co., Ltd.	Investment	British Virgin Islands	50.43	50.43
3.5)	Golden Industrial Investment Limited	Investment	Hong Kong	50.43	50.43
3.6)	Pucheng Chia Tai Biochemistry Limited ⁽²⁾	Production and sale of chlortetracycline	China	35.17	35.17
3.7)	Shanghai C.P. Industrial Trading Co., Ltd. ⁽³⁾	Sale of machine and spare part	China	50.43	50.43
3.8)	Zhumadian Huazheng Property Co., Ltd. ⁽²⁾	Real estate property	China	35.17	35.17
3.9)	Zhumadian Huazhong Chia Tai Co., Ltd. ⁽²⁾	Production and sale of chlortetracycline	China	35.17	35.17
4)	C.P. Standart Gida Sanayi ve Ticaret A.S.	Agro-industrial and integrated food	Turkey	100.00	100.00
5)	C.P. Pokphand Co., Ltd. (5.1 to 5.102 are subsidiaries of C.P. Pokphand Co., Ltd.)	Investment	Bermuda	50.43	50.43
5.1)	Beijing CP Consultation Services Co., Ltd.	Provision of consulting service on economic and trade	China	50.43	-
5.2)	CF Food Enterprise (Qinhuangdao) Co., Ltd. (Formerly known as Chia Tai Food Enterprise (Qinhuangdao) Co., Ltd.)	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.3)	C.P. Aquaculture (Yangjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.4)	C.P. Food Enterprises (Ningbo) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.5)	C.P. Food (Hengshui) Co., Ltd.	Production and sale of processed food	China	50.43	-
5.6)	C.P. Food (Nantong) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.7)	C.P. Food (Xiangyang) Co., Ltd.	Production and sale of processed food	China	50.43	50.43
5.8)	C.P. Food (Xuzhou) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.9)	C.P. Food (Zhanjiang) Co., Ltd.	Production and sale of processed food	China	50.43	50.43

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For the year ended 31 December 2016

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
5.10) C.P. Premix (Guanghan) Co., Ltd. (Formerly known as Guanghan Chia Tai Feed Tech Co., Ltd.) ⁽²⁾	Production and sale of animal feed	China	45.89	45.89
5.11) C.P. Premix (Liuzhou) Co., Ltd. (Formerly known as Liuzhou Advance Feed Tech Co., Ltd.)	Production and sale of animal feed	China	50.43	50.43
5.12) C.P. Premix (Nantong) Co., Ltd. (Formerly known as Nantong Chia Tai Tech Feed Co., Ltd.) ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.13) C.P. Premix (Shenyang) Co., Ltd. (Formerly known as Shenyang Advance Feed Tech Co., Ltd.)	Production and sale of animal feed	China	50.43	50.43
5.14) C.P. Premix (Tianjin) Co., Ltd. (Formerly known as Tianjin Chia Tai Feed Tech Co., Ltd.)	Production and sale of animal feed	China	50.43	50.43
5.15) C.P. Standard Resources Limited	Investment	Hong Kong	50.43	50.43
5.16) C.P. Vietnam Corporation	Production and sale of animal feed, farming and food processing plant	Vietnam	64.89	64.89
5.17) C.T. Progressive (H.K.) Limited	Investment	Bermuda	50.43	50.43
5.18) Changsha Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.19) Charoen Pokphand (China) Investment Limited	Investment	British Virgin Islands	50.43	50.43
5.20) Chengdu Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.21) Chia Tai (Beijing) Investment Management Co., Ltd.	Rendering management and advisory service	China	50.43	50.43
5.22) Chia Tai (China) Investment Co., Ltd.	Investment and trading	China	50.43	50.43
5.23) Chia Tai Feed (Hengshui) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.24) Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.25) Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.26) Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	China	50.43	50.43

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
5.27) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.28) Chia Tai (Hainan) Agro-Industry Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.29) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.30) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.31) Chongqing Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.32) Chongqing Shuangqiao Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.33) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.34) CP China Investment Limited	Investment	Cayman Islands	50.43	50.43
5.35) CP Food Investment Limited	Investment	Hong Kong	50.43	50.43
5.36) CP Group (Inner Mongolia) Nutrition Technology Flocks and Herds Service Co., Ltd.	Production and sale of animal feed	China	50.43	-
5.37) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.38) Fujian Baojiashun Food Development Co., Ltd. ⁽²⁾	Production of processed poultry meat	China	35.30	-
5.39) Fujian Chia Tai Food Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	-
5.40) Fujian Hetai Agro-Industry Co., Ltd. ⁽²⁾	Farming and trading of poultry	China	35.30	-
5.41) Fujian Longzeji Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	-
5.42) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.43) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.44) Ganzhou Chia Tai Industrial Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	40.34	40.34
5.45) Guang An Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.46) Guangdong Chia Tai Biotechnology Co., Ltd.	Production and sale of probiotics	China	50.43	50.43
5.47) Guangxi Chia Tai Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.48) Guilin Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.49) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.50) Hangzhou Advance Feed Tech Co., Ltd.	Production and sale of animal feed	China	50.43	50.43

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Notes to the financial statements

For the year ended 31 December 2016

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
5.51) Hannick Limited	Property investment	Hong Kong	50.43	50.43
5.52) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.53) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.54) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.55) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.56) Hubei Chia Tai Co., Ltd.	Production and sale of animal feed, breeding and processed meat	China	50.43	-
5.57) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.58) Inner Mongolia Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.58	45.58
5.59) Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.60) Jiangsu Huai Yin Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	44.38	44.38
5.61) Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	China	50.43	50.43
5.62) Jilin Chia Tai Food Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	China	50.43	50.43
5.63) Jinan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	32.78	32.78
5.64) Jiujiang Chia Tai Feedstuff Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.65) Kaifeng Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.66) Kunming Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	46.59	46.59
5.67) Lanzhou Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.70	45.70
5.68) Longyan Baotai Agro-Industry Co., Ltd. ⁽²⁾	Farming and sale of poultry	China	35.30	-
5.69) Mianyang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	40.34	40.34
5.70) Modern State Investments Limited	Investment	British Virgin Islands	50.43	50.43
5.71) Nanchang Chiatai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.72) Nanning C.P. Food Co., Ltd	Production and sale of processed food	China	50.43	-
5.73) Nanning Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	46.21	46.21
5.74) Nantong Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
5.75) Nanyang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	45.89	45.89
5.76) Neijiang Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.77) Ningbo Chia Tai Agriculture Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.78) Pingdingshan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.79) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.80) Shaanxi Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	48.41	48.41
5.81) Shanghai Han Tong International Trading Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	-
5.82) Shanxi Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.21	30.21
5.83) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.84) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.85) Shuangliu Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	35.30	35.30
5.86) Tai Zhou Chia Tai Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	48.41	48.41
5.87) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.88) Urumqi Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	47.11	47.11
5.89) Weinan Chia Tai Co., Ltd. ⁽³⁾	Production and sale of animal feed	China	50.43	50.43
5.90) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.91) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.92) Wuxuan Chia Tai Animal Husbandry Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.93) Xiamen Chia Tai Agriculture Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.94) Xiamen Sumpo Food Trading Co., Ltd. ⁽²⁾	Sale of processed poultry meat	China	35.30	-
5.95) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.96) Xuzhou Chia Tai Feed Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	32.78	32.78
5.97) Yi Chang Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.98) Yinchuan Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	42.86	42.86
5.99) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.100) Zhangjiakou Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.26	30.26
5.101) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	China	50.43	50.43
5.102) Zhumadian Chia Tai Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	30.76	30.76
6) CPF Tanzania Limited ⁽³⁾	Animal feedmill and livestock farming	Tanzania	99.99	99.99
Indirect subsidiaries				
1) Bright Excel Investments Limited	Investment	British Virgin Islands	100.00	100.00

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	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2016	2015
2)	C.P. Cambodia Co., Ltd. (2.1 is a subsidiary of C.P. Cambodia Co., Ltd.)	Production and sale of animal feed, livestock farming and food processing plant	Cambodia	100.00	100.00
	2.1) Cambodia Property and Trading Co., Ltd. ⁽²⁾	Property lease-out	Cambodia	49.00	49.00
3)	C.P. Laos Co., Ltd.	Animal feedmill and livestock farming	Laos	99.99	99.99
4)	Charoen Pokphand (Taiwan) Investment Limited	Investment	Bermuda	100.00	100.00
5)	Charoen Pokphand (USA), Inc. ⁽³⁾	Broiler chicken integration	United States of America	99.97	99.97
6)	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. ⁽²⁾ (6.1 to 6.7 are subsidiaries of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	Chicken integration and livestock farming	Taiwan	32.68	32.68
	6.1) Arbor Acres (Taiwan) Co., Ltd. ⁽²⁾	Livestock farming	Taiwan	16.34	16.34
	6.2) Charoen Pokphand (Taiwan) Co., Ltd. ⁽²⁾	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	29.41	29.41
	6.3) Chia Tai Lianyungang Co., Ltd. ⁽²⁾	Investment	Hong Kong	32.68	32.68
	6.4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. ⁽²⁾	Production and sale of animal feed	China	22.88	22.88
	6.5) Plenty Type Limited ⁽²⁾	Investment	Cayman Islands	32.68	32.68
	6.6) Rui Fu Foods Co., Ltd. ⁽²⁾	Layer chicken business	Taiwan	16.67	-
	6.7) Rui Mu Foods Co., Ltd. ⁽²⁾	Layer chicken business	Taiwan	16.99	-
7)	Charoen Pokphand Foods (Malaysia) Sdn. Bhd. (7.1 to 7.3 are subsidiaries of Charoen Pokphand Foods (Malaysia) Sdn. Bhd.)	Investment in aquaculture integration business and swine business	Malaysia	99.99	99.99
	7.1) Asia Aquaculture (M) Sdn. Bhd.	Shrimp farming and processing plant	Malaysia	99.99	99.99
	7.2) Makin Jernih Sdn. Bhd. (7.2.1 to 7.2.3 are subsidiaries Of Makin Jernih Sdn. Bhd.)	Investment	Malaysia	99.99	99.99
	7.2.1) AA Meat Shop Sdn. Bhd.	Livestock processing retailer	Malaysia	99.99	99.99
	7.2.2) Chau Yang Farming Sdn. Bhd.	Livestock farming	Malaysia	99.99	99.99
	7.2.3) Tip Top Meat Sdn. Bhd.	Livestock processing plant	Malaysia	99.99	99.99
	7.3) Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution	Malaysia	99.99	99.99
8)	Charoen Pokphand Foods Canada Inc.	Import and export food products	Canada	70.00	70.00

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For the year ended 31 December 2016

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2016	2015
9) Coinaton Investments Limited (9.1 is a subsidiary of Coinaton Investments Limited)	Investment	British Virgin Islands	100.00	100.00
9.1) Chun Ta Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
10) CPF (INDIA) Private Limited	Production and sale of animal feed, farming and food processing plant	India	99.99	99.99
11) CPF Japan Co., Ltd (Formerly known as CPF Tokyo Co., Ltd.)	Importer and distributor of processed meat and ready meals	Japan	99.99	99.99
12) CPVN Limited	Investment	British Virgin Islands	100.00	100.00
13) Forward Pass Limited (13.1 is a subsidiary of Forward Pass Limited)	Investment	British Virgin Islands	100.00	100.00
13.1) Ta Chung Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
14) New Splendid Holdings Limited	Investment	British Virgin Islands	100.00	100.00
15) Norfolk Foods (Private) Limited	Production and sale of ready meal	Sri Lanka	80.00	-

(1) In the process of liquidation

(2) The Company has the power to govern those companies.

(3) Operations wound up

2 Basis of preparation of the financial statements

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued several new and revised TFRS that are relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS have no any material effect on the accounting policies, methods of computation, and financial performance or financial position of the Group.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 44 to the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

- Available-for-sale investments are measured at fair value.
- Certain types of biological assets are measured at fair value less costs to sell.
- Land used for operations are measured at revalued amounts.

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Notes to the financial statements

For the year ended 31 December 2016

2.3 Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million Baht unless otherwise stated.

2.4 Use of judgments and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes to the financial statements:

Note 9	Measurement of biological assets
Notes 11, and 13 to 19	Assumptions used in discounted cash flow projections
Note 21	Utilisation of tax losses
Notes 21 and 35	Deferred and current taxation
Note 25	Measurement of defined benefit obligations
Note 39	Valuation of financial instruments

Measurement of fair values

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs.

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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For the year ended 31 December 2016

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 9 Biological assets
- Note 16 Investment properties
- Note 17 Property, plant and equipment
- Note 39 Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. All relevant facts and circumstances are considered in determining the acquisition date and determining whether control is transferred from one party to another. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Any consideration/contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. In the event that contingent consideration is classified as asset or liability, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Transaction costs that are incurred in connection with a business combination are recorded as expenses as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. If subsidiaries of the Group use accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to their financial statements in preparing the consolidated financial statements.

Losses applicable to non-controlling interests in a subsidiary which related to non-controlling interests are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree or the fair value.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Subsequently it is accounted for new types of investment depending on the level of influence retained.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses, are eliminated in full in preparing the consolidated financial statements. Unrealised gains or losses arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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For the year ended 31 December 2016

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the dates that fair value was determined.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustment entries arising on the acquisition of foreign operations are translated to Thai Baht at the foreign exchange rate ruling at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the currency translation differences in equity until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the Group shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

A monetary item receivable from or payable to a foreign operation for which settlement is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item and related hedging transactions are considered to form part of a net investment in a foreign operation and are presented in the same way as foreign exchange differences arising from translation.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks, arising from operating, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Derivative financial instruments are recognised initially at fair value. The gain or loss on remeasurement is recognised depending on the nature of the item being hedged.

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(d) Hedging

Hedge of future foreign currency transactions

The Group has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to the functional currency of the Company and subsidiaries at the rates prevailing at the reporting date, adjusted by net receivables/ payables arising from the related forward exchange contracts and the remaining deferred forward premium/ discount. The related forward premium/ discount is recorded as income/ expense over the forward contract term. The amortised forward premium/ discount and gains or losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange gains or losses on the foreign currency monetary transactions being hedged.

For hedges of anticipated future transactions, the Group recognises gains and losses on forward exchange contracts and the related forward premium/discount as deferred transaction until the transactions are completed then recognises gains or losses in profit or loss.

Hedge of interest rates

Interest differentials under swap arrangements are accrued in proportion to the interval of time and relevant underlying notional principal and recorded as adjustments to the interest expense relating to the hedged loans.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits, highly liquid short-term investments and overdrafts that are repayable on demand.

Deposits that have a restriction on use are presented separately in the account "Restricted deposits at financial institutions" in the statement of financial position.

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off after performing the appropriate procedures prescribed in the Revenue Code.

(g) Inventories

Raw materials, work in progress and finished goods

Finished goods and raw materials are measured principally at the lower of average cost and net realisable value.

Work in progress is measured principally at the lower of cost and net realisable value.

Chemicals, medical and supplies are measured principally at the lower of average cost and net realisable value.

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Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) *Biological assets*

Biological assets are measured at fair value less costs to sell (the incremental cost directly attributable to the disposal of a biological asset), except for the case where the fair value cannot be measured reliably, they are measured at cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

Non-current biological assets, mainly consisting of swine breeders, are separately presented under the caption "Non-current assets". Other biological assets are presented under the caption "Current assets" in the statement of financial position.

(i) *Non-current assets held for sale*

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal groups) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rate basis, except for inventories, financial assets, deferred tax assets and investment properties, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(j) *Investments*

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Available-for-sale investments

Available-for-sale investments are investments in marketable equity securities that are non-subsidaries and/or non-associates, other than those securities held for trading or intended to be held to maturity. Available-for-sale investments are stated at fair value which is determined using quoted bid price at the reporting date. The changes, therein, other than impairment losses, are recognised directly in equity. When there is objective evidence that the value of the asset is impaired, impairment losses are recognised in profit or loss.

General investments

General investments are investments in equity securities of related and other companies that are non-subsidaries and/ or non-associates, which are not marketable and are stated at cost less impairment losses.

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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(k) Investment properties

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, capitalised borrowing costs, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

Transfers to property and plant

The carrying amount of investment properties is transferred to property and plant at the date of change in use and measured in accordance with accounting policy of property and plant.

(l) Property, plant and equipment

Recognition and measurement

Owned assets of the Group

Land used for operations is stated at revalued amounts. Land acquired after the latest revaluation was made is stated at cost less accumulated impairment losses.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, capitalised borrowing costs, and other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation differences on assets are transferred to retained earnings.

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Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets approximated to that which would be determined using fair values at the reporting date.

Any increase in value net of deferred tax liability is recognised in other comprehensive income and presented in “Revaluation differences on assets” in other components of equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. Any value is being subsequently increased will credit to other comprehensive income only for the amount higher than the previously decreased in value.

A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset.

Transfers to investment properties

Transfers from owner-occupied property to investment property is stated at carrying amount of the property transferred at the date of the change in use.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Utilities system	3 - 40	years
Buildings and constructions	2 - 60	years
Building improvements and leasehold improvements	2 - 40	years
Water and electricity systems	3 - 30	years
Machinery and equipment	2 - 30	years
Furniture, fixtures and office equipment	3 - 20	years
Vehicles	2 - 25	years

No depreciation is provided on assets under construction and installation.

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Depreciation methods, estimated useful lives and residual values are reviewed at each financial year-end.

(m) *Intangible assets*

Goodwill

The measurement of goodwill that arises upon the acquisition of subsidiaries at initial recognition is described in note 3 (a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. The carrying amount of goodwill related to associates and joint ventures is included in the carrying amount of the investment in associates and joint ventures.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, borrowing cost and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life.

The estimated useful lives are as follows:

Development cost of software applications	4 - 20	years
Software licenses	3 - 20	years
Trademarks	8 - 20 years and indefinite	useful life
Customer relationship	10 - 15	years
Recipes	15	years
Trademark licenses	15	years

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Amortisation methods, estimated useful lives and residual values are reviewed at each financial year-end.

(n) *Leasehold rights*

Payments made by the Group for leasehold rights are measured at cost method and amortisation is recognised in the profit or loss on a straight line basis over the periods of the leasehold.

(o) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income.

When there is objective evidence that the value of the available-for-sale investments is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. The reversal of a financial asset is recognised as follows:

- (1) For financial assets carried at amortised cost and available-for-sale investments that are debt securities, the reversal is recognised in profit or loss.
- (2) For equity securities, the reversal is recognised directly in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss of the assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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(p) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(q) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(r) *Employee benefits*

Post-employment benefit - defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised in profit or loss in the periods during which services are rendered by employees.

Post-employment benefit - defined benefit plans

Obligations for defined benefit plans are calculated by using actuarial techniques and separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted by using the projected unit credit method to determine the present value of the defined benefit obligation and the current service cost.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Termination benefits

Termination benefits are expensed at the earlier of:

- (1) When the Group can no longer withdraw the offer of those benefits or
- (2) When the Group recognises costs for a restructuring.

If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefit obligations are recognised in profit or loss in the periods during which services are rendered by employees.

A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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(s) *Provisions*

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(t) *Treasury shares*

Share repurchase program for financial management

Treasury shares are recognised initially at cost and presented as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount to the cost of shares sold back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity (“Surplus on treasury shares”). Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares and the reserve for treasury shares are credited at the equivalent amount to the cost of shares sold back to retained earnings.

Ordinary shares of the Company held by subsidiaries

The Company’s ordinary shares held by subsidiaries, which are acquired on the acquisition date, are recognised at fair value and treated similar to treasury shares as a deduction in the equity in the consolidated financial statements. When the ordinary shares held by the subsidiaries are disposed, the Company will recognise the gain net of tax from the disposal as surplus and net losses of tax are debited to retained earnings after setting off against any remaining balance of surplus.

(u) *Revenue*

Revenue excluding value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods

Revenue from sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Rental income

Rental income from operating lease contracts is recognised in profit or loss on a straight line basis over the term of the lease.

Other income

Other operating income and interest income are recognised in profit or loss on the accrual basis. Dividend income is recognised in profit or loss on the date the Group’s right to receive payments is established.

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(v) Finance costs

Interest and expenses incurred from financing are charged to profit or loss for the period on the accrual basis, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The interest component of finance lease payments is recognised as finance costs in profit or loss using the effective interest rate method.

(w) Expenses

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

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

(x) Income tax

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the income tax of business combination or the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax

Current tax is calculated from the taxable income for the year, using tax rates enacted at the reporting date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for goodwill which is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and the temporary differences associated with investment in subsidiaries and associates that is probable that it will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(y) Basic earnings per share

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares held by third parties outstanding during year.

(z) Segment reporting

Segment results that are reported to the Group’s management (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Business combination by acquisition of shares

4.1 Share acquisition of Hubei Chia Tai Co., Ltd. (“Hubei”)

At the Board of Directors’ meeting of the Company held on 11 May 2016, the Board of Directors of the Company passed a resolution to approve Chia Tai (China) Investment Company Limited (“CTI”), a 50.43% indirectly owned subsidiary, to acquire ordinary shares of Hubei which is incorporated in China, from Chia Tai Food Investment Company Limited, an indirect subsidiary of Charoen Pokphand Group Company Limited.

The main business of Hubei is production and sale of animal feed, breeding and processed meat. In this regard, the total value of the transaction is Renminbi 103 million or Baht 560 million.

CTI obtained control of Hubei on 14 June 2016 (“Acquisition date”) through the acquisition of 100.00% of Hubei’s total issued and paid-up share capital which equaled to 50.43% interests of the Group.

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For the year ended 31 December 2016

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2015) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration

(Unit: Million Baht)

	Fair value
Cash	560

Identifiable assets acquired and liabilities assumed

(Unit: Million Baht)

	Fair value
Cash and cash equivalents	478
Accounts receivable - trade and others	636
Inventories	310
Current biological assets	129
Other current assets	86
Property, plant and equipment	2,909
Leasehold rights	759
Short-term borrowings from financial institutions	(1,292)
Accounts payable - trade and others	(152)
Short-term borrowings	(205)
Current portion of long-term debts	(200)
Other current liabilities	(535)
Long-term debts	(2,361)
Deferred tax liabilities	(2)
Net assets	560
Consideration transferred	560
Cash received from acquisition of subsidiary	(478)
Net consideration paid for acquisition of subsidiary	82

The Group had assessed the fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). However, if new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

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The consolidated statement of income for the year ended 31 December 2016 includes operating results of Hubei for the period from 14 June 2016 to 31 December 2016. Significant details are as follows:

	<i>(Unit: Million Baht)</i> For the year ended 31 December 2016
Revenue from sale of goods	3,478
Profit for the period attributable to equity holders of the Company	73

4.2 Share acquisition of Norfolk Foods (Private) Limited (“Norfolk”)

At the Board of Directors’ meeting of the Company held on 13 July 2016, the Board of Directors of the Company passed a resolution to approve CPF Investment Limited (“CPFI”), a subsidiary which 100% of its issued and paid-up share capital being owned by the Company, entered into Share Purchase Agreement (“Share Purchase Agreement”) with Expolanka Holdings PLC., Mr. Habib Mohamed Ziauddin and Mrs. Hamzathul Zareeha Ziauddin (“the Sellers”) to acquire the issued and paid-up share capital of Norfolk which is incorporated in Sri Lanka.

The main business of Norfolk is production and sale of ready-to-eat food products. In this regard, the acquisition will be carried out in two steps as follows:

- **The First Acquisition**

CPFI will acquire 2,752,800 ordinary shares of Norfolk (representing 80% of the total issued and paid-up share capital of Norfolk) at total amount of U.S. Dollar 4 million or Baht 139 million.

- **The Second Acquisition**

CPFI has the right to acquire (Call options) and the Sellers has the right to sell (Put options) the remaining 20% of the issued and paid-up share capital of Norfolk on each second, third and fourth anniversary after the first acquisition date as the price specified in the Share Purchase Agreement.

The Group obtained control of Norfolk on 15 July 2016 (“Acquisition date”) through the acquisition of 2,752,800 ordinary shares (equal to 80% of total issued and paid-up share capital).

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2015) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration

	<i>(Unit: Million Baht)</i> Fair value
Cash	139

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Identifiable assets acquired and liabilities assumed

	<i>(Unit: Million Baht)</i>
	Fair value
Cash and cash equivalents	13
Accounts receivable - trade and others	57
Inventories	21
Other current assets	2
Plant and equipment	68
Leasehold rights	4
Other intangible assets - trademark	7
Other non-current assets	1
Accounts payable - trade and others	(22)
Income tax payable	(3)
Other current liabilities	(4)
Deferred tax liabilities	(10)
Provisions	(4)
Employee benefit obligations	(10)
Net assets	120
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(24)
Goodwill	43
Consideration transferred	139
Cash received from acquisition of subsidiary	(13)
Net consideration paid for acquisition of subsidiary	126

The Group had assessed the fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). However, if new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the growth potential of Sri Lanka's food business and the access to the production base for exporting to nearby countries. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

The consolidated statement of income for the year ended 31 December 2016 includes operating results of Norfolk for the period from 15 July 2016 to 31 December 2016. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2016
Revenue from sale of goods	154
Profit for the period attributable to equity holders of the Company	7

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4.3 Share acquisition of The Foodfellas Limited (“Foodfellas”)

On 15 October 2016, CP Foods UK Limited (“CPF UK”), a subsidiary which 57.52% of its issued and paid-up share capital being indirectly owned by the Company, acquired 9,340 ordinary shares which equal to 60% of total issued and paid-up share capital of Foodfellas which is incorporated in England from Mr. Marc Werter, Mr. Anthony John Levy, Mr. Jasby Ghosh and Mr. Simon Anthony Bernstein.

The main business of Foodfellas is food service business by importing of raw material and food products from around the world. In this regard, the total value of the transaction is Pound Sterling 12.89 million or Baht 567 million.

CPF UK obtained control of Foodfellas on 15 October 2016 (“Acquisition date”) through the acquisition of 9,340 ordinary shares (representing to 60% of total issued and paid-up share capital) and equaled to 34.51% interests of the Group.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2015) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration

(Unit: Million Baht)

	Fair value
Cash	567

Identifiable assets acquired and liabilities assumed

(Unit: Million Baht)

	Fair value
Cash and cash equivalents	99
Accounts receivable - trade and others	279
Inventories	175
Other current assets	9
Property, plant and equipment	1
Other intangible assets - customer relationship	786
Overdrafts	(27)
Accounts payable - trade and others	(237)
Income tax payable	(14)
Other current liabilities	(114)
Deferred tax liabilities	(157)
Net assets	800
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(320)
Goodwill	87
Consideration transferred	567
Cash received from acquisition of subsidiary	(72)
Net consideration paid for acquisition of subsidiary	495

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As at 31 December 2016 the Group is still assessing the final fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). In this regard, the Group has provisionally estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record, if new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the competence and extensive experience of the management team in food service business in England which will allow CPF Group to promptly and effectively expand food service business to other European countries. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

The consolidated statement of income for the year ended 31 December 2016 includes operating results of Foodfellas for the period from 15 October 2016 to 31 December 2016. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the
	year ended
	<u>31 December 2016</u>
Revenue from sale of goods	653
Profit for the period attributable to equity holders of the Company	12

4.4 Share acquisition of Fujian Sumpo Foods Holdings Co., Ltd. (“Fujian Sumpo”)

On 21 October 2016, Chia Tai (China) Investment Co., Ltd. (“CTP”), a 50.43% indirectly owned subsidiary, entered into Share Purchase Agreement with Sumpo International Holdings Limited and Longyan Hui ren Investment Co., Ltd. (“the Sellers”) in order to acquire 70% of total issued and paid-up share capital of Fujian Sumpo which is incorporated in China.

The main business of Fujian Sumpo is production and sale of animal feed, farming and sale of poultry as well as processing and sale of chicken meat products. In this regard, the total value of the transaction is Renminbi 323 million or Baht 1,672 million.

CTI obtained control of Fujian Sumpo on 22 November 2016 (“Acquisition date”) through the acquisition of 70% of Fujian Sumpo’s total issued and paid-up share capital which equaled to 35.30% interests of the Group.

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The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2015) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration

	<i>(Unit: Million Baht)</i>
	Fair value
Cash	1,672

Identifiable assets acquired and liabilities assumed

	<i>(Unit: Million Baht)</i>
	Fair value
Cash and cash equivalents	21
Accounts receivable - trade and others	260
Inventories	367
Current biological assets	114
Other current assets	1,579
Property, plant and equipment	1,736
Leasehold rights	291
Other intangible assets	55
Other non-current assets	150
Accounts payable - trade and others	(422)
Short-term borrowings from financial institutions	(1,304)
Income tax payable	(5)
Other current liabilities	(379)
Deferred tax liabilities	(11)
Other non-current liabilities	(64)
Net assets	2,388
Non-controlling interests (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(716)
Consideration transferred	1,672
Cash received from acquisition of subsidiary	(21)
Net consideration paid for acquisition of subsidiary	1,651

The Group had assessed the fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). However, if new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

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The consolidated statement of income for the year ended 31 December 2016 includes operating results of Fujian Sumpo for the period from 22 November 2016 to 31 December 2016. Significant details are as follows:

	<i>(Unit: Million Baht)</i> For the year ended 31 December 2016
Revenue from sale of goods	576
Profit for the period attributable to equity holders of the Company	10

4.5 Share acquisition of Bellisio Parent, LLC (“Bellisio Parent”)

On 21 November 2016, the Company incorporated Bellisio Investment, LLC (“Bellisio Invest”) in the United States of America with registered share capital of U.S. Dollar 585 million and on 20 December 2016, Bellisio Invest acquired the entire interests in Bellisio Parent, which is incorporated in the United States of America from Bellisio Consolidated Equity, LLC. In this regard, the total value of the transaction is U.S. Dollar 1,104 million or Baht 39,103 million.

The main business of Bellisio Parent is investment holding and there are subsidiaries whose main business are production and distribution of ready-to-eat single serve frozen food under well-known brands.

The Company obtained control of Bellisio Parent on 20 December 2016 (“Acquisition date”) through the acquisition of 100.00% of Bellisio Parent’s total issued and paid-up share capital.

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2015) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration

	<i>(Unit: Million Baht)</i> Fair value
Cash	39,103

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Identifiable assets acquired and liabilities assumed

	<i>(Unit: Million Baht)</i>
	Fair value
Cash and cash equivalents	768
Accounts receivable - trade and others	1,802
Inventories	2,271
Other current assets	702
Property, plant and equipment	5,448
Other intangible assets - customer relationship	5,128
Other intangible assets - trademarks	3,474
Other intangible assets - trademark licenses	2,986
Other intangible assets - recipes	2,100
Accounts payable - trade and others	(1,368)
Other current liabilities	(784)
Deferred tax liabilities	(6,480)
Other non-current liabilities	(44)
Net assets	16,003
Goodwill	23,100
Consideration transferred	39,103
Cash received from acquisition of subsidiary	(768)
Net consideration paid for acquisition of subsidiary	38,335

As at 31 December 2016 the Group is still assessing the final fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). In this regard, the Group has provisionally estimated the fair value of the identifiable assets acquired and liabilities assumed from the business combination for accounting record by considering the draft valuation report from an independent valuer, if new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, the Group will adjust the above provisional fair values, or recognise any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

The factors contributing to the goodwill are the large food market in the United States of America which has strong growth potential and channel for the Company to export product to North America as well as multiple synergy benefits such as expansion of retail distribution channel and penetration of food services in the Asian food segment. Goodwill arising from the business combination is recognised in the consolidated statement of financial position and is not amortised as expenses.

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If the acquisition of Hubei, Norfolk, Foodfellas, Fujian Sumpo and Bellisio Group had occurred on 1 January 2016, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the year ended 31 December 2016 would have been as follows:

	<i>(Unit: Million Baht)</i> For the year ended 31 December 2016
Revenue from sale of goods	496,572
Profit for the period attributable to equity holders of the Company	15,351

5 Related party transactions

Related parties are those parties considered to be related to the Group. Related parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions or where the Group and parties are subject to common control or common significant influence.

The significant influence entity of the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 45.40% of the Company's voting rights as of the latest closing date of shareholder register book on 26 August 2016.

The pricing policies for particular types of transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods	The price list of the Group
Purchase of raw material and goods	The price list of the suppliers
Purchase and sale of property, plant and equipment	Fair value
Purchase and sale of investments	Fair value
Interest income/interest expense	Source of fund cost plus fund management expenses
Dividend income	Upon declaration
Rental and service fees	Standard rates as specified by the lessors or service providers
Technical service fees	Rate per quantity of feed production/rate per sale value of animal feed/rate per total revenue
Insurance premium	Standard rates as specified by the insurers
Trademark license fee	Rate per sales value under trademark
Other income/other expenses	Standard service rates as specified by the service providers

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5.1 Significant transactions with related parties for the years ended 31 December 2016 and 2015

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(a) Income				
Significant influence entity				
Software application income	1	1	-	-
Sale of goods	-	1	-	-
Training and seminar income	1	1	-	-
Rental, service and other income	1	-	-	-
Subsidiaries				
Dividend income	-	-	12,503	13,413
Interest income	-	-	4,000	3,600
Sale of goods	-	-	2,896	3,113
Rental, service and other income	-	-	11	7
Gain on sale of equipment and others	-	-	57	16
Associates, joint ventures and related companies				
Sale of goods	42,538	34,349	592	428
Rental, service and other income	209	213	29	5
Dividend income	70	64	39	37
Software application income	27	32	-	-
Training and seminar income	24	25	-	-
Interest income	4	5	-	-
Gain on sale of land	-	766	-	-
Gain on sale of equipment and others	-	33	-	1
(b) Expenses and others				
Significant influence entity				
Purchase of raw materials and goods	9,632	8,493	2,675	1,850
Technical service fees	1,867	1,624	45	38
Trademark license fees	89	85	5	6
Subsidiaries				
Purchase of raw materials and goods	-	-	4,972	3,764
Software application fees	-	-	185	190
Rental and service fees	-	-	62	64
Training and seminar fees	-	-	34	30
Other expenses	-	-	49	56

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	Consolidated financial statements		<i>(Unit: Million Baht)</i>	
			Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(b) Expenses and others (continued)				
Associates, joint ventures and related companies				
Purchase of raw materials and goods	48,345	51,102	592	478
Construction costs of buildings, structures and others	2,507	1,806	172	205
Rental and service fees	1,541	1,582	312	435
Purchase of equipment and others	204	142	84	24
Insurance premium	203	243	81	97
Trademark license fees	32	34	-	-
Software application fees	30	30	-	-
Interest expenses	7	6	-	-
Other expenses	1,272	1,202	129	61

5.2 Balances with related parties as at 31 December 2016 and 2015 were as follows:

5.2.1 Accounts receivable - trade and others

	Consolidated financial statements		<i>(Unit: Million Baht)</i>	
			Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Significant influence entity	1	1	-	-
Subsidiaries	-	-	1,354	1,713
Associates and joint ventures	3,271	2,719	38	32
Related companies	6,048	4,618	133	107
Total	9,320	7,338	1,525	1,852

5.2.2 Short-term loans

	<i>(Unit: Million Baht)</i>			
	Separate financial statements			
	<u>Outstanding balance</u>	<u>Average balance</u>	<u>2016</u>	<u>2015</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Subsidiaries	34,583	33,936	46,535	35,444
Total	34,583	33,936	46,535	35,444

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

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The currency denomination of short-term loans as at 31 December 2016 and 2015 was as follows:

	Consolidated financial statements		<i>(Unit million Baht)</i>	
			Separate financial statements	
	2016	2015	2016	2015
Functional currencies of each company in the Group	-	-	25,068	30,015
Foreign currencies				
- United States Dollar	-	-	9,254	3,669
- Ruble	-	-	261	252
Total	-	-	34,583	33,936

5.2.3 Accrued dividend income

	Consolidated financial statements		<i>(Unit: Million Baht)</i>	
			Separate financial statements	
	2016	2015	2016	2015
Associates	177	189	-	-
Subsidiaries	-	-	-	5,927
Total	177	189	-	5,927

5.2.4 Accrued interest income

	Consolidated financial statements		<i>(Unit: Million Baht)</i>	
			Separate financial statements	
	2016	2015	2016	2015
Subsidiaries	-	-	97	97
Total	-	-	97	97

5.2.5 Long-term loans

	<i>(Unit: Million Baht)</i>			
	Separate financial statements			
	Outstanding balance		Average balance	
	2016	2015	2016	2015
Subsidiaries	6,880	23,367	8,112	18,008
<i>Less current portion</i>	<i>(867)</i>	<i>(387)</i>		
Net	6,013	22,980		

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

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The currency denomination of long-term loans as at 31 December 2016 and 2015 was as follows:

	<i>(Unit : Million Baht)</i>	
	Separate financial statements	
	2016	2015
Thai Baht	-	10,000
Foreign currencies		
- United States Dollar	6,013	12,606
- Ruble	867	761
Total	6,880	23,367

5.2.6 Accounts payable - trade and others

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Significant influence entity	366	758	54	42
Subsidiaries	-	-	136	193
Associates and joint ventures	282	309	5	-
Related companies	4,033	2,470	70	87
Total	4,681	3,537	265	322

5.2.7 Short-term borrowings

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements			
	Outstanding balance		Average balance	
	2016	2015	2016	2015
Joint ventures	291	378	354	201
Related company	-	-	-	15
Total	291	378	354	216

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

5.3 Balances of loans/borrowings and interest rates

Balances of loans/borrowings and interest rates as at 31 December 2016 and 2015 are summarised as follows:

	Consolidated financial statements					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2016	2015	2016	2015	2016	2015
Short-term borrowings from joint ventures	291	378	-	-	2.00	2.00

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	Separate financial statements					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2016	2015	2016	2015	2016	2015
Short-term loans to subsidiaries	9,254	3,669	25,329	30,267	7.38	7.39
Long-term loans to subsidiaries	6,880	23,367	-	-	5.26	5.40

5.4 Key management personnel compensation

Key management personnel compensation consist of:

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>For the year ended 31 December</i>				
Short-term employee benefits	474	450	235	214
Post-employment under defined benefit plans	12	11	5	4
Total	486	461	240	218
<i>As at 31 December</i>				
Employee benefit obligations	284	258	111	82
Total	284	258	111	82

5.5 Commitments

As at 31 December 2016 and 2015, the Group had commitments with related parties as follows:

5.5.1 Capital commitments

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>Contracted but not provided for</i> Mainly represents contracts for construction of buildings and structures, and purchase of machinery and others	389	431	80	144

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5.5.2 Commitments under operating lease agreements

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Within one year	940	926	291	250
Over one year but within five years	1,790	1,539	379	197
Over five years	373	374	-	-
Total	3,103	2,839	670	447

The Company and certain subsidiaries had lease agreements with related parties covering office premises (including related facilities service agreements), land, farms and vehicles for periods of 1 to 9 years, expiring during 2017 to 2025.

5.6 Significant agreements


As at 31 December 2016, the Group had the following significant agreements with related parties:


5.6.1 Technical service agreements

The Company and certain subsidiaries have technical service agreements with a significant influence entity, Charoen Pokphand Group Company Limited (“CPG”). Under the terms of the agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feeds for the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the technical service fee, which is calculated from the feed production quantity dependent upon the types of feed as stipulated in the agreements, to CPG. The minimum service fee ranges from Baht 0.1 million to Baht 1.3 million per month. These agreements are in effect starting from 1 January 2016 to 31 December 2016. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2017 with the same conditions and fee rates.

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

5.6.2 Trademark agreements

A subsidiary (CPF Trading Company Limited) has trademark agreements with CPG for the right to use  trademark. In this regard, the subsidiary is committed to pay the trademark license fees to CPG at the rates of 0.2% and 0.4% of the sale value of each product as stipulated in the agreements. This agreement is effective starting from 1 July 2014 to 30 June 2017.

The Company and certain subsidiaries have trademark agreements with CPG, for the right to use  trademark. In this regard, the Company and subsidiaries are committed to pay the trademark license fees to CPG at the rates of 0.2% and 0.4% of the sale value of each product as stipulated in the agreements. These agreements are effective starting from 1 January 2016 to 31 December 2016. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2017 with the same conditions and fee rates.

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A subsidiary has a trademark agreement with a related company, Star Marketing Co., Ltd. (“STAR”), for the right to use STAR trademark. In this regard, the subsidiary is committed to pay the trademark license fee to STAR, which is calculated from the sale value under the trademark at the rates as stipulated in the agreement. This agreement is effective starting from 1 January 2014 to 31 December 2018.

5.6.3 Application system service agreement

A subsidiary had an application system service agreement with a related company, Freewill Solutions Co., Ltd. (“Freewill”). Under the terms of the agreement, Freewill agrees to provide the subsidiary the application system service. In this regard, the subsidiary is committed to pay the application system service fee to Freewill at the agreed rate stipulated in the agreement. This agreement is effective starting from 1 January 2015 to 31 December 2019.

5.6.4 Service agreements for import and export transactions

The Company and certain subsidiaries have service agreements with a related company, C.P. Intertrade Co., Ltd. (“CPI”). Under the terms of the agreements, CPI agrees to provide documentation services and others relating to import and export transactions of the Company and subsidiaries. In this regard, the Company and subsidiaries are committed to pay the service fees to CPI at the agreed rate stipulated in the agreements. These agreements are in effect since 1 July 2015 to 30 June 2017.

5.6.5 Software application agreements

A subsidiary (CPF IT Center Co., Ltd.) has information technology service and software application agreements with local and foreign related companies. The terms and the service fees are stipulated in the agreements. The agreements may be terminated upon either party agreeing to terminate the agreements or either party being in breach of the agreements.

6 Cash and cash equivalents

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash at financial institutions and on hand	28,626	33,471	9,067	17,400
Highly liquid short-term investments	5,474	2,990	-	-
Total	<u>34,100</u>	<u>36,461</u>	<u>9,067</u>	<u>17,400</u>

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The currency denomination of cash and cash equivalents as at 31 December 2016 and 2015 was as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Functional currencies of each company in the Group	28,857	32,171	5,058	16,347
Foreign currencies				
- United States Dollar	4,760	3,229	4,009	1,053
- Renminbi	94	52	-	-
- Taiwan Dollar	84	81	-	-
- Pound Sterling	73	18	-	-
- Euro	59	138	-	-
- Norway Krone	39	661	-	-
- Hongkong Dollar	20	16	-	-
- Other	114	95	-	-
Total	34,100	36,461	9,067	17,400

7 Accounts receivable - trade and others

	<i>Note</i>	<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Related parties	5	9,320	7,338	1,525	1,852
Other parties		22,141	19,552	2,033	2,310
Total		31,461	26,890	3,558	4,162
<i>Less</i> allowance for doubtful accounts		(782)	(734)	(7)	(49)
Net		30,679	26,156	3,551	4,113
Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the year ended 31 December		205	256	14	(2)

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The outstanding balances of the doubtful accounts receivable - trade and others as at 31 December 2016 and 2015 classified by aging were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Periods over credit terms:				
Over 3 months to 6 months	130	194	1	-
Over 6 months to 12 months	103	20	-	-
Over 12 months	549	520	6	49
Total	782	734	7	49

The currency denomination of accounts receivable - trade and others as at 31 December 2016 and 2015 was as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Functional currencies of each company in the Group	28,347	23,787	2,278	2,146
Foreign currencies				
- United States Dollar	1,286	1,082	310	514
- Won	424	591	-	205
- Singapore Dollar	306	389	-	-
- Euro	165	158	237	304
- Swedish Krona	62	67	-	-
- Yen	51	66	-	1
- Pound Sterling	15	1	28	10
- Australian Dollar	7	-	194	254
- Renminbi	-	-	460	641
- Ruble	-	-	36	31
- Other	16	15	8	7
Total	30,679	26,156	3,551	4,113

8 Inventories

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Raw materials	32,415	28,621	1,618	1,379
Chemicals and supplies	2,462	2,129	153	142
Work in progress	1,350	1,388	131	148
Finished goods	13,923	14,482	1,219	2,762
Inventories in transit	5,293	6,126	6	29
Total	55,443	52,746	3,127	4,460
Less allowance for decline in value of inventories	(452)	(634)	(101)	(250)
Net	54,991	52,112	3,026	4,210

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The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2016 amounted to Baht 294,415 million (2015: Baht 269,188 million) in the consolidated statement of income and Baht 16,289 million (2015: Baht 12,875 million) in the separate statement of income.

In 2016 the Group and the Company recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 452 million and Baht 101 million respectively (2015: Baht 634 million and Baht 250 million respectively) and recognised a recovery of allowance for decline in value of inventories of Baht 634 million and Baht 250 million respectively (2015: Baht 324 million and Baht 148 million respectively).

9 Biological assets

Movements for the years ended 31 December 2016 and 2015 were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
At 1 January	34,978	29,973	1,054	1,372
Increase due to business combination	243	2,339	-	-
Increase due to purchase/raise	146,964	136,266	9,782	9,246
Decrease due to sales/harvest	(138,613)	(129,689)	(9,390)	(9,249)
Depreciation	(5,259)	(4,339)	(151)	(140)
(Losses) gains on change in fair value less costs to sell	(889)	404	-	-
Currency translation differences	(138)	451	-	-
Other	(583)	(427)	(141)	(175)
Balance at 31 December	36,703	34,978	1,154	1,054
<i>Current</i>				
Livestock	27,516	26,013	-	-
Aquatic	1,662	1,744	1,154	1,054
Total current	29,178	27,757	1,154	1,054
<i>Non-current</i>				
Livestock	7,525	7,221	-	-
Total non-current	7,525	7,221	-	-
Total	36,703	34,978	1,154	1,054

Biological assets comprise livestock biological assets such as swine, chicken, duck etc. and aquatic biological assets such as shrimp and fish. Biological assets, other than fattening swine which are measured at fair value using quoted prices at the end of reporting period as references, are measured at cost less accumulated depreciation and impairment losses due to the short production cycle. In particular, the market prices or fair values at present condition of the biological assets which are breeders are unavailable; and valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, disease etc.

Cost includes all costs incurred from the acquisition of biological assets and throughout the growth cycle such as cost of new-born animals, feed costs, and other costs.

Bearer biological assets, for example breeders, are depreciated using the straight line method over the productive period or the units of production method which ranges approximately from 4 months to 36 months depending on the type of biological assets.

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An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December 2016 and 2015 is as follows:

	<i>(Unit: Tons)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Livestock	693,792	658,867	-	-
Aquatic	14,823	20,842	5,359	5,060

The estimates of physical quantities of the Group's biological assets were based on experience and historical data. The Group estimates the physical quantities of aquatic biological assets using a sampling method to project the overall weight.

Fair value measurement

The fair value of the Group's biological assets including carrying amount in the consolidated financial statements are as follows:

	Carrying amount	<i>(Unit: Million Baht)</i>			
		Consolidated financial statements			
		Fair value			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2016					
Biological assets at fair value					
less costs to sell	13,505	-	2,991	10,514	13,505
31 December 2015					
Biological assets at fair value					
less costs to sell	11,537	-	1,851	9,686	11,537

The valuation technique and the inputs used in measuring the fair value of those biological assets categorised in Level 2 is market comparison approach which use quoted prices based on market prices at the reporting date.

The following table shows the valuation technique used in measuring the fair value of biological assets, as well as the significant unobservable inputs used for those categorised in Level 3.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Market comparison approach	<p>Reference market price on the reporting date</p> <ul style="list-style-type: none"> • Suckling swine Baht 2,047 to Baht 2,362 per head • Weanling swine Baht 2,739 per head • Fattening swine Baht 56 to Baht 58 per kilogram 	On the reporting date, if market price increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by Baht 966 million.

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The fair value of biological assets is performed by the Group's relevant finance department and operations team using a series of systematic procedures. The fair value measurements are categorised into each hierarchy based on inputs of swine market in each country as reference. The fair value of swine are determined based on market price per head or weight of swine.

10 Available-for-sale investments

Movements for the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
At 1 January	3,659	3,924
Acquisitions/additional investments	1,334	4,923
Disposals	-	(673)
Reclassification of change in fair value to profit or loss from disposal	-	(1,450)
Changes in fair value	271	(3,485)
Currency translation differences	1	420
At 31 December	<u>5,265</u>	<u>3,659</u>

Details of available-for-sale investments

Available-for-sale investments as at 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>		Consolidated		Separate	
	Ownership interest (both direct and indirect)		financial statements		financial statements	
	(%)		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Marketable securities						
- at fair value						
True Corporation Public						
Company Limited - at cost	2.21	2.21	8,153	6,818	-	-
Changes in fair value			<u>(2,888)</u>	<u>(3,159)</u>	<u>-</u>	<u>-</u>
Total			<u>5,265</u>	<u>3,659</u>	<u>-</u>	<u>-</u>

During the year ended 31 December 2015, a subsidiary sold the available-for-sale investments with the original cost of Baht 673 million with gain on sale of investments amounting to Baht 1,431 million.

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Carrying amounts and fair values of financial instruments carried at fair value

The fair values of financial assets together with the carrying amounts in the consolidated statement of financial position are as follows:

(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
<i>Non-current</i>					
Equity securities available for sale	5,265	5,265	-	-	5,265
31 December 2015					
<i>Non-current</i>					
Equity securities available for sale	3,659	3,659	-	-	3,659

11 Investments in subsidiaries

Movements during the years ended 31 December 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
At 1 January	-	-	86,938	68,443
Acquisitions/additional investments	-	-	33,986	18,495
Impairment losses	-	-	(129)	-
At 31 December	-	-	120,795	86,938

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Details of investments in subsidiaries and dividend income

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Marketable securities												
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	4,691	-	-	4,691	4,691	255	218
Chia Tai Enterprises International Limited	4.98	4.98	840	840	500	500	-	-	500	500	-	-
Total					5,191	5,191	-	-	5,191	5,191	255	218
Non-marketable securities												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	973	1,193
CPF (Thailand) Public Company Limited	99.98	99.98	9,110	7,008	22,393	11,883	-	-	22,393	11,883	5,921	2,102
CPF Training Center Co., Ltd.	99.99	99.99	20	20	20	20	-	-	20	20	-	-
CPF IT Center Co., Ltd.	99.99	99.99	250	250	250	250	-	-	250	250	-	-
C.P. Merchandising Co., Ltd.	99.99	99.99	9,000	9,000	9,000	9,000	-	-	9,000	9,000	5,355	9,900
Chester Food Co., Ltd.	99.99	99.99	80	80	450	450	-	-	450	450	-	-
CPF Food Research & Development Center Co., Ltd.	99.99	99.99	125	125	125	125	-	-	125	125	-	-
Bellisio Investment, LLC	100.00	-	20,925	-	20,925	-	-	-	20,925	-	-	-

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Details of investments in subsidiaries and dividend income (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
C.P. Aquaculture (Beihai) Co., Ltd.	100.00	100.00	602	602	602	602	-	-	602	602	-	-
C.P. Aquaculture (Dongfang) Co., Ltd.	100.00	100.00	755	755	755	755	-	-	755	755	-	-
C.P. Aquaculture (Hainan) Co., Ltd.	100.00	100.00	126	126	126	126	-	-	126	126	-	-
C.P. Standart Gida Sanayi ve Ticaret A.S.	5.63	8.57	3,409	6,452	618	618	-	-	618	618	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	(4)	-	4	8	-	-
Charoen Pokphand Foods (Overseas) LLC.	10.21	10.21	2,819	2,819	1,394	1,394	(938)	(938)	456	456	-	-
Charoen Pokphand Foods Philippines Corporation	27.78	34.09	3,954	3,196	1,055	1,055	-	-	1,055	1,055	-	-
CPF Investment Limited	100.00	100.00	44,663	42,123	44,663	42,123	-	-	44,663	42,123	-	-
CPF Tanzania Limited	58.26	58.25	224	224	129	129	(125)	-	4	129	-	-
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
C.P. Foods International Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
CPF Netherlands B.V.	99.99	99.99	12,541	12,541	12,926	12,915	-	-	12,926	12,915	-	-
Total					116,671	82,685	(1,067)	(938)	115,604	81,747	12,249	13,195
Grand Total					121,862	87,876	(1,067)	(938)	120,795	86,938	12,504	13,413

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12 Non-controlling interests

Summarises of the information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations as at 31 December 2016 were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Non-controlling interests percentage*	49.57	49.57	67.32	20.01	20.01
Current assets	61,141	2,541	5,142	449	6,486
Non-current assets	75,262	6,096	8,650	898	6,205
Current liabilities	(38,789)	(731)	(4,506)	(20)	(3,142)
Non-current liabilities	(42,120)	(757)	(532)	-	(902)
Net assets	55,494	7,149	8,754	1,327	8,647
Goodwill of non-controlling interests	16,778	1,306	-	97	3,133
Carrying amount of non-controlling interests**	43,975	4,242	4,883	361	4,863

* The non-controlling interests percentage of sub-group represents only direct holding on the respective intermediate subsidiary, whereas, many indirect subsidiaries are not wholly-owned by the intermediate subsidiary with various percentages of ownership interests.

** The carrying amount of non-controlling interests of sub-group are derived from the above various percentages of ownership interests of indirect subsidiaries.

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Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations for the year ended 31 December 2016 were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Revenue	187,483	3,163	19,986	737	10,883
Profit for the year	10,831	418	1,424	47	891
Other comprehensive income	(3,177)	(370)	720	105	905
Total comprehensive income	7,654	48	2,144	152	1,796
Profit attributable to non-controlling interests	4,541	47	968	9	178
Other comprehensive income attributable to non-controlling interests	(1,332)	(173)	489	21	181
Cash flows from operating activities	11,804	685	1,845	(42)	1,817
Cash flows from investing activities	(14,928)	189	(1,191)	(3)	(656)
Cash flows from financing activities	3,033	(262)	(568)	-	(161)
Effect of exchange rate changes on balances held in foreign currencies	(602)	(32)	(12)	1	316
Net increase (decrease) in cash and cash equivalents	(693)	580	74	(44)	1,316
Dividend paid to non-controlling interests	640	25	21	-	-

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Summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations as at 31 December 2015 were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Non-controlling interests percentage*	49.57	49.57	67.32	20.01	20.01
Current assets	57,755	2,072	4,932	247	3,955
Non-current assets	62,963	6,637	7,075	845	5,760
Current liabilities	(40,047)	(896)	(4,192)	(15)	(2,213)
Non-current liabilities	(27,110)	(603)	(690)	-	(1,041)
Net assets	53,561	7,210	7,125	1,077	6,461
Goodwill of non-controlling interests	16,863	1,313	-	88	2,863
Carrying amount of non-controlling interests**	43,381	4,127	4,243	304	4,156

* The non-controlling interests percentage of sub-group represents only direct holding on the respective intermediate subsidiary, whereas, many indirect subsidiaries are not wholly-owned by the intermediate subsidiary with various percentages of ownership interests.

** The carrying amount of non-controlling interests of sub-group are derived from the above various percentages of ownership interests of indirect subsidiaries.

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For the year ended 31 December 2016

Summaries of financial information relating to each of the Group's subsidiaries that has material non-controlling interests, before any intra-group eliminations for the year ended 31 December 2015 were as follows:

(Unit: Million Baht)

	C.P. Pokphand Co., Ltd. and its subsidiaries	Chia Tai Enterprises International Limited and its subsidiaries	Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries	CJSC Poultry Parent Stock Production Woyskovitsy	CJSC Poultry Production Severnaya
Revenue	178,671	2,008	17,919	61	948
Profit for the year/period	10,046	172	798	7	72
Other comprehensive income	605	275	(382)	(49)	(446)
Total comprehensive income	10,651	447	416	(42)	(374)
Profit attributable to non-controlling interests	4,423	108	548	1	14
Other comprehensive income attributable to non-controlling interests	266	173	(262)	(10)	(89)
Cash flows from operating activities	17,774	372	748	8	350
Cash flows from investing activities	(10,596)	(103)	(1,002)	42	1,322
Cash flows from financing activities	(6,785)	(204)	135	-	(92)
Effect of exchange rate changes on balances held in foreign currencies	(353)	(27)	(1)	(4)	(75)
Net increase (decrease) in cash and cash equivalents	40	38	(120)	46	1,505
Dividend paid to non-controlling interests	486	115	19	-	-

Charoen Pokphand Foods Public Company Limited and its Subsidiaries

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For the year ended 31 December 2016

13 Investments in associates

Movements during the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
At 1 January	65,312	52,055	335	335
Share of profit	6,134	4,965	-	-
Dividend income	(3,083)	(2,609)	-	-
Previously held interest in associate before status change to subsidiary	-	(820)	-	-
Acquisition/additional investments	9,178	15,455	-	-
Disposals	(1,529)	(3,661)	-	-
Currency translation differences	(177)	(23)	-	-
Other	(49)	(50)	-	-
At 31 December	75,786	65,312	335	335

The Group accounts for the investment in ordinary shares of an associate (CP ALL Public Company Limited), which is a listed company in the Stock Exchange of Thailand, in the consolidated financial statements by the equity method. As at 31 December 2016, the fair value of this investment was Baht 197,935 million (2015: Baht 121,652 million).

During the year 2016, a subsidiary sold a portion of the investments in an associate with the carrying amount of Baht 1,529 million with gain on sale of investments amounting to Baht 2,126 million, which is presented in the consolidated statement of income (2015: Baht 3,661 million and Baht 5,697 million respectively).

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Details of investments in associates and dividend income

Investments in associates as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership interest (both direct and indirect)		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity – net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Marketable security														
CP ALL Public Company Limited	35.24	34.50	8,983	8,983	59,061	53,334	69,144	60,863	-	-	69,144	60,863	2,817	2,341
Total					59,061	53,334	69,144	60,863	-	-	69,144	60,863	2,817	2,341
Non-marketable securities														
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	163	162	-	-	163	162	-	-
Ross Breeders Siam Co., Ltd.	49.99	49.99	70	70	35	35	102	86	-	-	102	86	7	17
Siam Rivea Co., Ltd.	29.99	-	5	-	2	-	2	-	-	-	2	-	-	-
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	134	183	-	-	134	183	94	95
BHJ Kalino Food AB (“BHJ”)*	15.08	15.08	5	5	24	24	29	29	-	-	29	29	2	3
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	712	743	-	-	712	743	-	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,352	1,389	-	-	1,352	1,389	-	-

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership (both direct and indirect (%))		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity – net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Chai Tai Conti (Cixi) Investment Management Co., Ltd.	25.21	-	5	-	3	-	2	-	-	-	2	-	-	-
Conti Chia Tai International Limited	25.21	25.21	767	767	1,052	1,052	1,481	1,462	-	-	1,481	1,462	163	-
Ningxia Xiao Ming Animal Husbandry Co., Ltd. **	8.34	-	293	-	749	-	748	-	-	-	748	-	-	-
Qingdao Yi Bang Bio Engineering Co., Ltd. **	6.05	-	147	-	1,358	-	1,378	-	-	-	1,378	-	-	-
Zhan Jiang Deni Carburetor Co., Ltd. ***	14.12	14.12	581	581	424	424	539	395	-	-	539	395	-	153
Total					4,160	2,048	6,642	4,449	-	-	6,642	4,449	266	268
Grand total					63,221	55,382	75,786	65,312	-	-	75,786	65,312	3,083	2,609

* BHI is an associate in which 29.00% of the total issued and paid-up shares were held by CPF Denmark A/S (“CPF DM”), a 52.00% indirectly owned subsidiary. In this regard, the Group accounted for its investment in BHI using the equity method based on 15.08% shareholding in the consolidated financial statements.

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** Ningxia Xiao Ming Animal Husbandry Co., Ltd. and Qingdao Yi Bang Bio Engineering Co., Ltd. are associates in which 16.54% and 12.00% respectively of the total issued and paid-up shares were held by Chia Tai (China) Investment Co., Ltd. (“CTI”), a 50.43% indirectly owned subsidiary. Therefore, the Group accounted for its investments in Ningxia Xiao Ming Animal Husbandry Co., Ltd. and Qingdao Yi Bang Bio Engineering Co., Ltd. using the equity method based on 8.34% and 6.05% shareholding in the consolidated financial statements respectively. In this regard, CTI exercises significant influence in these entities by having representatives in the board of directors of the invested companies and involving in setting the policy and making the significant decisions therefore the Group classified the aforementioned investments as investments in associates.

*** Zhan Jiang Deni Carburetor Co., Ltd. is an associate in which 28.00% of the total issued and paid-up shares were held by Chia Tai Enterprises International Limited (“CTEI”), a 50.43% directly and indirectly owned subsidiary. In this regard, the Group accounted for its investment in Zhan Jiang Deni Carburetor Co., Ltd. using the equity method based on 14.12% shareholding in the consolidated financial statements.

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Details of investments in associates and dividend income (Continued)

(Unit: Million Baht)

	Separate financial statements											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost – net		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Non-marketable securities</i>												
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	-	-	159	159	-	-
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	-	-	176	176	-	-
Total					335	335	-	-	335	335	-	-

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Significant associates

The following table summarises the financial information of an associate that the Group considered as material by reconciling financial information with the carrying amount of the interests in the associate as summarised below:

	<i>(Unit: Million Baht)</i>	
	CP ALL Public Company Limited and its subsidiaries	
	2016	2015
Financial information of the associate		
Revenue	451,939	405,893
Profit from continuing operations	16,772	13,818
Other comprehensive income	(698)	70
Total comprehensive income	16,074	13,888
Attributable to non-controlling interests	143	134
Attributable to the equity holder of the associate	15,931	13,754
Current assets	69,899	56,973
Non-current assets	282,369	272,110
Current liabilities	(113,818)	(101,131)
Non-current liabilities	(178,847)	(186,276)
Net assets	59,603	41,676
Attributable to non-controlling interests	14,407	4,326
Attributable to the equity holder of the associate	45,196	37,350
Reconciliation of the carrying amount of the interests in the associate		
Group's interest in net assets of the associate at 1 January	12,886	10,241
Total comprehensive income attributable to the Group	5,560	4,563
Dividends received during year	(2,817)	(2,341)
Difference from change in ownership	298	423
Group's interests in net assets of the associate at end of year	15,927	12,886
Goodwill	53,217	47,977
Carrying amount of the interests in the associate at 31 December	69,144	60,863

Immaterial associates

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

	<i>(Unit: Million Baht)</i>	
	Consolidated financial statements	
	2016	2015
Carrying amount of interests in immaterial associates	6,642	4,449
Group's share of:		
- Profit from continuing operations	331	421
- Other comprehensive income	16	(86)
- Total comprehensive income	347	335

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Contingent liabilities relating to the investments in associates as at 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
Group's share of contingent liabilities	449	417

14 Investments in joint ventures

Movements during the years ended 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January	4,419	4,194	-	-
Share of profit	378	255	-	-
Dividend income	(184)	(81)	-	-
Currency translation differences	(31)	51	-	-
At 31 December	<u>4,582</u>	<u>4,419</u>	<u>-</u>	<u>-</u>

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Details of investments in joint ventures

Investments in joint ventures as at 31 December 2016 and 2015, and dividend income for the years then ended were as follows:

(Unit: Million Baht)

	Consolidated financial statements													
	Ownership interest (both direct and indirect)		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	(<i>%</i>)		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Non-marketable securities</i>														
CP-Meiji Co., Ltd. ("CP-Meiji")*	59.99	59.99	500	500	1,200	1,200	1,656	1,402	-	-	1,656	1,402	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	192	158	-	-	192	158	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	20	20	-	-	20	20	2	2
Jilin Chia Tai Enterprise Co., Ltd.	25.21	25.21	261	261	211	211	216	233	-	-	216	233	16	-
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	262	209	-	-	262	209	39	79
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,236	2,397	-	-	2,236	2,397	127	-
Total					3,060	3,060	4,582	4,419	-	-	4,582	4,419	184	81

* CP-Meiji is a joint venture because the articles of association of the joint venture specifies that each investor has joint control over significant financial and operating decisions and has right to the net assets.

The Group accounts for investments in joint ventures using the equity method in the consolidated financial statements.

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The Group has considered that none of the joint ventures is regarded as individually material to the Group.

Immaterial joint ventures

The following is summarised financial information for the Group's interest in immaterial joint ventures based on the amounts reported in the Group's consolidated financial statements:

(Unit: Million Baht)

	Consolidated financial statements	
	2016	2015
Carrying amount of interests in immaterial joint ventures	4,582	4,419
Group's share of:		
- Profit from continuing operations	378	255
- Other comprehensive income	(31)	51
- Total comprehensive income	347	306

Contingent liabilities and commitments relating to the investments in joint ventures as at 31 December 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	2016	2015
Group's share of the commitments	71	79
Group's share of the contingent liabilities	145	2

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15 Investments in related companies

Movements during the years ended 31 December 2016 and 2015 were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
At 1 January	1,608	1,549	678	678
Currency translation differences	(3)	59	-	-
At 31 December	1,605	1,608	678	678

Details of investments in related companies

Investments in related companies as at 31 December 2016 and 2015 were as follows:

(Unit: Million Baht)

	Ownership interest (both direct and indirect)		Consolidated		Separate	
	(%)		financial statements		financial statements	
	2016	2015	2016	2015	2016	2015
<i>Non-marketable securities</i>						
General investments in equity securities - at cost						
CPPC Public Company Limited	6.58	6.58	110	110	55	55
C.P. Land Public Company Limited	6.49	6.49	276	276	95	95
Chia Tai (Jilin) Co., Ltd.	10.00	10.00	5	5	-	-
Kinghill Limited	13.96	13.96	1,214	1,217	528	528
Total			1,605	1,608	678	678

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16 Investment properties

Movements for the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<i>At cost</i>				
At 1 January	1,379	1,169	201	200
Additions	9	20	-	3
Transfers from property, plant and equipment	83	273	-	-
Transfer to property, plant and equipment	(41)	-	-	-
Disposals	-	(2)	-	(2)
Depreciation	(42)	(50)	-	-
Impairment losses	(8)	-	(1)	-
Currency translation differences	(8)	(31)	-	-
At 31 December	1,372	1,379	200	201

Appraisal prices of the Group and the Company's investment properties were valued by the independent professional valuers using Market Comparison Approach, at fair market values totaling Baht 3,557 million and Baht 1,055 million respectively (2015: Baht 2,598 million and Baht 609 million respectively).

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Market comparison approach	Quotation and actual sales prices of comparable investment properties adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

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17 Property, plant and equipment

(Unit: Million Baht)

	Consolidated financial statements					Total
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Other	Assets under construction and installation	
Cost/revaluation						
As at 1 January 2015	22,864	64,704	57,760	10,164	28,265	183,757
Additions	571	651	1,593	865	22,504	26,184
Acquired through business acquisitions	409	6,456	1,731	238	460	9,294
Transfers	196	11,202	12,629	1,221	(25,898)	(650)
Transfers to investment properties	(222)	(51)	-	-	-	(273)
Disposals	(563)	(1,244)	(1,244)	(320)	-	(3,371)
Currency translation differences	(43)	364	561	208	726	1,816
At 31 December 2015 and 1 January 2016	23,212	82,082	73,030	12,376	26,057	216,757
Additions	184	810	2,018	947	19,400	23,359
Acquired through business acquisitions	18	3,795	5,385	180	784	10,162
Surplus on revaluation	7,981	-	-	-	-	7,981
Reversal of surplus on revaluation	(3)	-	-	-	-	(3)
Transfers	110	9,763	10,419	443	(20,785)	(50)
Transfers from investment properties	5	43	-	-	-	48
Transfers to investment properties	(83)	-	-	-	-	(83)
Disposals	(49)	(977)	(1,130)	(491)	(2)	(2,649)
Currency translation differences	40	(285)	(1,825)	(325)	(875)	(3,270)
At 31 December 2016	31,415	95,231	87,897	13,130	24,579	252,252

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(Unit: Million Baht)

Consolidated financial statements						
	Land	Buildings, building improvements and utilities system	Machinery and equipment	Other	Assets under construction and installation	Total
Accumulated depreciation and impairment losses						
At 1 January 2015	-	(23,893)	(29,277)	(6,126)	-	(59,296)
Depreciation charge for the year	-	(3,372)	(5,183)	(1,426)	-	(9,981)
Reversal of (impairment losses)	-	3	(26)	-	-	(23)
Transfers	-	28	292	(27)	-	293
Disposals	-	866	1,024	281	-	2,171
Currency translation differences	-	(22)	(317)	17	-	(322)
At 31 December 2015 and 1 January 2016	-	(26,390)	(33,487)	(7,281)	-	(67,158)
Depreciation charge for the year	-	(4,698)	(6,132)	(1,413)	-	(12,243)
Impairment losses	-	(25)	-	-	-	(25)
Transfers	-	(16)	20	2	-	6
Disposals	-	687	966	424	-	2,077
Currency translation differences	-	106	943	219	-	1,268
At 31 December 2016	-	(30,336)	(37,690)	(8,049)	-	(76,075)
Net book value						
Owned assets	22,864	40,811	28,481	4,031	28,265	124,452
Assets under finance leases	-	-	2	7	-	9
At 1 January 2015	22,864	40,811	28,483	4,038	28,265	124,461
Owned assets	23,212	55,692	39,542	5,083	26,057	149,586
Assets under finance leases	-	-	1	12	-	13
At 31 December 2015 and 1 January 2016	23,212	55,692	39,543	5,095	26,057	149,599
Owned assets	31,415	64,895	50,176	5,065	24,579	176,130
Assets under finance leases	-	-	31	16	-	47
At 31 December 2016	31,415	64,895	50,207	5,081	24,579	176,177

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(Unit: Million Baht)

Separate financial statements

	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Other	Assets under construction and installation	Total
Cost/revaluation						
At 1 January 2015	4,580	12,272	11,509	1,217	2,502	32,080
Additions	2	3	184	47	1,003	1,239
Transfers	2	923	556	9	(1,873)	(383)
Business transfers	-	(527)	(524)	(43)	-	(1,094)
Disposals	(1)	(766)	(703)	(69)	-	(1,539)
At 31 December 2015 and 1 January 2016	4,583	11,905	11,022	1,161	1,632	30,303
Additions	-	1	228	39	906	1,174
Surplus on revaluation	1,929	-	-	-	-	1,929
Reversal of surplus	1	-	-	-	-	1
Transfers	-	839	496	5	(1,340)	-
Disposals	(42)	(533)	(614)	(48)	(2)	(1,239)
At 31 December 2016	6,471	12,212	11,132	1,157	1,196	32,168
Accumulated depreciation and impairment losses						
At 1 January 2015	-	(6,408)	(6,863)	(947)	-	(14,218)
Depreciation charge for the year	-	(830)	(1,076)	(116)	-	(2,022)
Reversal of (impairment losses)	-	5	(26)	-	-	(21)
Business transfers	-	245	331	35	-	611
Transfers	-	-	288	6	-	294
Disposals	-	516	587	63	-	1,166
At 31 December 2015 and 1 January 2016	-	(6,472)	(6,759)	(959)	-	(14,190)
Depreciation charge for the year	-	(812)	(912)	(92)	-	(1,816)
Disposals	-	381	482	47	-	910
At 31 December 2016	-	(6,903)	(7,189)	(1,004)	-	(15,096)
Net book value						
Owned assets	4,580	5,864	4,646	270	2,502	17,862
At 1 January 2015	4,580	5,864	4,646	270	2,502	17,862
Owned assets	4,583	5,433	4,263	202	1,632	16,113
At 31 December 2015 and 1 January 2016	4,583	5,433	4,263	202	1,632	16,113
Owned assets	6,471	5,309	3,943	153	1,196	17,072
At 31 December 2016	6,471	5,309	3,943	153	1,196	17,072

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The gross amount of the Group's and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 43,185 million (2015: Baht 39,028 million) in the consolidated statement of financial position, and Baht 7,947 million (2015: Baht 7,160 million) in the separate statement of financial position.

Capitalised borrowing cost in 2016 of the Group and the Company was Baht 1,091 million and Baht 34 million respectively (2015: Baht 1,003 million and Baht 57 million respectively).

Fair value measurement

Appraisal prices of the Group and the Company's land were valued by the independent professional valuers using Market Comparison Approach, at fair market values totaling Baht 31,415 million and Baht 6,471 million respectively (2015: Baht 23,212 million and Baht 4,583 million respectively).

The fair value measurement for the land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
Market comparison approach	Quotation and actual sales prices of comparable land adjusted by other factors.	The estimated fair value increases (decreases) if the price per area increases (decreases).

18 Goodwill

		<i>(Unit: Million Baht)</i>	
		Consolidated	
		financial statements	
		<u>2016</u>	<u>2015</u>
		<i>Note</i>	
Cost			
At 1 January		81,298	60,699
Acquired through business acquisitions	4	23,230	16,413
Currency translation differences		2,964	4,186
At 31 December		<u>107,492</u>	<u>81,298</u>
Impairment loss			
At 1 January		-	-
Impairment loss		-	-
At 31 December		<u>-</u>	<u>-</u>
Net book value			
At 1 January		<u>81,298</u>	<u>60,699</u>
At 31 December		<u>107,492</u>	<u>81,298</u>

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Goodwill is allocated to cash-generating unit by segment and countries of operation. Goodwill was mainly arising from the acquisitions of shares of C.P. Pokphand Co., Ltd., CJSC Poultry Production Severnaya, and Bellisio Parent, LLC (see note 4).

Impairment testing

In evaluating and testing of impairment, the Group determined the recoverable amount on the higher of its value in use by estimating discounted future cash flows and the fair value less cost of disposal if sale the business.

In this regard, in the preparation of future cash flows that the Group expects to receive, the determination of financial assumptions were based on the management's assessment by considering the factors related to future trends in the relevant industries and historical financial data from external and internal sources of information. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as cost of debt and cost of equity.

Terminal value growth rate

Terminal value growth rates were determined based on average consumer price index in the country of operation, inflation rates and growth rates of historical earnings before income tax, depreciation and amortisation ("EBITDA").

Budgeted EBITDA

Budgeted EBITDA were based on projections of future benefits taking into account the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimated sale growth.

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19 Other intangible assets

(Unit: Million Baht)

	Consolidated financial statements				
	Development cost of software applications	Recipes	Customer relationships	Trademarks, rights and other	Total
<i>Cost</i>					
At 1 January 2015	478	-	1,324	5,577	7,379
Additions	103	-	-	72	175
Acquired through business acquisitions	2	-	56	340	398
Transfers	14	-	-	4	18
Disposals	-	-	-	(4)	(4)
Currency translation differences	3	-	62	67	132
At 31 December 2015 and 1 January 2016	600	-	1,442	6,056	8,098
Additions	46	-	-	158	204
Acquired through business acquisitions	-	2,100	5,914	6,522	14,536
Transfers	-	-	-	27	27
Disposals	(1)	-	-	(18)	(19)
Currency translation differences	(4)	26	(15)	63	70
At 31 December 2016	641	2,126	7,341	12,808	22,916
<i>Accumulated amortisation</i>					
At 1 January 2015	(271)	-	(56)	(2,337)	(2,664)
Amortisation charge for the year	(51)	-	(92)	(771)	(914)
Transfers	-	-	-	(8)	(8)
Disposals	-	-	-	3	3
At 31 December 2015 and 1 January 2016	(322)	-	(148)	(3,113)	(3,583)
Amortisation charge for the year	(55)	-	(108)	(498)	(661)
Disposals	-	-	-	16	16
At 31 December 2016	(377)	-	(256)	(3,595)	(4,228)
<i>Net book value</i>					
At 1 January 2015	207	-	1,268	3,240	4,715
At 31 December 2015 and 1 January 2016	278	-	1,294	2,943	4,515
At 31 December 2016	264	2,126	7,085	9,213	18,688

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(Unit: Million Baht)

	Separate financial statements		
	Development cost of software applications	Other	Total
Cost			
At 1 January 2015	7	92	99
Additions	-	4	4
Decrease due to business transfer	-	(1)	(1)
Disposals	-	(3)	(3)
At 31 December 2015 and 1 January 2016	7	92	99
Additions	-	5	5
Disposals	-	(1)	(1)
At 31 December 2016	7	96	103
Accumulated amortisation			
At 1 January 2015	(5)	(44)	(49)
Amortisation charge for the year	(1)	(8)	(9)
Disposals	-	2	2
At 31 December 2015 and 1 January 2016	(6)	(50)	(56)
Amortisation charge for the year	-	(8)	(8)
Disposals	-	1	1
At 31 December 2016	(6)	(57)	(63)
Net book value			
At 1 January 2015	2	48	50
At 31 December 2015 and 1 January 2016	1	42	43
At 31 December 2016	1	39	40

The gross amount of the Group's and the Company's fully amortised intangible assets that was still in use as at 31 December 2016 amounted to Baht 528 million in the consolidated statement of financial position, and Baht 20 million in the separate statement of financial position (2015: Baht 458 million and Baht 12 million respectively).

20 Restricted deposits at financial institutions

As at 31 December 2016 certain subsidiaries had restricted deposits at financial institutions totaling Baht 1,473 million in order to comply with conditions for using credit facilities of foreign financial institutions (2015: Baht 1,948 million).

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21 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets	3,303	4,434	2,331	3,061
Deferred tax liabilities	(13,681)	(5,531)	-	-
Net deferred tax assets (liabilities)	<u>(10,378)</u>	<u>(1,097)</u>	<u>2,331</u>	<u>3,061</u>

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Movements of deferred tax assets and liabilities during the year 2016 was as follows:

(Unit: Million Baht)

	Consolidated financial statements					At 31 December 2016	
	At 1 January 2016	Charged/Credited to (Note 35)			Acquired in business combination		Currency translation differences
		Profit or loss	Other comprehensive income	Equity			
<i>Deferred tax assets (liabilities)</i>							
Biological assets	(524)	165	-	-	-	9	(350)
Investments	(71)	8	(19)	-	-	(150)	(232)
Tax losses	4,308	(230)	-	-	-	(65)	4,013
Other intangible assets	(785)	103	-	-	(5,156)	(41)	(5,879)
Property, plant and equipment	(4,507)	(99)	(1,565)	2	(1,483)	242	(7,410)
Employee benefit obligations	1,081	(1)	(306)	-	3	(12)	765
Other	(599)	(657)	-	-	(24)	(5)	(1,285)
Net	(1,097)	(711)	(1,890)	2	(6,660)	(22)	(10,378)

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Movements of deferred tax assets and liabilities during the year 2015 was as follows:

(Unit: Million Baht)

	Consolidated financial statements					At 31 December 2015	
	At 1 January 2015	Charged/Credited to (Note 35)			Acquired in business combination		Currency translation differences
		Profit or loss	Other comprehensive income	Equity			
<i>Deferred tax assets (liabilities)</i>							
Biological assets	(495)	(11)	-	-	(5)	(13)	(524)
Investments	(483)	2	400	-	-	10	(71)
Tax losses	3,819	586	-	-	-	(97)	4,308
Other intangible assets	(977)	214	-	-	(8)	(14)	(785)
Property, plant and equipment	(4,081)	(229)	-	95	(120)	(172)	(4,507)
Employee benefit obligations	972	87	23	-	-	(1)	1,081
Other	(617)	(7)	-	-	5	20	(599)
Net	(1,862)	642	423	95	(128)	(267)	(1,097)

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Movements of deferred tax assets and liabilities during the year 2016 and 2015 were as follows:

(Unit: Million Baht)

	Separate financial statements			At 31 December 2016
	At 1 January 2016	Charged/Credited to (Note 35)		
		Profit or loss	Other comprehensive income	
<i>Deferred tax assets (liabilities)</i>				
Investments	1	26	-	27
Land	(319)	-	(386)	(705)
Employee benefit obligations	358	27	(116)	269
Tax losses	2,915	(154)	-	2,761
Other	106	(127)	-	(21)
Net	3,061	(228)	(502)	2,331

(Unit: Million Baht)

	Separate financial statements			At 31 December 2015
	At 1 January 2015	Charged/Credited to (Note 35)		
		Profit or loss	Other comprehensive income	
<i>Deferred tax assets (liabilities)</i>				
Investments	1	-	-	1
Land	(319)	-	-	(319)
Employee benefit obligations	345	17	(4)	358
Tax losses	2,598	327	(10)	2,915
Other	(21)	128	(1)	106
Net	2,604	472	(15)	3,061

As at 31 December 2016 the Group had temporary differences arising from the unutilised tax losses which have not been recognised as deferred tax assets in the statement of financial position totaling Baht 14,598 million (2015: Baht 9,033 million) because it is not probable that it will be able to utilise the tax benefit in the foreseeable future.

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22 Leasehold rights

Movements for the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
At 1 January	6,946	5,039	-	-
Additions	513	2,111	-	-
Acquired through business acquisitions	1,054	-	-	-
Transfer to other current assets	(7)	(61)	-	-
Amortisation	(275)	(292)	-	-
Disposals	-	(102)	-	-
Currency translation differences	(503)	251	-	-
At 31 December	7,728	6,946	-	-

23 Interest-bearing liabilities

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<i>Current</i>				
Overdrafts	3,127	4,073	7	6
Bill of exchange	43,562	18,731	21,055	18,731
Promissory notes	9,833	13,076	-	-
Short-term borrowings from financial institutions	45,450	62,387	-	7,251
Packing credits	8,408	7,515	-	-
Liabilities under trust receipts	1,572	968	-	-
Total	111,952	106,750	21,062	25,988

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		<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
<i>Note</i>		2016	2015	2016	2015
	Short-term borrowings from joint ventures	291	378	-	-
	Current portion of long-term debts				
	Long-term borrowings from financial institutions	16,180	13,865	1,850	616
	Debentures	7,000	6,060	7,000	6,060
	Exchangeable Bonds	-	10,794	-	-
	Liabilities under finance leases	10	5	-	-
	Total	23,190	30,724	8,850	6,676
	Total current	135,433	137,852	29,912	32,664
	Non-current				
	Long-term debts				
	Long-term borrowings from financial institutions	59,485	49,354	-	1,855
	Debentures	107,140	70,940	73,000	70,940
	Exchangeable Bonds	10,645	-	-	-
	Liabilities under finance leases	25	5	-	-
	Total	177,295	120,299	73,000	72,795
	Total non-current	177,295	120,299	73,000	72,795
	Grand total	312,728	258,151	102,912	105,459

The currency denomination of interest-bearing liabilities as at 31 December 2016 and 2015 was as follows:

		<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
	Functional currencies of each company in the Group	296,996	233,732	101,063	95,308
	Foreign currencies				
	- United States Dollar	13,229	22,320	1,849	10,151
	- Euro	2,503	2,099	-	-
	Total	312,728	258,151	102,912	105,459

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The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Within one year	135,423	137,847	29,912	32,664
After one year but within five years	122,548	74,113	35,560	32,855
After five years	54,722	46,181	37,440	39,940
Total	312,693	258,141	102,912	105,459

The Group has secured interest-bearing liabilities as at 31 December 2016 totaling Baht 30,692 million (2015: Baht 35,729 million). Value of assets used for secured interest-bearing liabilities totaled Baht 37,875 million (2015: Baht 40,745 million).

Long-term borrowings from financial institutions

As at 31 December 2016 the Group had significant secured borrowing agreements as follows:

The first agreement

On 1 March 2012 a foreign subsidiary, CPF Investment Limited (“CPFI”) entered into a secured long-term borrowing agreement with certain financial institutions (“the agreement”). Details were as follows:

Borrowing agreement	Approved credit facilities	Carrying amount as at 31 December 2016	Interest rate (% per annum)	Term of payment
Facility 1	U.S. Dollar 277.50 million	U.S. Dollar 48.60 million (Approximately equivalent to Baht 1,742 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2017
Facility 2	U.S. Dollar 462.50 million	U.S. Dollar 345.88 million (Approximately equivalent to Baht 12,400 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2019

CPFI drewdown the above long-term borrowing facilities to pay for the shares of C.P. Pokphand Company Limited (“CPP”) whose shares are listed in the Stock Exchange of Hong Kong.

CPFI must pledge CPP shares as collateral for the above borrowings and must comply with the covenants as specified in the agreement.

As at 31 December 2016 CPFI pledged 3,920 million shares of CPP with a fair value of Baht 17,398 million.

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The second agreement

On 2 July 2012 CPFI entered into secured long-term borrowing agreement with a financial institution (“the agreement”). Details were as follows:

Approved credit facility	Carrying amount as at 31 December 2016	Interest rate (% per annum)	Term of payment
U.S. Dollar 100 million	U.S. Dollar 69.75 million (Approximately equivalent to Baht 2,501 million)	Floating interest rate at LIBOR plus specified rate	Every 6 months, mature in 2017

CPFI fully drew down the above long-term borrowing facility to finance investing activity and for general corporate operations.

CPFI must pledge CPP shares as collateral for the above borrowing and must comply with the covenants as specified in the agreement.

As at 31 December 2016 CPFI pledged 1,234 million shares of CPP with a fair value of Baht 5,478 million.

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

Details of the long-term borrowing agreement are as follows:

Approved credit facility	Carrying amount as at 31 December 2016	Interest rate (% per annum)	Term of payment
U.S. Dollar 600 million	U.S. Dollar 593.2 million (Approximately equivalent to Baht 21,267 million)	Floating interest rate LIBOR plus specified rate	Every 6 months, mature in 2021

CPP fully drew down the above long-term borrowing for loan repayment and investing activity and/or general corporate operations of CPP.

CPP must comply with the covenants as specified in the agreement.

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Debentures

As at 31 December 2016, the Company and certain subsidiaries had debentures as follows:

	Consolidated		(Unit: Million Baht) Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Charoen Pokphand Foods Public Company Limited (the “Company”)				
Debentures #2/2010	5,000	5,000	5,000	5,000
Debentures #1/2011	10,000	10,000	10,000	10,000
Debentures #2/2011	6,000	6,000	6,000	6,000
Debentures #1/2012	-	6,060	-	6,060
Debentures #2/2012	15,000	15,000	15,000	15,000
Debentures #1/2013	6,000	6,000	6,000	6,000
Debentures #2/2013	10,000	10,000	10,000	10,000
Debentures #1/2015	12,000	12,000	12,000	12,000
Debentures #2/2015	6,940	6,940	6,940	6,940
Debentures #1/2016	9,060	-	9,060	-
Total	80,000	77,000	80,000	77,000
CPF (Thailand) Public Company Limited (“CPFTH”)				
Debentures #1/2016	16,000	-	-	-
Debentures #2/2016	13,000	-	-	-
Total	29,000	-	-	-
C.P. Foods Holdings Limited (“CPFH”)				
Exchangeable Bonds	10,645	10,794	-	-
Total	10,645	10,794	-	-
Chia Tai (China) Investment Co., Ltd. (“CTP”)				
Debenture	5,140	-	-	-
Total	5,140	-	-	-
Grand Total	124,785	87,794	80,000	77,000
Less current portion	(7,000)	(16,854)	(7,000)	(6,060)
Net	117,785	70,940	73,000	70,940

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Details of debentures of the Company are as follows:

Debenture # 2/2010

On 3 November 2010 the Company issued Baht 8 billion unsubordinated and unsecured debentures in registered name form divided into:

- The first series of Baht 3 billion with a term of 4 years, fully repayable on 3 November 2014 and bearing interest at the fixed rate of 3.00% per annum in the first to third year and 4.00% per annum in the fourth year.
- The second series of Baht 5 billion with a term of 7 years, fully repayable on 3 November 2017 and bearing interest at the fixed rate of 3.00% per annum in the first to third year, 4.00% per annum in the fourth to fifth year and 5.00% per annum in the sixth to seventh year.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 3 November 2010.

Debenture # 1/2011

On 19 August 2011 the Company issued Baht 10 billion unsubordinated and unsecured debentures in registered name form divided into:

- The first series of Baht 3 billion with a term of 7 years, and bearing interest at the fixed rate of 4.65% per annum.
- The second series of Baht 3 billion with a term of 10 years, and bearing interest at the fixed rate of 4.87% per annum.
- The third series of Baht 4 billion with a term of 30 years, and bearing interest at the fixed rate of 5.42% per annum. The debenture holders have the redemption right at the end of year 15.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 19 August 2011.

Debenture # 2/2011

On 21 December 2011 the Company issued Baht 6 billion unsubordinated and unsecured debenture in registered name form with a term of 30 years, and bearing interest at the fixed rate of 5.42% per annum. The debenture holders have the redemption right at the end of year 15.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 21 December 2011.

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Debenture # 2/2012

On 3 August 2012 the Company issued Baht 15 billion unsubordinated and unsecured debentures in registered name form. The debentures are divided into:

- The first series of Baht 6 billion with a term of 7 years, fully repayable on 3 August 2019 and bearing interest at the fixed rate of 4.35% per annum in the first year to the fourth year and 5.00% per annum in the fifth year to the seventh year.
- The second series of Baht 4 billion with a term of 10 years, fully repayable on 3 August 2022 and bearing interest at the fixed rate of 4.40% per annum in the first year to the fourth year and 5.00% per annum in the fifth year to the ninth year and 6.00% per annum in the tenth year.
- The third series of Baht 5 billion with a term of 20 years, fully repayable on 3 August 2032 and bearing interest at the fixed rate of 5.30% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 3 August 2012.

Debenture # 1/2013

On 9 May 2013 the Company issued Baht 6 billion unsubordinated and unsecured debentures in registered name form with a term of 5 years, fully repayable on 9 May 2018 and bearing interest at the fixed rate of 3.93% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 9 May 2013.

Debenture # 2/2013

On 2 August 2013 the Company issued Baht 10 billion unsubordinated and unsecured debentures in registered name form. The debentures are divided into:

- The first series of Baht 2 billion with a term of 4 years and bearing interest at the fixed rate of 4.04% per annum.
- The second series of Baht 2.5 billion with a term of 6 years and bearing interest at the fixed rate of 4.54% per annum.
- The third series of Baht 5.5 billion with a term of 8 years and bearing interest at the fixed rate of 4.90% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 2 August 2013.

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Debenture # 1/2015

On 13 May 2015 the Company issued Baht 12 billion unsubordinated and unsecured debentures in registered name and with debenture holder representative. The debentures are divided into:

- The first series of Baht 6.5 billion with the term of 5 years, bearing interest at the fixed rate of 3.21% per annum.
- The second series of Baht 5.5 billion with the term of 8 years, bearing interest at the fixed rate of 3.98% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 13 May 2015.

Debenture # 2/2015

On 29 July 2015 the Company issued Baht 6.94 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 1.94 billion with the term of 8 years, bearing interest at the fixed rate of 3.97% per annum.
- The second series of Baht 3 billion with the term of 10 years, bearing interest at the fixed rate of 4.28% per annum.
- The third series of Baht 2 billion with the term of 12 years, bearing interest at the fixed rate of 4.51% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 29 July 2015.

Debenture # 1/2016

On 12 April 2016 the Company issued Baht 9.06 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 3.06 billion with a term of 4 years, bearing interest at the fixed rate of 2.28% per annum.
- The second series of Baht 3.5 billion with a term of 8 years, bearing interest at the fixed rate of 3.11% per annum.
- The third series of Baht 2.5 billion with a term of 15 years, bearing interest at the fixed rate of 3.73% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 27 January 2017 and were registered with the Thai Bond Market Association on 12 April 2016.

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In this regard, the Company must comply with the specific covenants of the above debentures such as to maintain debt to equity ratio in the semi-annual and annual consolidated financial statements and separate financial statements through the terms of debentures, etc.

Details of debentures of CPFTH are as follows:

Debenture # 1/2016

On 20 January 2016 CPFTH issued Baht 16 billion unsubordinated and unsecured debentures in registered name and without debenture holder representative. The debentures are divided into:

- The first series of Baht 7.45 billion with the term of 5 years, bearing interest at the fixed rate of 3.10% per annum.
- The second series of Baht 2.15 billion with the term of 7 years, bearing interest at the fixed rate of 3.47% per annum.
- The third series of Baht 3.35 billion with the term of 10 years, bearing interest at the fixed rate of 3.87% per annum.
- The fourth series of Baht 3.05 billion with the term of 12 years, bearing interest at the fixed rate of 4.15% per annum.

The debentures had latest credit rating of “A+” rated by TRIS Rating Co., Ltd. on 4 July 2016 and were registered with the Thai Bond Market Association on 20 January 2016.

Debenture # 2/2016

On 15 July 2016 the Company issued Baht 13 billion unsubordinated and unsecured debentures without debenture holder representative. The debentures are divided into:

- The first series of Baht 5 billion with the term of 4 years, bearing interest at the fixed rate of 2.51% per annum.
- The second series of Baht 3.3 billion with the term of 7 years, bearing interest at the fixed rate of 3.09% per annum.
- The third series of Baht 1.4 billion with the term of 10 years, bearing interest at the fixed rate of 3.46% per annum.
- The fourth series of Baht 1.1 billion with the term of 12 years, bearing interest at the fixed rate of 3.65% per annum.
- The fifth series of Baht 2.2 billion with the term of 15 years, bearing interest at the fixed rate of 3.95% per annum.

The debentures had a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 4 July 2016 and were registered with the Thai Bond Market Association on 15 July 2016.

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In this regard, CPFTH must comply with the specific covenants of the above debentures such as to maintain debt to equity ratio in the annual separate financial statements through the terms of debentures.

Details of Exchangeable Bonds of CPFH are as follows:

Exchangeable Bonds

On 15 January 2016, C.P. Foods Holdings Limited (“CPFH”) a 100.00% owned subsidiary of the Company redeemed the Exchangeable Bonds (“EBs”) with an aggregate principal amount of U.S. Dollar 274.8 million or approximately Baht 9,991.7 million as the EB holders exercised their put options pursuant to the terms and conditions of EBs (“terms and conditions”). For the remaining principal amount of U.S. Dollar 15.6 million or approximately Baht 567.2 million of the EBs, CPFH requested to exercise the right to redeem the remaining EBs pursuant to the terms and conditions on 18 January 2016 and finally exercised the right to redeem and canceled all EBs on 3 March 2016. Therefore, the EBs were ceased from listing in Singapore Exchange Securities Trading Limited.

On 12 September 2016, the Board of Directors of CPFH passed a resolution to approve CPFH to issue and offer U.S. Dollar 300 million 0.5% Exchangeable Bonds due 2021 (“EBs”). The EBs holders can exchange the EBs into a pro rata share of the Exchange Property with a sponsor undertaking from the Company. The Exchange Property, at the EBs issue date, initially comprised 135,285,000 shares in CP ALL Public Company Limited (“CPALL Shares”), which belong to CPFH and which were deposited with the Custody Account with UBS AG London Branch (the “Custodian” or “UBS”) pursuant to the details set out in the terms and conditions of the EBs. Under the terms and conditions of the EBs, the EB holders have the options to (1) exchange the EBs into CPALL Shares as held by CPFH, or (2) put the EBs to CPFH on the date falling 2 years from the issue date of the EBs, or (3) hold the EBs until maturity, whereby in the case of (2) and (3) CPFH will repay the EB holders in cash. In accordance with the terms and conditions of the EBs, where the EB holders exercise the exchange right, CPFH has to deliver CPALL Shares to the EBs holders or redeem the EBs using cash of equivalent market value of CPALL Shares. The initial exchange ratio of EBs is 90,190 CPALL Shares for each U.S. Dollar 200,000 principal amount of EBs (1 CPALL Share equivalent to Baht 77.35 (rounded up) at the exchange rate U.S. Dollar 1: Baht 34.881). In addition, CPFH, as the EBs issuer, has option to early redeem the whole amount of the EBs as specified in the terms and conditions of the EBs.

The issuance and offering of the EBs was completed on 22 September 2016 and the EBs were listed on Singapore Exchange Securities Trading Limited on 23 September 2016.

As at 31 December 2016 the carrying amount of the EBs were U.S. Dollar 297 million or equivalent to Baht 10,645 million.

In addition, CPFH has a securities lending agreement over the Exchange Property (“CPALL Shares”) with UBS (the “Borrower”). Under the terms of the agreement, CPFH agrees to lend to the Borrower up to 75 million CPALL Shares (equal to 0.83% of CPALL’s total issued and paid-up share capital) from the Custody Account with the terms and condition of service fees as stipulated in the agreement. In this regard, CPFH may recall CPALL Shares from the Borrower to deliver to EBs holders, if there are insufficient CPALL Shares in the Custody Account. As at 31 December 2016 CPFH lent to the borrower approximately 2.2 million CPALL Shares. The fair value of these shares was Baht 137.5 million.

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Details of debenture of CTI are as follows:

The First Tranche of Domestic Bonds (“Debenture”)

On 14 November 2016 Chia Tai (China) Investment Company Limited (“CTI”), a 50.43% indirectly owned subsidiary, issued a debenture with total aggregate value of Renminbi 1 billion with 3.69% interest rate per annum due in 2021. The debenture holders have the redemption right from CTI on the third years from the issuing date.

The debentures were listed on Shanghai Exchange Securities Trading Limited on 29 September 2016 with credit rating of “AA” rated by China Chengxin Securities Rating Co., Ltd.

As at 31 December 2016 the carrying amount of the debenture was Renminbi 996 million or equivalent to Baht 5,140 million.

24 Accounts payable - trade and others

	Note	<i>(Unit: Million Baht)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Related parties	5	4,681	3,537	265	322
Other parties		26,881	24,485	1,093	1,199
Total		31,562	28,022	1,358	1,521

The currency denomination of accounts payable - trade and others as at 31 December 2016 and 2015 was as follows:

	<i>(Unit: Million Baht)</i>				
	Consolidated		Separate		
	financial statements		financial statements		
		2016	2015	2016	2015
Functional currencies of each company in the Group		25,882	22,831	1,313	1,443
Foreign currencies					
- United States Dollar		5,154	4,548	45	78
- Euro		442	567	-	-
- Yen		56	37	-	-
- Other		28	39	-	-
Total		31,562	28,022	1,358	1,521

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25 Employee benefit obligations

The Group has defined benefit plans for employee's retirement based on the Labor law requirements of each country.

A foreign subsidiary established a retirement fund with a financial institution, and the retirement fund is managed by the financial institution.

Employee benefit obligations as at 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Present value of funded - defined benefit obligations	546	721	-	-
Fair value of plan assets	(346)	(28)	-	-
	200	693	-	-
Present value of unfunded - defined benefit obligations	5,284	6,551	1,531	1,969
Total	5,484	7,244	1,531	1,969

Movements in the present value of the defined benefit obligations and the fair value of plan assets for the year ended 31 December 2016 and 2015 were as follows:

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Defined benefit obligations at 1 January	7,272	6,706	1,969	1,894
Benefits paid by the plans	(602)	(246)	(56)	(48)
Current service costs and interest	719	719	198	191
Defined benefit plan actuarial (gains) losses	(1,522)	94	(580)	-
Business transfer	-	-	-	(68)
Acquired through business acquisitions	10	-	-	-
Other	(47)	(1)	-	-
Defined benefit obligations at 31 December	5,830	7,272	1,531	1,969
Fair value of plan assets at 1 January	28	21	-	-
Expected return on plan assets	1	1	-	-
Defined benefit plan actuarial gains	1	-	-	-
Contributions paid	335	21	-	-
Benefits paid by the plans	(27)	(16)	-	-
Currency translation differences	8	1	-	-
Fair value of plan assets at 31 December	346	28	-	-

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Expenses or income recognised in the statement of income for the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current service costs	450	469	123	120
Interest costs	269	250	75	71
Expected return on plan assets	(1)	(1)	-	-
Total	718	718	198	191

Expenses classified by function were recognised in the statements of income for the years ended 31 December 2016 and 2015 as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cost of sales of goods	307	297	90	88
Selling expenses	104	89	23	22
Administrative expenses	307	332	85	81
Total	718	718	198	191
Actual return on plan assets	1	1	-	-

Actuarial gains (losses) recognised in other comprehensive income for the years ended 31 December 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Included in retained earnings:				
At 1 January	(845)	(743)	(236)	(236)
Recognised during the year	1,173	(102)	464	-
At 31 December	328	(845)	228	(236)

Principal actuarial assumptions at 31 December 2016 and 2015 were as follows:

	<i>(Unit: %)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Discount rate	1.25 - 11.00	1.25 - 10.70	3.00	4.20
Future salary increases	2.00 - 9.00	2.00 - 8.00	3.00 - 6.50	4.00 - 8.00

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

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<i>(Unit: Million Baht)</i>			
	Consolidated financial statements		Separate financial statements	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Defined benefit obligation as at 31 December 2016				
Discount rate (1% movement)	(551)	642	(153)	178
Future salary increases (1% movement)	617	(543)	171	(150)
Defined benefit obligation as at 31 December 2015				
Discount rate (1% movement)	(590)	685	(184)	213
Future salary increases (1% movement)	770	(670)	243	(211)

26 Share capital

	<i>Par value per share (in Baht)</i>	<i>(Unit: Million Shares/Million Baht)</i>			
		Consolidated financial statements/		Separate financial statements	
		<u>2016</u>		<u>2015</u>	
		<u>Number of shares</u>	<u>Baht</u>	<u>Number of shares</u>	<u>Baht</u>
Authorised					
At 1 January					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>
At 31 December					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>
Issued and paid-up					
At 1 January					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>
At 31 December					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>

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27 Treasury shares

	Consolidated		<i>(Unit: Million Baht)</i> Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Ordinary shares of the Company held by subsidiaries	<u>1,135</u>	<u>1,135</u>	<u>-</u>	<u>-</u>

At the Board of Directors' meeting of the Company held on 25 August 2015, the Board of Directors of the Company resolved to approve the share repurchase program for financial management purpose in accordance with the Section 66/1(2) of the Public Company Limited Act in the amount not exceeding Baht 10,000 million. The number of ordinary shares to be repurchased is not exceeding 400 million shares (par value of Baht 1 per share); equal to 5.17% of the total number of paid-up share capital of the Company. In this regard, the Company shall repurchase its ordinary shares through the main board of the Stock Exchange of Thailand during the period from 10 September 2015 to 9 March 2016. However, the Company had not repurchased shares during the period and the above program was ended on 9 March 2016.

28 Additional paid-in capital and reserves

Premium on ordinary shares

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("Premium on ordinary shares"). Premium on ordinary shares is not available for dividend distribution.

Equity in subsidiaries and associates

Equity in subsidiaries and associates consist of:

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

Other components of equity

1) Revaluation differences on assets

Revaluation differences on assets recognised in the equity relate to cumulative surpluses arising from the revaluations of freehold land until such assets are disposed.

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2) *Currency translation differences*

The currency translation differences recognised in equity relate to:

- (a) Foreign exchange differences arise from translation of the financial statements of foreign operations to Thai Baht.
- (b) Foreign exchange differences arise from translation of monetary items, which are part of the Group's net investment in foreign operations when certain conditions are met.

3) *Fair value changes on investments*

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the disposal of investments.

Revaluation differences on assets, currency translation differences and fair value changes on investments are presented net of deferred tax.

Surplus on common control transactions

Surplus on common control transactions recognised in equity relate to differences between the carrying amount of net assets and the consideration received from the transfer of the carrying amounts of assets and liabilities of certain parts of the Company's business to a subsidiary. In addition, surplus on common control transactions were eliminated in the consolidated financial statements.

Appropriate of profit and/or retained earnings

Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. Legal reserve is not available for dividend distribution.

29 Segment information

Segment information is based on the Group's management and internal financial reporting structure which is regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments.

Information about reportable segments

The Group comprises the following main segments:

- Segment 1 : Livestock business
- Segment 2 : Aquaculture business

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Detail of the reportable segments financial information of the Group as at 31 December 2016 and 2015 and for the years then ended were as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	Livestock business		Aquaculture business		Total	
	2016	2015	2016	2015	2016	2015
Statements of income						
Revenue from sale of goods	395,823	358,517	68,642	62,838	464,465	421,355
Operating profit	28,553	17,247	2,907	476	31,460	17,723
Central income						
(expenses), net					139	5,350
Finance costs					(10,601)	(9,614)
Net foreign exchange						
gains					388	1,348
Share of profit of investments						
in associates and joint						
ventures					6,512	5,221
Income tax expense					(7,212)	(3,654)
Profit for the year					20,686	16,374
Assets						
Property, plant and						
equipment and intangible						
assets (excluded						
goodwill), net	160,528	120,425	32,950	32,310	193,478	152,735
Central assets, net					1,387	1,379
Other assets					387,314	340,149
Total					582,179	494,263

Information about geographical areas

In presenting information on the basis of information about geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group comprises the following main information about geographical areas:

- Area 1 : Thailand
- Area 2 : Asia
- Area 3 : Europe
- Area 4 : America
- Area 5 : Other

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Detail of the geographic segment financial information of the geographical area of the Group as at 31 December 2016 and 2015 and for the years then ended were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Revenue from external customers		Property, plant and equipment and intangible assets (excluded goodwill) and central assets	
	2016	2015	2016	2015
Thailand	149,856	140,589	68,941	57,124
Asia	265,575	241,560	88,181	81,490
Europe	43,870	33,336	18,309	15,418
America	3,863	4,177	19,410	37
Other	1,301	1,693	24	45
Total	464,465	421,355	194,865	154,114

Information about major customer

In 2016 and 2015, there was no single external customer that contributed 10% or more of the Group's total revenue.

30 Selling expenses

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit expenses	8,426	8,691	644	640
Vehicle and traveling expenses	2,307	2,808	70	77
Advertising and sale promotion expenses	2,236	3,056	113	175
Transportation expenses	1,952	1,901	-	-
Office expenses	1,335	1,460	58	74
Building and equipment rental fees	937	1,061	82	89
Depreciation and amortisation	926	1,179	5	6
Other	641	734	21	15
Total	18,760	20,890	993	1,076

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31 Administrative expenses

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Employee benefit expenses	15,392	14,818	2,326	2,403
Office expenses	3,991	3,616	411	492
Depreciation and amortisation	1,677	1,514	109	150
Vehicle and traveling expenses	921	994	76	79
Taxes, government and bank fees and other	823	806	34	45
Building and equipment rental fees	700	665	85	90
Professional fees	515	859	162	89
Public relationship expenses	469	427	38	12
Donation	332	339	10	12
Insurance premium	216	205	14	16
Other	1,676	1,756	182	558
Total	26,712	25,999	3,447	3,946

32 Management and employee benefit expenses

Management and employee benefit expenses consisted of:

- (a) Management benefit expenses consisted of salaries and other benefit expenses of management, directors' remuneration, and sub-committees' remuneration totaling Baht 486 million and Baht 240 million in the consolidated and separate statements of income for the year ended 31 December 2016 respectively (*2015: Baht 461 million and Baht 218 million respectively*).
- (b) Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totaling Baht 46,182 million and Baht 6,039 million in the consolidated and separate statements of income for the year ended 31 December 2016 respectively (*2015: Baht 43,484 million and Baht 6,250 million respectively*).

33 Expenses by nature

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Changes in finished goods, work in progress and biological assets	(390)	(2,549)	1,461	(575)
Raw materials and consumables used	308,459	289,679	15,046	14,071
Employee benefit expenses	46,668	43,945	6,279	6,468
Factory and office expenses	34,128	31,806	4,571	4,604
Depreciation and amortisation	13,250	11,506	1,825	2,032
Transportation expenses	8,726	8,601	468	403
Building and equipment rental fees	5,257	4,937	429	581
Vehicle and traveling expenses	4,153	4,711	238	256
Advertising, public relationship and sale promotion expenses	2,836	3,611	164	203
Taxes, government and bank fees	1,357	1,261	51	62
Professional fees	629	964	163	89
Others	12,222	11,704	312	609
Total cost of sales of goods, selling expenses and administrative expenses	437,295	410,176	31,007	28,803

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34 Finance costs

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Finance cost paid to:				
Joint ventures	7	4	-	-
Related company	-	1	-	-
Other parties	10,594	9,609	3,738	3,590
Total	10,601	9,614	3,738	3,590

35 Income tax expense (income)

Income tax recognised in profit or loss

	<i>(Unit: Million Baht)</i>			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<i>Current tax</i>				
Current year	5,318	4,542	23	25
Under (over) provided in prior years	1,183	(246)	1,096	-
	6,501	4,296	1,119	25
<i>Deferred tax</i>				
Movements in temporary differences	481	(56)	74	(145)
Benefit of tax losses recognised	230	(586)	154	(327)
	711	(642)	228	(472)
Income tax expense (income)	7,212	3,654	1,347	(447)
Income tax on gain from partial business transfer under common control	-	-	-	15

Income tax recognised in other comprehensive income

	<i>(Unit: Million Baht)</i>					
	Consolidated financial statements					
	2016			2015		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	8,027	(1,565)	6,462	-	-	-
Fair value changes on investments	271	(19)	252	(4,935)	400	(4,535)
Currency translation differences	987	-	987	1,663	-	1,663
Defined benefit plan actuarial gains (losses)	1,474	(306)	1,168	(139)	23	(116)
Total	10,759	(1,890)	8,869	(3,411)	423	(2,988)

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(Unit: Million Baht)

	Separate financial statements					
	2016			2015		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets	1,929	(386)	1,543	-	-	-
Defined benefit plan actuarial gains	580	(116)	464	-	-	-
Total	2,509	(502)	2,007	-	-	-

Income tax recognised in equity

(Unit: Million Baht)

	Consolidated financial statements					
	2016			2015		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets transferred to retained earnings	8	(2)	6	477	(95)	382

(Unit: Million Baht)

	Separate financial statements					
	2016			2015		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on assets transferred to retained earnings	1	-	1	-	-	-
Surplus on common control transaction	-	-	-	77	(15)	62
Total	1	-	1	77	(15)	62

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Reconciliation of effective tax rate

(Unit: Million Baht)

Applicable tax rates	Consolidated financial statements				
	0%	10%	20%	Other	Total
2016					
Accounting profit (loss) before income tax, net	(672)	1,944	15,600	11,026	27,898
Tax at the applicable tax rates	-	194	3,120	2,957	6,271
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	354	(967)	371	(242)
Under (over) provided in prior years	-	6	1,323	(146)	1,183
Net	-	554	3,476	3,182	7,212
2015					
Accounting profit before income tax, net	826	2,806	5,400	10,996	20,028
Tax at the applicable tax rates	-	281	1,080	1,934	3,295
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	308	(762)	1,059	605
Under (over) provided in prior years	-	-	14	(260)	(246)
Net	-	589	332	2,733	3,654

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Reconciliation of effective tax rate

(Unit: Million Baht)

Applicable tax rates	Separate financial statements		
	0%	20%	Total
2016			
Accounting profit (loss) before income tax, net	(8)	12,360	12,352
Tax at the applicable tax rates	-	2,472	2,472
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,221)	(2,221)
Under provided in prior years	-	1,096	1,096
Net	-	1,347	1,347
2015			
Accounting profit (loss) before income tax, net	(96)	10,923	10,827
Tax at the applicable tax rates	-	2,185	2,185
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,632)	(2,632)
Net	-	(447)	(447)

During the second quarter of 2016, the Company and two local subsidiaries adjusted their corporate income tax calculation for the period from 2010 to 2015 relating to the computation of annual net profits or net losses of the entities being granted multiple promotional privileges by the Board of Investment. Originally during those accounting periods, the Company and the subsidiaries calculated annual net profits or losses for the businesses being granted promotional privileges according to the guideline provided by the Board of Investment by calculating each project separately (“Separate Project Calculation Method”) which is in accordance with the ruling by the Council of State and the Administrative Office of the Central Tax Court at that time. However, the aforementioned calculation method is different from the decision of the Board of Taxation and Notification of the Revenue Department that any business being granted promotional privileges must combine revenues and expenses of all projects in the same accounting period in order to arrive at the net profit or losses of the business being granted promotional privileges (“Combine All Projects Method”). Later on during the second quarter of 2016, there was a resolution that the income tax calculation of a business being granted promotional privileges must be under Revenue Code in accordance with the calculation made by a tax assessment officer. Hence, any legal entity that did not file corporate income tax return by using the Combine All Projects Calculation Method within the determined period are subjected to fine and penalties. However, on 16 June 2016 the Ministry of Finance made an announcement of the Prolongation of Corporate Income Tax Return under Revenue Code outlining the case whereby any company or any juristic partnership being granted promotional privileges under the provisions of the Industrial Investment Promotion Act of B.E. 2520 that did not calculate annual net profits or losses using the Combine All Projects Method, they will not be subjected to fine and penalties should they file corporate income tax return under the Combine All Project Method within 1 August 2016. In addition, on 29 July 2016 the Chief of National Council for Peace and Order issued order No. 45/2559 prolonging income tax return filing period until 15 August 2016, hence, the Company and the subsidiaries changed income tax calculations of the businesses being granted promotional privileges to the Combine All Projects Method and recognised the effect in the current period. The change required the Group and the Company to pay additional income tax amounted to Baht 1,320 million and Baht 1,096 million respectively. The Group and the Company paid the income tax on 15 August 2016 and have already recorded the additional income tax in the financial statements.

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Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

36 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company and certain local subsidiaries have been granted privileges by the Board of Investment relating to certain feedmill operations, farming, breeding animals, processed foods and ready meals productions. The privileges granted include:

- (a) an exemption from payment of import duty and tax on machinery as approved by the Board of Investment;
- (b) an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificates; and
- (c) a 50% reduction in the normal corporate income tax rate on the net profit derived from certain operations for a period of 5 years commencing from the expiry dates in (b) above.

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

Revenue from promoted and non-promoted businesses of the Company for the years ended 31 December 2016 and 2015 were summarised as follows:

(Unit: Million Baht)

	Separate financial statements					
	Promoted businesses being granted exemption of corporate income tax		Non-promoted business being granted exemption of corporate income tax		Total	
	2016	2015	2016	2015	2016	2015
Local sales	3,508	4,747	23,523	17,049	27,031	21,796
Export sales	73	118	2,601	2,762	2,674	2,880
Total revenue from sale of goods	3,581	4,865	26,124	19,811	29,705	24,676

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37 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares held by third parties outstanding during the years as follows:

	<i>(Unit: million Baht/million shares)</i>			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Profit for the year attributable to ordinary shareholders of the Company	14,703	11,059	11,004	11,274
Weighted average number of ordinary shares held by third parties outstanding				
Number of ordinary shares outstanding at 1 January	7,743	7,743	7,743	7,743
Treasury shares held by subsidiaries	(355)	(355)	-	-
Net	7,388	7,388	7,743	7,743
Basic earnings per share (in Baht)	1.99	1.50	1.42	1.46

38 Dividends

Details of dividends for the years ended 31 December 2016 and 2015 were as follows:

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
2016				
22 April 2016	0.45	7,742,941,932	3,484	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
11 August 2016	0.50	7,742,941,932	3,872	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			7,356	
2015				
22 April 2015	0.10	7,742,941,932	774	Dividends received from subsidiaries appropriated from taxable profits which were subject to 23% corporate income tax

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Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
22 April 2015	0.35	7,742,941,932	2,710	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
11 August 2015	0.03	7,742,941,932	232	Dividends received from subsidiaries appropriated from taxable profits which were subject to 23% corporate income tax
11 August 2015	0.27	7,742,941,932	2,091	Dividends received from subsidiaries appropriated from taxable profits which were subject to 20% corporate income tax
Total			5,807	

39 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group manages the interest rate risk of financial assets and financial liabilities by considering loan to or borrowing from including fixed and floating rate depend on the market situation. However, the interest rates of interest-bearing liabilities of the Group are mainly fixed rate. The Group had the interest rate swap agreements to manage exposure to fluctuations in interest rates on the said liabilities upon the appropriation.

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The interest rates of loans to subsidiaries as at 31 December 2016 and 2015 and the periods in which the loans mature were as follows:

	Interest rates (% per annum)	(Unit: Million Baht)			
		Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Current					
Short-term loans to subsidiaries	7.38 - 7.50	34,583	-	-	34,583
Current portion of long-term loans to subsidiaries	10.00 - 12.00	867	-	-	867
Non Current					
Long-term loans to subsidiaries	4.43	-	6,013	-	6,013
Total		35,450	6,013	-	41,463
2015					
Current					
Short-term loans to subsidiaries	7.38 - 7.50	33,936	-	-	33,936
Current portion of long-term loans to subsidiaries	10.00	387	-	-	387
Non Current					
Long-term loans to subsidiaries	4.43 - 12.00	-	22,980	-	22,980
Total		34,323	22,980	-	57,303

The interest rates of interest-bearing liabilities as at 31 December 2016 and 2015 and the periods in which those liabilities mature were as follows:

	Interest rates (% per annum)	(Unit: Million Baht)			
		Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Overdrafts	2.15 - 13.25	3,127	-	-	3,127
Short-term borrowings from financial institutions	1.11 - 13.80	108,825	-	-	108,825
Short-term borrowings from joint ventures	2.00	291	-	-	291
Long-term borrowings from financial institutions	1.52 - 15.00	16,180	58,752	733	75,665
Debentures	2.84 - 4.73	7,000	63,795	53,990	124,785
Finance lease liabilities	1.50 - 31.17	10	25	-	35
Total		135,433	122,572	54,723	312,728
2015					
Overdrafts	3.36 - 14.27	4,073	-	-	4,073
Short-term borrowings from financial institutions	1.05 - 16.68	102,677	-	-	102,677
Short-term borrowings from joint ventures	2.00	378	-	-	378
Long-term borrowings from financial institutions	1.56 - 15.42	13,865	43,113	6,241	63,219
Debentures	3.18 - 4.44	16,854	31,000	39,940	87,794
Finance lease liabilities	0.10 - 25.56	5	5	-	10
Total		137,852	74,118	46,181	258,151

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(Unit: Million Baht)

	Interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2016					
Overdrafts	MOR	7	-	-	7
Short-term borrowings from financial institutions	1.70 - 1.88	21,055	-	-	21,055
Long-term borrowings from financial institutions	4.11	1,850	-	-	1,850
Debentures	2.28 - 5.42	7,000	35,560	37,440	80,000
Total		29,912	35,560	37,440	102,912
2015					
Overdrafts	MOR	6	-	-	6
Short-term borrowings from financial institutions	1.05 - 1.78	25,982	-	-	25,982
Long-term borrowings from financial institutions	4.11	616	1,855	-	2,471
Debentures	3.21 - 5.42	6,060	31,000	39,940	77,000
Total		32,664	32,855	39,940	105,459

The Group has several interest rate swap agreements with local financial institutions (“counterparties”). The Group has or the counterparties have commitments to make payments for the differences between the fixed interest rate and floating interest rate for each period.

As at 31 December 2016 the Group had long-term borrowings under interest rate swap agreements totaling Baht 16,782 million (2015: Baht 28,482 million). The above average interest rates are interest rates after adjusted with rates stipulated in the interest rate swap agreements.

As at 31 December 2016, the Group has cross currency and interest rate swap agreements with the financial institutions to manage exposure of fluctuations in foreign exchange rates and interest rates as follows:

- 1) The Company has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowings totaling U.S. Dollar 60 million to be Baht 1,849 million. The Company has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 1,849 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR for the principal amount of U.S. Dollar 60 million.
- 2) A foreign subsidiary has entered into interest rate swap agreements with certain financial institutions for long-term borrowings totaling U.S. Dollar 395 million (equivalent approximately to Baht 14,176 million). The subsidiary has commitments to make payments for the fixed interest rates under the terms and conditions of the agreements and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR.

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- 3) A foreign subsidiary has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowing amounting to U.S. Dollar 10 million to be Peso 424 million. The subsidiary has commitments to make payments for the fixed interest rate in Peso and the counterparty has commitments to make payments in U.S. Dollar for the interest rates refer to LIBOR.
- 4) A subsidiary has entered into several cross currency and interest rate swap agreements with a financial institution for long-term borrowings totaling U.S. Dollar 13.4 million to be Baht 484 million. The subsidiary has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 484 million and the counterparty has commitments to make payments in U.S. Dollar for the interest rate refer to LIBOR for the principal amount of U.S. Dollar 13.4 million.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily enters into forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies including anticipated future purchases and sales of goods denominated in foreign currencies. The forward exchange contracts have maturities of less than 1 year.

At 31 December 2016 and 2015 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		<i>(Unit: Million)</i>			
		Consolidated		Separate	
		financial statements		financial statements	
	Foreign currency	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounts receivable - trade and others					
Foreign currencies	United States Dollar	36	30	9	14
	Won	14,311	19,262	-	6,665
	Singapore Dollar	13	15	-	-
	Euro	4	4	6	8
	Ruble	-	-	60	63
	Yen	167	222	-	5
	Swedish Krona	16	16	-	-
	Australian Dollar	-	-	8	10
	Rand	4	2	2	2
	Renminbi	-	-	91	118
	Pound Sterling	-	-	1	-
Currency forwards	United States Dollar	35	37	15	28
	Won	14,311	19,262	-	6,665
	Singapore Dollar	13	15	-	-
	Euro	-	1	6	8
	Ruble	-	-	60	63
	Yen	167	222	-	5
	Australian Dollar	-	-	8	10

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(Unit: Million)

		Consolidated financial statements		Separate financial statements	
Foreign currency		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounts receivable - trade and others (continued)					
Currency forwards	Rand	4	2	2	2
	Renminbi	-	-	91	118
	Pound Sterling	-	-	1	-
	Swedish Krona	6	-	-	-
Short-term loans to subsidiaries					
Foreign currencies	United States Dollar	-	-	260	102
	Ruble	-	-	500	500
Currency forwards	Ruble	-	-	500	500
Long-term loans to subsidiaries					
Foreign currencies	United States Dollar	-	-	200	385
	Ruble	-	-	1,503	1,503
Currency forwards	United States Dollar	-	-	200	200
	Ruble	-	-	953	953
Interest-bearing liabilities					
Foreign currencies	United States Dollar	379	618	60	280
	Euro	66	53	-	-
Currency forwards	United States Dollar	282	203	60	80
	Euro	3	-	-	-
Accounts payable - trade and others					
Foreign currencies	United States Dollar	143	126	1	2
	Euro	12	14	-	-
	Yen	179	122	-	-
Currency forwards	United States Dollar	56	160	1	1
	Euro	4	2	-	-
	Yen	179	122	-	-
Forecast sales					
Currency forwards	United States Dollar	116	22	7	5
	Pound Sterling	31	11	-	-
	Euro	8	6	-	-
	Yen	1,818	1,557	97	39
	Singapore Dollar	13	5	-	-
	Won	2,429	1,424	-	79
	Hongkong Dollar	34	12	-	-
	Danish Krone	17	13	-	-
	Australian Dollar	2	2	1	-
	Renminbi	11	3	7	-
	Canada Dollar	6	-	-	-
Forecast purchases					
Currency forwards	United States Dollar	63	495	17	248
	Euro	16	5	-	-
	Yen	293	56	-	-
	Danish Krone	-	1	-	-

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit facilities. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

	Carrying amount	<i>(Unit: Million Baht)</i>			
		Consolidated financial statements			
		Fair value			Total
Level 1	Level 2	Level 3			
31 December 2016					
Financial assets					
Forward contracts	492	-	365	-	365
Financial liabilities					
Forward contracts	58	-	55	-	55
Cross currency and interest rate swaps	297	-	362	-	362
Debentures	114,140	-	117,857	-	117,857
Exchangeable Bonds	10,645	-	10,699	-	10,699

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(Unit: Million Baht)

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2015					
Financial assets					
Forward contracts	996	-	851	-	851
Financial liabilities					
Forward contracts	18	-	17	-	17
Cross currency and interest rate swaps	762	-	548	-	548
Debentures	77,000	-	82,677	-	82,677
Exchangeable Bonds	10,794	-	10,873	-	10,873

(Unit: Million Baht)

	Carrying amount	Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
Financial assets					
Forward contracts	45	-	25	-	25
Financial liabilities					
Forward contracts	55	-	51	-	51
Cross currency and interest rate swaps	305	-	300	-	300
Debentures	80,000	-	83,606	-	83,606
31 December 2015					
Financial assets					
Forward contracts	728	-	654	-	654
Financial liabilities					
Cross currency and interest rate swaps	764	-	665	-	665
Debentures	77,000	-	82,677	-	82,677

Level 2 fair values for over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate. The fair values of forward contracts and cross currency and interest rate swaps were remeasurement of the rates initially quoted by the Group's bankers with the rates based on market conditions existing at the end of the reporting period.

Level 2 fair values for debentures of the Company and CPF (Thailand) Public Company Limited have been determined based on quoted prices in the debenture market from the Thai Bond Market Association by using the closing price at the end of the reporting period.

Level 2 fair values for debentures of Chia Tai (China) Investment Co., Ltd. have been determined based on quoted prices in the bond market from the Shanghai Stock Exchange by using the closing price at the end of the reporting period.

Level 2 fair values for the Exchangeable Bonds ("EBs") have been determined based on quoted prices in the EBs market traded in overseas market by using the closing price at the end of the reporting period.

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40 Commitments with non-related parties

As at 31 December 2016 and 2015 the Group had commitments with non-related parties as follows:

40.1 Capital commitments

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	2,461	4,704	1	19
Machinery, equipment and others	1,753	3,054	37	53
Total	<u>4,214</u>	<u>7,758</u>	<u>38</u>	<u>72</u>

40.2 Commitments under operating lease agreements

	Consolidated		<i>(Unit: Million Baht)</i>	
	financial statements		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Within one year	3,586	3,166	131	115
Over one year but within five years	9,555	8,201	127	103
Over five years	14,455	10,706	7	-
Total	<u>27,596</u>	<u>22,073</u>	<u>265</u>	<u>218</u>

The Group has lease agreements with non-related parties covering office premises including facilities, land, farms, vehicles and others for periods of 1 to 50 years expiring in 2017 to 2058.

40.3 Other commitments

The Company had a Cooperative Technical agreement with Maejo University (the “university”) whereby the university allowed the Company to use its land and constructions thereon in developing shrimp ponds and as the research and training center which will be terminated as at 31 December 2018. Under the terms of the agreements, the Company is committed to pay total annual compensation of Baht 2.2 million and to transfer the ownership of the project property to the university at the expiration of the agreements. The net book value of the Company’s assets in respect to the agreement as at 31 December 2016 totaled Baht 31 million (2015: Baht 33 million).

40.4 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totaling Baht 1 million and Baht 1,177 million respectively (2015: Baht 1 million and Baht 1,966 million respectively).

40.5 Letters of guarantee

- (a) The Company and certain subsidiaries had commitments with financial institutions for letters of guarantee issued by the financial institutions in favor of government agencies and others totaling Baht 17 million and Baht 3,133 million respectively (2015: Baht 753 million and Baht 6,029 million respectively). The letters of guarantee are principally covering the guarantee of taxes, duties and sale of goods.

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- (b) Certain foreign subsidiaries have commitments with foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totaling Baht 1,108 million (2015: Baht 1,808 million).

41 Guarantees

As at 31 December 2016 certain foreign subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

41.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. Totaling 5,154 million shares with fair value of Baht 22,876 million (31 December 2015: 6,779 million ordinary shares with fair value of Baht 25,843 million).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totaling 51,000 shares with carrying value of Baht 182 million (31 December 2015: 51,000 ordinary shares with carrying value of Baht 154 million).
- (c) NNPP Limited Liability Company with an authorised share capital of Baht 283 million (31 December 2015: Baht 238 million).

41.2 Property, plant and equipment with net book value of Baht 8,708 million (31 December 2015: Baht 9,788 million).

41.3 Current assets and non-current assets mainly comprising of inventories and net accounts receivable and payable, with carrying value of Baht 5,825 million (31 December 2015: Baht 4,722 million).

42. Others

42.1 During second quarter of 2016, Chia Tai (Beijing) Investment Management Co., Ltd. (“CTBIM”), a 100% indirectly owned subsidiary of C.P. Pokphand Co., Ltd. (“CPP”) entered into agreements to subscribe for the newly issued ordinary shares of Banner Infant Dairy Products Co., Ltd. (“Banner”) for 30% of the paid-up share capital of Banner after the issue of new ordinary shares with total consideration of Renminbi 570 million or approximately Baht 3,080 million. In this regard, CTBIM partially paid Renminbi 150 million or approximately Baht 778 million in advance as specified in the agreement and recorded as other non-current assets as at 31 December 2016. Upon the completion of the transaction, Banner will become an associate of CPP and the Group.

Banner is incorporated in China and principally engaged in the manufacture and sale of formulated infant milk powder. In this regard, the acquisition of the newly issued ordinary shares has not completed as at the date of the financial statements were authorised for issue.

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42.2 On 30 December 2016, the Company signed agreements to subscribe for the newly issued ordinary shares (“Preliminary Share Subscription Agreement”) with SuperDrob Zakłady Drobiarsko - Mięśne S.A. (“SuperDrob”) and share purchase agreement (“Preliminary Share Purchase Agreement”) with Mr. Henri Lipka and Mr. Zygmunt Lipka in order to acquire the item no. 1 and 2 which expected to be completed within 3 months following the signing date. In this regard, the transaction will be completed if the Company complies with the required condition under the Preliminary Share Subscription Agreement and the Preliminary Share Purchase Agreement. The transaction have total consideration of Euro 49.5 million or approximately Baht 1,872 million, which is divided into 2 transactions as follows:

- 1) The subscription of SuperDrob's newly issued ordinary shares totaling 98,572 shares, representing 30% of the total issued shares of SuperDrob after the capital increase, with the total value of Euro 45 million or approximately Baht 1,702 million (“Value of Newly Issued Shares”).
- 2) The purchase of 9,858 ordinary shares of SuperDrob from Mr. Henri Lipka and Mr. Zygmunt Lipka (together referred to as the “Existing Shareholders”), representing 3% of the total issued shares of SuperDrob after the capital increase, at the price of Euro 4.5 million or approximately Baht 170 million (“Value of Purchased Shares”).

However, the Value of Newly Issued Shares and the Value of Purchased Shares shall be adjusted as per guideline and method stated in the Preliminary Share Subscription Agreement and Preliminary Share Purchase Agreement, respectively.

In this regard, after the completion of the 2 transactions above, the Company will hold 33% of the total issued shares of SuperDrob after the capital increase and SuperDrob will become an associate of the Company. In this regard, the Company paid for the 2 transactions above on 17 February 2017.

SuperDrob is incorporated in Poland and principally engaged in agro-industry and food, with main products such as fresh poultry, processed pre-seasoned and flavored poultry, as well as sausages and ham. Distribution channels include wholesalers, retailers, hotels, and restaurants both domestic and international. In addition, SuperDrob has investments in other 6 companies which are registered in Poland for the purposes of distribution of products and providing supporting services to SuperDrob.

42.3 On 30 December 2016, the Company signed the joint venture agreement with SuperDrop (“Joint Venture Agreement”) in order to jointly invest in a newly-established subsidiary in Poland (“JV Co.”) for 66.67% of registered share capital (Registered share capital of Polish Zloty 3 million or approximately Baht 25 million). In this regard, the Joint Venture Agreement is expected to be effective within 3 months following the signing date after the completion of the subscription of newly issued ordinary shares under the Preliminary Share Subscription Agreement and the purchase of existing ordinary shares of SuperDrob under the Preliminary Share Purchase Agreement have taken place.

JV Co. principally engaged in investing in agro-industry and food business in Poland.

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43. Events after the reporting period

43.1 On 2 December 2016 Chia Tai (China) Investment Co., Ltd. (“CTI”), a subsidiary which 50.43% of its ordinary shares being indirectly owned by the Company, entered into Equity Transaction Agreement (“the Agreement”) with COFCO Poultry Industry Co., Ltd. (“the Seller”) to complete the following transactions:

- 1) acquire entire interests in COFCO Meat (Suqian) Co., Ltd. (“COFCO Suqian”) at a consideration of Renminbi 187 million or approximately Baht 976 million and;
- 2) take over the loan receivables from the Seller who loan to COFCO Suqian by settlement the amount of Renminbi 384 million or approximately Baht 2,005 million to the Seller.

As at 31 December 2016, CTI paid Renminbi 571 million or approximately Baht 2,981 million in advance as specified in the agreements for the 2 transactions above and recorded as other non-current assets. In this regard, the transaction completed on 20 January 2017. However, the final fair value of the net assets acquired is the assessment process as at the date of the financial statements were authorised for issue.

COFCO Suqian is incorporated in China and principally engaged in poultry farming and processing and sale of chicken meat products, primary market is in China.

43.2 On 23 January 2017, the Company filed an offering circulars to the Securities and Exchange Commission to offer a Subordinated Perpetual Debentures which is similar to equity with one-time payment upon dissolution of the Company or upon the exercise of the Company’s early redemption right (“Debentures”). Under the terms of the Debentures, the Company has the right to unconditionally defer interest and cumulative interest payments to Debentures holders without limitation on deferral period and times at the sole discretion of the Company. The Company offered the Debentures to institutional investors and/or general investors at offer price of Baht 1,000 per unit for 15 million units amounting to Baht 15,000 million and offered additional reserved Debentures not exceeding 5 million units at the amount not exceeding Baht 5,000 million. The total offering Debentures are not exceeding 20 million units amounting to Baht 20,000 million. The Debentures’ interest rates during year 1-5 is 5%, after the fifth year, the interest rates are adjusted every 5 year based on (1) 5-year government bond yield, (2) Initial Credit Spread and (3) percentage as stipulated in the prospectus.

In this regard, the Company will offer the Debentures during 23-24 February 2017, 27-28 February 2017 and on 1 March 2017 with issuance date on 2 March 2017. The above Debentures have a credit rating of “A-” with stable trend rated by TRIS Rating Co., Ltd. on 27 January 2017.

43.3 On 17 February 2017 Chia Tai (China) Investment Co., Ltd. (“CTI”), a subsidiary which 50.43% of its ordinary shares being indirectly owned by the Company, entered into Share Transfer Agreement with Ningbo City Beilun Economic Construction Investment Co., Ltd. (“the Seller”) to acquire 15% interests in Ningbo Chia Tai Agriculture Co., Ltd. (“Ningbo CT”) at a consideration of Renminbi 22.9 million or approximately Baht 118 million.

As at 31 December 2016 CTI holds 70% equity interests in Ningbo CT. After the transaction, the equity interests in Ningbo CT will increase to 85%. The transaction has not completed as at the date of the financial statements were authorised for issue.

Ningbo CT is incorporated in China and principally engaged in the production and sale of animal feed.

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44 Thai Financial Reporting Standards not yet adopted

The consolidated and separate financial statements are not prepared to provide the following revised Thai Financial Reporting Standards (“TFRS”) that have been issued as of the reporting date but are not yet effective. These revised TFRS become effective for annual financial periods beginning on or after 1 January 2017. The Group does not plan to early adopt these TFRS.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 105 (revised 2016)	Accounting for Investment in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments : Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 25 (revised 2016)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 31 (revised 2016)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities

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TFRS	Topic
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) Employee Benefits – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 21 (revised 2016)	Levies
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial Assets and financial liabilities

The impact of the adoption of such revised TFRS and interpretations from 1 January 2017 on the Group's financial statements is still under consideration by management.



Charoen Pokphand Foods Public Company Limited

313 C.P. Tower Building, Silom Road,
Bangrak, Bangkok 10500, Thailand
Tel. : 66 2625 8000
Fax : 66 2638 2139
www.cpfworldwide.com