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# C.P. Foods Holdings Limited

(incorporated in the British Virgin Islands with limited liability)

**U.S.\$300,000,000**

**0.50 Per Cent.**

## **Exchangeable Bonds due 2021 exchangeable into Shares of CP ALL Public Company Limited**

(registered in the Kingdom of Thailand as a public company with limited liability)

## **Irrevocable Sponsor Undertaking provided by Charoen Pokphand Foods Public Company Limited**

(registered in the Kingdom of Thailand as a public company with limited liability)

**Issue Price: 100.00 per cent.**

The 0.50 per cent. Exchangeable Bonds due 2021 in the aggregate principal amount of U.S.\$300,000,000 (the "Bonds") will be issued by C.P. Foods Holdings Limited (the "Issuer") on 22 September 2016 (the "Closing Date"). The Issuer, Charoen Pokphand Foods Public Company Limited (the "Sponsor" or "CPF"), Citicorp International Limited (the "Trustee") and Citibank, N.A., London Branch (the "Principal Paying and Exchange Agent", the "Transfer Agent" and the "Registrar", and together, the "Agents") will be party to an irrevocable sponsor undertaking deed (the "Irrevocable Undertaking"), under which the Sponsor will unconditionally and irrevocably undertake, among other things, to cause the Issuer to have sufficient liquidity to ensure (i) timely payment by the Issuer of any amounts payable, or (ii) delivery by the Issuer of any property or assets deliverable, under or in respect of the Bonds, the Trust Deed (as defined in the terms and conditions of the Bonds (the "Terms and Conditions")) or the other Transaction Documents (as defined in the Terms and Conditions). Any claim under the Irrevocable Undertaking will constitute a direct, general, unconditional and unsecured obligation of the Sponsor and (subject to any obligations preferred by any applicable law) will rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Sponsor, present or future.

The Bonds will bear interest from (and including) the Closing Date at the rate of 0.50 per cent, per annum. Interest on the Bonds is payable semi-annually in arrear on 22 March and 22 September in each year, commencing 22 March 2017.

Subject to the right of the Issuer to make a cash election as described under "Terms and Conditions of the Bonds — Exchange Right — Cash Election", the Bonds will, at the option of the holder, be exchangeable (unless previously redeemed or purchased and cancelled) during the Exchange Period (as defined in the Terms and Conditions) for a *pro rata* share of the Exchange Property (as defined in the Terms and Conditions), which shall initially comprise fully paid ordinary shares of THB1 par value each in the capital of CP ALL Public Company Limited ("CP ALL") that are capable of being registered in the name of non-Thai nationals and all other (if any) shares or stock resulting from any subdivision, consolidation or reclassification of those shares which, as between themselves, have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation or winding-up of CP ALL, or non-voting depositary receipts ("NVDRs") issued in respect thereof (the "CP ALL Shares" or "Shares" which shall include NVDRs if the context requires). On the exercise of Exchange Rights (as defined in the Terms and Conditions) holders of Bonds will initially be entitled to receive 90,190 CP ALL Shares for each U.S.\$200,000 principal amount of Bonds (equivalent to a notional exchange price of THB77.35 per CP ALL Share, at the exchange rate of U.S.\$1 = THB34.881) subject to adjustment pursuant to the Terms and Conditions.

Unless previously exchanged, redeemed, or purchased and cancelled, the Bonds will be redeemed on 22 September 2021 at 110.58 per cent. of their principal amount, together with accrued but unpaid interest. The Bonds are subject to redemption in whole, but not in part, at their Early Redemption Amount (as defined in the Terms and Conditions) together with accrued but unpaid interest at the option of the Issuer at any time, after giving not less than 45 nor more than 60 days' notice to the Bondholders, in the event of certain changes affecting taxation in the British Virgin Islands (in the case of payments by the Issuer) or the Kingdom of Thailand (in the case of payments by the Sponsor). The Bonds may also be redeemed at the option of the Issuer in whole, but not in part, at their Early Redemption Amount together with accrued but unpaid interest (i) at any time on or after 22 September 2019 provided that the Value of the *pro rata* share of the Exchange Property (each as defined in the Terms and Conditions) attributable to each U.S.\$200,000 principal amount of Bonds on each of not less than 20 Trading Days (as defined in the Terms and Conditions) in any period of 30 consecutive Trading Days ending not earlier than the seventh Trading Day prior to the date on which the relevant notice of redemption is given by the Issuer to the Bondholders shall have exceeded U.S.\$260,000; (ii) at any time if, prior to the date on which the relevant notice of redemption is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued; or (iii) within the period of 60 days after the end of the Change of Control Period (as defined in the Terms and Conditions) in relation to a Change of Control (as defined in the Terms and Conditions) in respect of the Sponsor, CP ALL or the Predominant Relevant Company (as defined in the Terms and Conditions); or (iv) on a date falling not less than 60 nor more than 90 days following the relevant Offer Consideration Date (as defined in the Terms and Conditions), if following any Offer (as defined in the Terms and Conditions), the Exchange Property comprises solely cash and/or other property (other than Eligible Equity Shares (as defined in the Terms and Conditions)) or in the event of an Offer relating to the Predominant Equity Share Capital (as defined in the Terms and Conditions) where the Offer Consideration (as defined in the Terms and Conditions) consists solely of cash and/or other property (other than Eligible Equity Shares).

The Bonds may be redeemed at the option of the holders at their Early Redemption Amount on 22 September 2018 together with accrued but unpaid interest. The Bonds may also be redeemed at the option of the holders at their Early Redemption Amount together with accrued but unpaid interest upon (for so long as CP ALL Shares are comprised in the Exchange Property) CP ALL ceasing to be admitted to listing and trading on the Stock Exchange of Thailand (the "SET") or any such listing is suspended for a period of 30 consecutive Trading Days (as defined in the Terms and Conditions) or upon the occurrence of a Change of Control in relation to the Sponsor, CP ALL or the Predominant Relevant Company.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing of and quotation for the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Bonds to the Official List of the SGX-ST and quotation of the Bonds is not to be taken as an indication of the merits of the Issuer, the Sponsor, its subsidiaries, its associated companies, the Bonds and the Shares. Investors are advised to read and understand the contents of this document before investing. If in doubt, each investor should consult his or her professional adviser.

See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Bonds, beginning on page 74 of this Offering Circular.

The Bonds, the Irrevocable Undertaking and the CP ALL Shares deliverable upon exchange thereof have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Bonds and the CP ALL Shares are being offered outside the United States by the Sole Bookrunner in accordance with Regulation S under the Securities Act ("Regulation S"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

For a description of these and certain further restrictions on offers and sales of the Bonds and the CP ALL Shares to be delivered upon exchange of the Bonds and the distribution of this Offering Circular, see "Subscription and Sale".

The Bonds will initially be represented by a Global Certificate (as defined herein) in registered form, which shall be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") on the Closing Date. Individual Bond Certificates (as defined herein) evidencing holdings of Bonds will only be available in certain limited circumstances. See "Summary of Provisions Relating to the Bonds in Global Form".

Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

**Sole Bookrunner**

**UBS**

Dated 15 September 2016

## IMPORTANT NOTICE

The Issuer and the Sponsor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Offering Circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this Offering Circular misleading in any material respect, provided that for the information provided by third-party sources including, without limitation, CP ALL and its subsidiaries, contained herein, the Issuer and the Sponsor accept responsibility for accurately reproducing such information from publicly available sources but accept no further or other responsibility in respect of such information. Any public information related to the CP ALL Group is not incorporated into and does not form a part of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, the Sponsor, UBS AG, Hong Kong Branch (the “Sole Bookrunner”), the Trustee or the Agents to subscribe for or purchase any of, the Bonds or CP ALL Shares and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by each of the Issuer, the Sponsor and the Sole Bookrunner to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

Neither the U.S. Securities and Exchange Commission, any state securities commission nor any other regulatory authority has approved or disapproved the Bonds nor has any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence.

The Sole Bookrunner, the Trustee and the Agents have not separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Bookrunner, the Trustee and the Agents as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Issuer, the Sponsor, CP ALL, the Bonds or the CP ALL Shares. Each person receiving this Offering Circular acknowledges that such person has not relied on the Sole Bookrunner, the Trustee, the Agents nor on any person affiliated with the Sole Bookrunner, the Trustee and the Agents in connection with its investigation of the accuracy of such information or its investment decision.

None of the Issuer, the Sponsor, the Sole Bookrunner, the Trustee and the Agents accepts any responsibility for the accuracy, completeness or sufficiency of the information relating to CP ALL, its subsidiaries and the CP ALL Shares. The information relating to CP ALL, its subsidiaries and the CP ALL Shares has not been prepared in connection with the offering of the Bonds but has been derived only from public sources and none of the Issuer, the Sponsor, the Sole Bookrunner, the Trustee and the Agents have made any investigation or enquiry with respect to such public sources or such information. None of the Issuer, the Sponsor, the Sole Bookrunner, the Trustee or the Agents make any representation that such publicly available sources of the information relating to CP ALL, its subsidiaries and the CP ALL Shares are accurate or complete and each of the Issuer, the Sponsor, the Sole Bookrunner, the Trustee and the Agents disclaim any liability with respect to the accuracy, completeness or sufficiency of any such information. CP ALL has also not been involved in the offering of the Bonds and has not reviewed any information related to CP ALL or any of the information relating to the CP ALL Shares.

This Offering Circular should not be considered as a recommendation by any of the Issuer, the Sponsor, the Sole Bookrunner, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Bonds or the CP ALL Shares. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such independent investigations and consultations with its own tax, legal and business advisers as it deems necessary. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds and the Shares.

No person is authorised in connection with the issue, offering or sale of the Bonds to give any information or to make any representation not contained in this Offering Circular and any information or representation not contained herein must not be relied upon as having been authorised by the Issuer, the Sponsor, the Sole Bookrunner, the Trustee or the Agents. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of any of the Issuer, the Sponsor or its subsidiaries, associated companies and affiliates since the date hereof or that the information contained herein is correct as at any time subsequent to its date.

The Issuer reserves the right to withdraw this offering at any time, and the Sole Bookrunner reserves the right to reject any commitment to subscribe for the Bonds in whole or in part and to allot to any prospective investor less than the full amount of the Bonds sought by such investor. The Sole Bookrunner and certain related entities may acquire for their own account a portion of the Bonds.

#### **NOTICE TO RESIDENTS OF THAILAND**

THE BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE THAI SECURITIES AND EXCHANGE COMMISSION. ANY OFFERING OR DISTRIBUTION, AS DEFINED UNDER THAI LAWS AND REGULATIONS, OF THE BONDS IN THAILAND IS NOT LEGAL WITHOUT SUCH PRIOR REGISTRATION. DOCUMENTS RELATING TO THE OFFERING OF THE BONDS, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO ANY PERSON IN THAILAND, AS THE OFFERING OF THE BONDS IS NOT AN OFFERING OF SECURITIES IN THAILAND, NOR MAY THEY BE USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF THE BONDS TO ANY PERSON IN THAILAND.

#### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

CPF is incorporated in Thailand. All of CPF’s directors and executive officers are residents of Thailand. Also, a substantial portion of CPF’s assets are located in Thailand. As a result, potential investors may not be able to:

- effect service of process upon CPF or these persons outside Thailand, or
- enforce against CPF judgments obtained in courts outside of Thailand, including judgments based in whole or in part on the federal securities laws of the United States.

Under Thai law, judgements entered by a non-Thai court, including actions under the civil liability provisions of securities laws of foreign jurisdictions, are not enforceable in Thailand. However, a judgment or order from a foreign court may, in the discretion of a court in Thailand, be admitted as evidence in a new proceeding instituted in that court, which would consider the issue on the evidence before it. See “*Risk Factors — Risks Relating to Thailand — Non-enforceability of non-Thai judgements may limit an investor’s ability to recover damages from CPF*”.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The consolidated and separate financial statements of the Sponsor for the years ended 31 December 2014 and 2015, which are included elsewhere in this Offering Circular, have been audited by KPMG Phoomchai Audit Ltd., independent auditors, as stated in their reports appearing herein. These financial statements were prepared in accordance with Thai Financial Reporting Standards (“TFRS”), which is aligned with but not identical to International Financial Reporting Standards (“IFRS”). See “*Summary of the Significant Differences Between TFRS and IFRS*”.

With respect to the unaudited interim financial information of the Sponsor for the three months and six months ended 30 June 2015 and 2016 included elsewhere in the Offering Circular, the independent auditors have reported that they applied limited procedures in accordance with professional standards for the review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on the interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Also, their report includes an Emphasis of Matter paragraph drawing attention to note 14 to the interim financial information, which describes the CPF Group and the Sponsor having recorded adjustments due to a change in the corporate income tax calculation for the relevant CPF Group entities as a result of promotional privileges relating to the Separate Project Calculation Method and the Combine All Projects Method for the accounting period 2010 to 2015. The change required the CPF Group and the Sponsor to pay additional income tax amounting to THB1,245 million and THB1,087 million respectively. The CPF Group and the Sponsor have already recorded the additional income tax paid in the interim financial statements for the three-month and six-month period ended 30 June 2016.

Any public information related to CP ALL Group is not incorporated into and does not form a part of this Offering Circular. There can be no assurance or confirmation that such information is up to date, accurate or complete.

## CERTAIN TERMS AND CONVENTIONS

Unless indicated otherwise, in this Offering Circular all references to (i) the “Issuer” are to C.P. Foods Holdings Limited, (ii) the “Sponsor” and “CPF” are to Charoen Pokphand Foods Public Company Limited, (iii) the “CPF Group” are to the Sponsor and its subsidiaries, (iv) “CP ALL” are to CP ALL Public Company Limited, and (v) the “CP ALL Group” are to CP ALL and its subsidiaries.

All references in this Offering Circular to “THB” and “Baht” are to Thai baht, the lawful currency of the Kingdom of Thailand (“Thailand”) and references to “U.S. dollars” and “U.S.\$” are to United States dollars and cents, the lawful currency of the United States of America. Unless otherwise specified, all conversions of THB into U.S.\$ were made at the rate of THB35.195 = U.S.\$1.00, which was the weighted-average interbank exchange rate announced by the BOT as at 30 June 2016. Any translation made in this Offering Circular is for the sole purpose of convenience and has not been audited. No representation is made that the THB amounts referred to herein could have been or could be converted into U.S. dollars at any particular rate or at all.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## FORWARD-LOOKING STATEMENTS

Certain statements under “*Summary*”, “*Risk Factors*”, and elsewhere in this Offering Circular constitute “*forward-looking statements*”. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the financial position

of the Sponsor and the CPF Group, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Sponsor's and the CPF Group's activities), are forward-looking statements that are based on the Sponsor's current expectations about future events. Although the Sponsor believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the Sponsor's and the CPF Group's business and operating strategies;
- the Sponsor's and the CPF Group's capital expenditure and development plans;
- the amount and nature of, and potential for, future development of the Sponsor's and the CPF Group's businesses;
- various business opportunities that the Sponsor or the CPF Group may pursue;
- the regulatory environment of the agro-industrial and food industry in general;
- changes in political, economic, legal and social conditions in Thailand;
- the prospective financial condition and performance regarding the Sponsor's and the CPF Group's businesses;
- the availability and costs of bank loans and other forms of financing;
- changes in competitive conditions and the Sponsor's and the CPF Group's ability to compete under these conditions;
- changes in currency exchange rates; and
- other risks identified in the "*Risk Factors*" section of this Offering Circular.

Some of these statements can be identified by forward-looking terms, such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "will" and "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Sponsor's and the CPF Group's expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Sponsor's and the CPF Group's business strategies, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), planned projects and other matters discussed in this Offering Circular that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer, the Sponsor or any third party) involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Issuer, the Sponsor and the CPF Group or industry results, to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections of the directors and management of the Sponsor regarding the Sponsor's and the CPF Group's present and future business strategies and the environment in which they will operate in the future. Reliance should not be placed on these forward-looking statements. These forward-looking statements speak only as at the date of this Offering Circular. Each of the Issuer, the Sponsor and the Sole Bookrunner expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's or the Sponsor's expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based.

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## SUMMARY

*Terms used in this summary and not otherwise defined shall have the meanings given to them elsewhere in this Offering Circular. The following summary is qualified in its entirety by, and is subject to, the detailed information and the financial statements contained elsewhere in this document. Prospective investors should therefore read this Offering Circular in its entirety.*

### **The CPF Group**

#### ***Overview***

The CPF Group is a leading agro-industrial and food conglomerate in the Asia Pacific that specialises in livestock (swine, broilers, layers, and ducks) and aquaculture (shrimp and fish) businesses. Headquartered in Thailand, the CPF Group is a prominent participant in the agri-food industry, particularly through its vertically integrated business model in Thailand. This business model combines efficient, high-standard production and processing facilities, genetic research, and systems that facilitate ongoing monitoring and control over the variables of health, diet, environment and hygiene at each stage of the food value chain.

The CPF Group's businesses are grouped into three categories:

- *The feed business*; involving the manufacture and distribution of livestock and aquatic feed;
- *The farm business*; involving livestock/aquatic breeding, farming and basic meat processing. The livestock business focuses on chickens (mainly broilers, which are specifically raised for meat and, to a lesser extent, layers, which are raised for their eggs), swine, duck and other animals while its aquaculture business focuses on shrimp and fish; and
- *The food business*; involving the manufacture and distribution of partially-cooked and fully-cooked meat, cooked and partially-cooked food products and ready-to-eat food products. The food business also includes the CPF Group's operation of retail and food outlets.

The CPF Group's Thai operations involve both domestic sales and exports (together constituting 41 per cent., 40 per cent. and 39 per cent. of consolidated revenues in 2014, 2015 and for the six months ended 30 June 2016 respectively). The CPF Group exports to over 30 countries, including the United States, France, Germany, the Netherlands, Spain, the United Kingdom and Japan. The CPF Group also has a significant international presence which includes operations in 13 countries outside Thailand (constituting 59 per cent., 60 per cent. and 61 per cent. of revenues in 2014, 2015 and for the six months ended 30 June 2016 respectively).



### Select Financial Data

The following tables set out the breakdown of revenue by business segment, country and category in the years ended 31 December 2014 and 2015 and the six month periods ended 30 June 2015 and 2016.

	Consolidated Revenue					
	For the year ended 31 December			For the six months ended 30 June		
	2014	2015	2015	2015	2016	2016
	(THB million)	(THB million)	(U.S.\$ million)	(THB million)	(THB million)	(U.S.\$ million)
<b>Livestock</b>						
Thailand .....	145,703	140,116	3,981	68,266	71,711	2,037
Domestic .....	125,778	118,869	3,377	58,905	60,447	1,717
Export .....	19,925	21,247	604	9,361	11,264	320
China <sup>(1)</sup> .....	104,676	95,176	2,704	46,494	43,370	1,232
Vietnam .....	53,215	61,453	1,747	28,914	33,264	946
Others .....	54,295	61,772	1,755	27,367	40,959	1,164
<b>Total livestock .....</b>	<b>357,889</b>	<b>358,517</b>	<b>10,187</b>	<b>171,041</b>	<b>189,304</b>	<b>5,379</b>
<b>Aquaculture</b>						
Thailand .....	29,571	26,931	765	11,450	15,363	437
Domestic .....	22,510	21,722	617	9,109	13,158	374
Export .....	7,061	5,209	148	2,341	2,205	63
China <sup>(1)</sup> .....	10,917	9,884	281	4,111	3,872	110
Vietnam .....	11,726	8,843	251	4,378	4,033	114
Others .....	15,936	17,180	488	8,922	9,717	276
<b>Total aquaculture .....</b>	<b>68,150</b>	<b>62,838</b>	<b>1,785</b>	<b>28,861</b>	<b>32,985</b>	<b>937</b>
<b>Total consolidated revenue.</b>	<b>426,039</b>	<b>421,355</b>	<b>11,972</b>	<b>199,902</b>	<b>222,289</b>	<b>6,316</b>

Note:

(1) Limited to C. P. Pokphand Co., Ltd. ("CPP") and its subsidiaries' operations in China.

	Consolidated Revenue					
	For the year ended 31 December			For the six months ended 30 June		
	2014	2015	2015	2015	2016	2016
	(THB million)	(THB million)	(U.S.\$ million)	(THB million)	(THB million)	(U.S.\$ million)
<b>Thailand</b> .....	<b>175,274</b>	<b>167,047</b>	<b>4,746</b>	<b>79,716</b>	<b>87,074</b>	<b>2,474</b>
Domestic .....	148,288	140,591	3,995	68,014	73,605	2,091
Feed .....	51,597	50,032	1,422	25,129	23,590	670
Farm .....	74,115	68,583	1,949	31,947	39,117	1,111
Food .....	22,576	21,976	624	10,938	10,898	310
Export .....	26,986	26,456	751	11,702	13,469	383
Feed .....	253	255	7	105	73	2
Farm .....	5,097	6,103	173	2,714	3,507	100
Food .....	21,636	20,098	571	8,883	9,889	281
<b>International</b> .....	<b>250,765</b>	<b>254,308</b>	<b>7,226</b>	<b>120,186</b>	<b>135,215</b>	<b>3,842</b>
China <sup>(1)</sup> .....	115,593	105,060	2,985	50,605	47,242	1,342
Feed .....	115,593	105,000	2,983	50,605	46,539	1,322
Farm .....	—	—	—	—	68	2
Food .....	—	60	2	—	635	18
Vietnam .....	64,941	70,296	1,998	33,292	37,297	1,060
Feed .....	28,227	28,775	818	13,803	14,494	412
Farm .....	34,609	39,457	1,121	18,425	21,902	622
Food .....	2,105	2,064	59	1,064	901	26
Others .....	70,231	78,952	2,243	36,289	50,676	1,440
Feed .....	29,628	33,233	944	15,543	19,148	544
Farm .....	35,427	39,701	1,128	18,072	28,388	807
Food .....	5,176	6,018	171	2,674	3,140	89
<b>Total consolidated revenue.</b>	<b>426,039</b>	<b>421,355</b>	<b>11,972</b>	<b>199,902</b>	<b>222,289</b>	<b>6,316</b>

Note:

(1) Limited to CPP and its subsidiaries' operations in China.

### ***Competitive Strengths***

The CPF Group is one of the world's leading agro-industrial and food conglomerates across the industry value chain. CPF's vertically integrated platform allows it to effectively match demand with supply on a global scale and positions it well to capitalise on opportunities to drive revenue growth and expand profitability. The CPF Group's well-known brands are underpinned by comprehensive product offerings, innovation capabilities, strong food safety and commitment to sustainability. The management of CPF believes that CPF has the following competitive strengths:

- The CPF Group's continuous investment in production innovation helps it to capture future growth;
- Extensive global network with presence in 14 countries (including Thailand) which include high growth emerging markets;

- A vertically integrated business model; and
- Experienced and focused management team with proven track record.

### ***Business Strategies***

The CPF Group aims to become the world's leading agri-food company, under the vision to be "The Kitchen of the World". The CPF Group has identified three key business strategies:

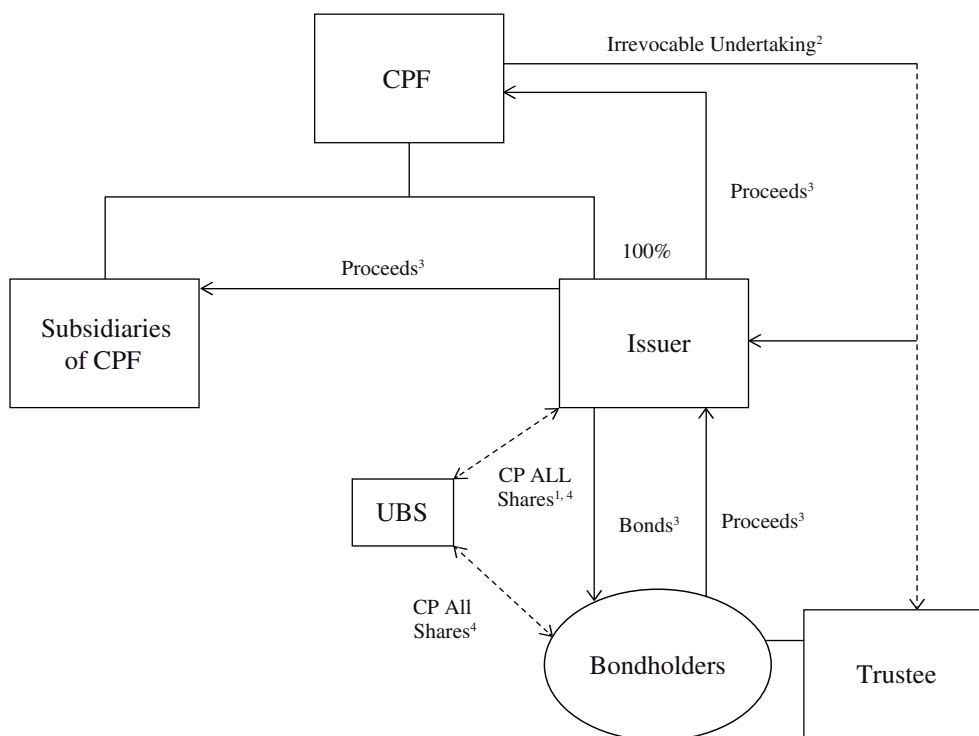
- Pursue sustainable growth;
- Maintain operational excellence; and
- Focus on fundamentals.

### **CP ALL Public Company Limited**

#### ***Overview***

CP ALL was established in 1988 by the Charoen Pokphand Group to operate a convenience store business in Thailand under the "7-Eleven" trademark under licence from 7-Eleven, Inc., USA. In 1989, the first 7-Eleven outlet in Thailand was opened on Patpong Road. In 2013, CP ALL acquired Siam Makro Public Company Limited ("Makro"), which operates membership-based Cash and Carry trade centres in Thailand. By 30 June 2016, CP ALL had a total of 9,252 7-Eleven stores across Thailand. In addition, CP ALL has invested in other businesses which support its core convenience store business in Thailand.

## OFFER STRUCTURE



Notes:

- (1) The Issuer owns the CP ALL Shares initially comprising the Exchange Property. The Issuer has previously acquired such shares from the proceeds of a shareholder loan. The Exchange Property is placed in a custody account in the name of and for the benefit of the Issuer with UBS AG, London Branch (“UBS”) as custodian. The Issuer has provided certain restrictive covenants to the Trustee and for the benefit of the Bondholders as set out in Condition 3(b) of the Terms and Conditions.
- (2) CPF, as the Sponsor, will enter into the Irrevocable Undertaking with the Issuer, the Agents and the Trustee under which it will unconditionally and irrevocably undertake to cause the Issuer to have sufficient liquidity to ensure (i) timely payment by the Issuer of any amounts payable, or (ii) delivery by the Issuer of any property or assets deliverable, under or in respect of the Bonds, the Trust Deed or the other Transaction Documents (as the case may be) in accordance with the Terms and Conditions, the Trust Deed and other Transaction Documents. The Trustee will have an indemnity claim under the Irrevocable Undertaking for any loss or damage suffered as a result of failure of the Sponsor to discharge its obligations under the Irrevocable Undertaking and non-payment or non-delivery under the Bonds, the Trust Deed or any other Transaction Document. See “Description of the Irrevocable Sponsor Undertaking Deed”.
- (3) The Issuer will issue the Bonds and use the net proceeds of the issue of the Bonds for (i) the repayment of an outstanding shareholder’s loan from CPF to the Issuer; and/or (ii) on-lending to other members of the CPF Group. CPF and those other members will use those funds for general corporate purposes and/or the repayment or refinancing of existing debt.
- (4) The Issuer has entered into a securities lending agreement (“Securities Lending Agreement” or “SLA”) with UBS as borrower, under which the Issuer will lend to UBS up to the lower of (i) 75,000,000 CP ALL Shares and (ii) the number of CP ALL Shares required to be delivered if all outstanding Bonds were exchanged. UBS may on-loan the CP ALL Shares to investors in the Bonds for the purpose of facilitating hedging transactions. UBS is not acting as custodian for the benefit of the Bondholders.

## THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in the Terms and Conditions. As this is a summary, it does not contain all of the information that may be important to investors. Please refer to the section “*Terms and Conditions of the Bonds*” in this Offering Circular for a detailed description of the terms and conditions of the Bonds.

<b>Issuer</b>	C.P. Foods Holdings Limited.
<b>Sponsor</b>	Charoen Pokphand Foods Public Company Limited.
<b>Bonds</b>	U.S.\$300,000,000 0.50 per cent. Exchangeable Bonds due 2021 exchangeable into a <i>pro rata</i> share of the Exchange Property.
<b>CP ALL Shares</b>	Fully paid ordinary shares of THB1 par value each in the capital of CP ALL that are capable of being registered in the name of non-Thai nationals and all other (if any) shares or stock resulting from any subdivision, consolidation or reclassification of those shares which, as between themselves, have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation or winding-up of CP ALL, and if the context requires, NVDRs issued in respect thereof.
<b>Closing Date</b>	22 September 2016.
<b>Issue Price</b>	100.00 per cent.
<b>The Offering</b>	The Bonds and the CP ALL Shares deliverable upon exchange of the Bonds are being offered by the Sole Bookrunner outside the United States in accordance with Regulation S.
<b>Form and Denomination</b>	The Bonds will be in registered form in the principal amount of U.S.\$200,000 each and integral multiples thereof. The Bonds will initially be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream, Luxembourg on or about the Closing Date. Individual Certificates evidencing holdings of Bonds will only be available in certain limited circumstances. See “ <i>Summary of Provisions Relating to the Bonds in Global Form</i> ”.
<b>Status of the Bonds</b>	The Bonds constitute direct, general, unconditional and unsecured obligations of the Issuer and rank <i>pari passu</i> and rateably without any preference among themselves and equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future, subject to any obligations preferred by applicable law and subject as described under “ <i>Terms and Conditions of the Bonds — Covenants — Negative pledge</i> ”.

**Irrevocable Undertaking**

The Sponsor will in the Irrevocable Undertaking unconditionally and irrevocably undertake, among other things, to cause the Issuer to have sufficient liquidity to ensure (i) timely payment by the Issuer of any amounts payable, or (ii) delivery by the Issuer of any property or assets deliverable, under or in respect of the Bonds, the Trust Deed or the other Transaction Documents, and in the event that the Sponsor breaches its obligations under the Irrevocable Undertaking, it will be responsible for all loss suffered by the Issuer, the Agents and the Trustee (for itself and on behalf of the Bondholders) as a result of such breach, as further described in “*Summary of the Irrevocable Sponsor Undertaking Deed*”.

**Status of the Irrevocable Undertaking**

Any claim under the Irrevocable Undertaking will constitute a direct, general, unconditional and unsecured obligation of the Sponsor and (subject to any obligations preferred by any applicable law) such claim will rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Sponsor, present and future.

**Interest**

The Bonds will bear interest from and including the Closing Date at the rate of 0.50 per cent. per annum, payable semi-annually in arrear in equal instalments on 22 March and 22 September of each year, with the first interest payment date falling on 22 March 2017.

**Negative Pledge**

The Bonds will contain a negative pledge provision as further described in “*Terms and Conditions of the Bonds — Covenants — Negative pledge*”.

The Irrevocable Undertaking will contain a negative pledge provision as further described in “*Summary of the Irrevocable Sponsor Undertaking Deed*”.

**Exchange Right**

Each Bondholder has the right to exchange all or any of its Bonds at any time during the Exchange Period for a *pro rata* share of the Exchange Property as at the relevant Exchange Date, subject to the right of the Issuer to make a Cash Election. However, in the event of an Offer for any Equity Shares, comprised in the Exchange Property, the Exchange Rights may be suspended as described in “*Terms and Conditions of the Bonds — General offers*”.

A *pro rata* share of the Exchange Property means, for each Bond at any time, a fraction of the Exchange Property the numerator of which shall be the principal amount of such Bond and the denominator of which shall be the aggregate principal amount of all the Bonds (including the Bond to which the *pro rata* share relates) which are outstanding at such time.

**Cash Election**

Upon the exercise of Exchange Rights by a Bondholder, the Issuer may make a Cash Election by giving notice to the relevant Bondholders by not later than the Cash Election Exercise Date, to satisfy the exercise of the Exchange Right

in respect of the relevant Bonds, in whole or in part, by making payment, or procuring that payment is made, to the relevant Bondholder of the Cash Alternative Amount, together with any other amounts payable by the Issuer to such Bondholder. The Issuer will pay the Cash Alternative Amount together with any other amount as aforesaid, by not later than three New York business days following the last day of the Cash Alternative Calculation Period. The Cash Alternative Amount, a sum in U.S. dollars, is determined according to the average of the Value on each Trading Day in the Cash Alternative Calculation Period of the relevant *pro rata* share of the Exchange Property which, had a Cash Election not been made, would otherwise fall to be delivered to such Bondholder upon exercise of Exchange Rights in respect of the relevant Bonds.

**Cash Alternative Calculation Period**

The period of five consecutive Trading Days commencing on the third Trading Day immediately following the Cash Election Exercise Date.

**Exchange Period**

The period from (and including) 2 November 2016 up to (and including) the close of business (at the place where the Bond is deposited for exchange) on the date which falls seven days prior to the Final Maturity Date, or if such Bond is to be redeemed pursuant to Condition 11(b) prior to the Final Maturity Date, then up to (and including) the close of business (at the place aforesaid) on the date which falls seven days prior to the date fixed for redemption thereof.

**Exchange Property**

The Exchange Property shall initially comprise 135,285,000 CP ALL Shares and shall include such other Relevant Securities and other property (including any Cash Dividend and any other cash amounts) arising out of or derived or resulting therefrom as may be deemed or required to comprise all or part of the Exchange Property pursuant to the Terms and Conditions, but excluding any such property as may be deemed to have ceased to form part of the Exchange Property and excluding any Cash Dividend other than to the extent comprising a Capital Distribution and excluding any other income and other benefits, rights and entitlements derived from the Exchange Property except to the extent forming or to form part of or giving rise to an adjustment to the Exchange Property pursuant to the Terms and Conditions.

**Initial Exchange Ratio**

On the exercise of Exchange Rights, Bondholders will initially be entitled to receive 90,190 CP ALL Shares for each U.S.\$200,000 principal amount of Bonds (equivalent to a notional exchange price of THB77.35 per CP ALL Share, at the exchange rate U.S.\$1 = THB34.881) subject to adjustment in accordance with the Terms and Conditions.

**Anti-Dilution Provisions**

The Bonds will contain provisions for the adjustment of the Exchange Property in the event of the occurrence of certain dilutive events including, among others, subdivision, consolidation or redenomination, rights issues, bonus issues, capital distributions and reorganisations.

**General Offers**

In the event of an Offer for any Relevant Securities, comprised in the Exchange Property, the Issuer shall have absolute discretion to accept such Offer (and as to any alternative consideration) or reject such Offer, provided that it will not accept such Offer (a) prior to the Specified Date and (b) unless the value of the consideration offered for such Relevant Securities pursuant to the Offer or, where there is any alternative consideration, unless the value of the consideration accepted by the Issuer, is equal to or greater than the value of such Relevant Securities. The Issuer will not accept any Offer in respect of such part of the Exchange Property which would be deliverable to Bondholders who have exercised Exchange Rights in respect of Bonds where the relevant Exchange Date falls prior to the commencement of any Suspension Period. The Issuer shall give notice to the Trustee and the Bondholders forthwith upon becoming aware of the existence of any Offer.

**Final Maturity Date**

Unless previously exchanged, redeemed, or purchased and cancelled, the Bonds will be redeemed on 22 September 2021 at 110.58 per cent. of their principal amount, together with accrued but unpaid interest.

**Tax Redemption**

Subject to certain exceptions and as more fully described in “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption at the Option of the Issuer — For tax reasons*”, the Bonds may be redeemed, in whole but not in part, at the option of the Issuer, by giving not less than 45 nor more than 60 days’ notice to the Bondholders, at their Early Redemption Amount on the date fixed for redemption, together with accrued but unpaid interest to the tax redemption date, if, as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands (in the case of payments by the Issuer) or the Kingdom of Thailand (in the case of payments by the Sponsor), the Issuer or the Sponsor, as the case may be, would become obliged to pay additional amounts.

**Redemption at the Option of the Issuer**

The Bonds may also be redeemed at the option of the Issuer in whole, but not in part, at their Early Redemption Amount as at such date, together with accrued interest to the relevant date fixed for redemption: (i) at any time on or after 22 September 2019, provided that the Value of the *pro rata* share of the Exchange Property attributable to each U.S.\$200,000 principal amount of Bonds on each of not less than 20 Trading Days in any period of 30 consecutive Trading Days ending not earlier than the seventh Trading Day prior to the date on which the relevant notice of redemption is given shall have exceeded U.S.\$260,000; or (ii) at any time if, prior to the date on which the relevant notice of redemption is given Exchange Rights shall have been exercised and/or purchases (and



corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued; or (iii) within the period of 60 days after the end of the Change of Control Period in relation to a Change of Control in respect of the Sponsor, CP ALL or the Predominant Relevant Company; or (iv) on a date falling not less than 60 nor more than 90 days following the relevant Offer Consideration Date, if following any Offer, the Exchange Property comprises solely cash and/or other property (other than Eligible Equity Shares) or in the event of an Offer relating to the Predominant Equity Share Capital where the Offer Consideration consists solely of cash and/or other property (other than Eligible Equity Shares).

**Redemption at the Option of the Bondholders**

The Bonds may be redeemed at the option of the Bondholders on 22 September 2018 at their Early Redemption Amount as at such date, together with accrued but unpaid interest to such date.

**Redemption following a Change of Control**

The Bonds may be redeemed at the option of the Bondholders at their Early Redemption Amount together with accrued and unpaid interest upon the occurrence of a Change of Control in relation to the Sponsor, CP ALL or the Predominant Relevant Company.

**Redemption following a De-listing Event**

The Bonds may be redeemed at the option of the Bondholders at their Early Redemption Amount together with accrued and unpaid interest upon (for so long as CP ALL Shares are comprised in the Exchange Property) CP ALL ceasing to be admitted to listing and trading on the SET or any such listing is suspended for a period of 30 consecutive Trading Days.

**Taxation**

All payments made by or on behalf of the Issuer in respect of the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding is required to be made by law. If any such withholding or deduction is required to be made, the Issuer will pay such additional amounts (subject to certain exceptions) as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, with certain exceptions. See "*Terms and Conditions of the Bonds — Taxation*".

**Cross-Default**

The Bonds will contain a cross-default provision as further described in "*Terms and Conditions of the Bonds — Events of Default*".

**Other Events of Default**

For a description of certain other events that will permit acceleration of the Bonds, see “*Terms and Conditions of the Bonds — Events of Default*”. If any event that will permit acceleration occurs, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter in principal amount of the Bonds then outstanding and/or if so directed by an Extraordinary Resolution (subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction), shall give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at the Relevant Amount.

**Governing Law**

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

**Trustee**

Citicorp International Limited.

**Principal Paying and Exchange Agent**

Citibank, N.A., London Branch.

**Listing**

Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. The Shares are listed on the SET.

**Clearing**

The Bonds have been accepted for clearance by Euroclear and Clearstream, Luxembourg under the following Common Code and ISIN:

Common Code: 149199829

ISIN: XS1491998297

**Use of Proceeds**

The Issuer will use the net proceeds of the issue of the Bonds for (i) the repayment of an outstanding shareholder’s loan from CPF to the Issuer; and/or (ii) on-lending to other members of the CPF Group. CPF and those other members will use those funds for general corporate purposes and/or the repayment or refinancing of existing debt.

**Existence of Stock Borrow**

Under a securities lending agreement (“SLA”) between the Issuer as lender and UBS AG, London Branch (“UBS”) as borrower, the Issuer has agreed to lend to UBS up to the lower of (i) 75,000,000 CP ALL Shares and (ii) the number of CP ALL Shares required to be delivered if all outstanding Bonds were exchanged, forming part of the Exchange Property from the Custody Account. The Issuer may recall the CP ALL Shares under the SLA if, upon an exchange under the Bonds, there are insufficient CP ALL Shares in the Custody Account for the Issuer to discharge its delivery obligations.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE SPONSOR

The following tables set forth the Sponsor's selected historical consolidated financial information as at and for the years ended 31 December 2014 and 2015 and as at and for the six months ended 30 June 2015 and 30 June 2016. This historical consolidated financial information should be read in conjunction with the Sponsor's historical consolidated financial statements, together with each of their related notes, and the section "Presentation of Financial and Other Information" as included elsewhere in this Offering Circular. The Sponsor's audited consolidated financial statements were prepared and presented in accordance with TFRS which differs in certain respects from IFRS. See "Summary of the Significant Differences between TFRS and IFRS".

For the purposes of the financial information set out below, the term "Company" shall mean CPF.

	Consolidated					
	As at 31 December			As at 30 June		
	2014	2015	2015	2015	2016	2016
(THB million)	(THB million)	(U.S.\$ million)	(THB million)	(THB million)	(U.S.\$ million)	
<b>SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION INFORMATION</b>						
<b>Assets</b>						
<i>Current assets</i>						
Cash and cash equivalents.....	33,552	36,461	1,036	25,009	31,193	886
Current investments .....	5,769	7,773	221	6,700	6,252	178
Accounts receivable — trade and others.....	24,953	26,156	743	23,606	25,625	728
Inventories.....	49,036	52,112	1,481	55,750	48,997	1,392
Current biological assets .....	24,378	27,757	789	25,227	29,385	835
Advance payments for purchase of goods.....	1,996	2,224	63	3,697	3,975	113
Prepaid expenses.....	1,358	1,551	44	1,349	1,548	44
Accrued dividend income.....	95	189	5	188	268	8
Restricted deposits at financial institutions ....	1,348	1,946	55	1,914	2,537	72
Other current assets .....	3,769	3,825	109	3,949	4,270	121
<b>Total current assets</b> .....	<u>146,254</u>	<u>159,994</u>	<u>4,546</u>	<u>147,389</u>	<u>154,050</u>	<u>4,377</u>
<i>Non-current assets</i>						
Available-for-sale investments.....	3,924	3,659	104	6,236	5,332	151
Investments in associates .....	52,055	65,312	1,856	50,262	67,348	1,914
Investments in joint ventures .....	4,194	4,419	126	4,262	4,331	123
Investments in related companies .....	1,549	1,609	46	1,566	1,591	45
Investments in other companies.....	290	304	9	299	289	8
Investment properties .....	1,169	1,379	39	1,162	1,341	38
Property, plant and equipment.....	124,461	149,599	4,251	133,566	154,419	4,388
Non-current biological assets .....	5,595	7,221	205	6,485	7,264	206
Goodwill .....	60,699	81,298	2,310	63,463	81,633	2,320
Other intangible assets .....	4,715	4,515	128	4,458	4,139	118
Restricted deposits at financial .....	707	1	0	410	1	0
Deferred tax assets.....	3,815	4,434	126	4,291	3,808	108
Leasehold rights prepayment.....	5,039	6,946	197	6,406	7,645	217
Other non-current assets .....	2,298	3,573	101	2,327	2,628	75
<b>Total non-current assets</b> .....	<u>270,510</u>	<u>334,269</u>	<u>9,498</u>	<u>285,193</u>	<u>341,769</u>	<u>9,711</u>
<b>Total assets</b> .....	<u>416,764</u>	<u>494,263</u>	<u>14,044</u>	<u>432,582</u>	<u>495,819</u>	<u>14,088</u>

	Consolidated					
	As at 31 December			As at 30 June		
	2014	2015	2015	2015	2016	2016
	(THB million)	(THB million)	(U.S.\$ million)	(THB million)	(THB million)	(U.S.\$ million)
<b>Liabilities and equity</b>						
<i>Current liabilities</i>						
Overdrafts and short-term borrowings from financial institutions .....	63,687	88,019	2,501	66,411	65,911	1,873
Bills of exchange .....	1,989	18,731	532	4,963	20,154	573
Accounts payable — trade and others .....	25,632	28,022	796	19,697	26,925	765
Short-term borrowings from joint ventures and related companies.....	395	378	11	151	330	9
Current portion of long-term debts.....	13,432	30,724	873	19,251	19,045	541
Accrued expenses.....	7,951	8,340	237	9,226	11,356	323
Income tax payable .....	1,921	1,712	49	1,378	3,191	90
Other current liabilities .....	8,278	10,365	294	9,307	10,315	293
<b>Total current liabilities</b> .....	<b>123,285</b>	<b>186,291</b>	<b>5,293</b>	<b>130,384</b>	<b>157,227</b>	<b>4,467</b>
<i>Non-current liabilities</i>						
Long-term debts .....	116,426	120,299	3,418	121,453	144,441	4,104
Provisions and others .....	725	1,173	33	998	1,164	33
Deferred tax liabilities .....	5,677	5,531	157	5,481	5,653	161
Employee benefit obligations .....	6,685	7,244	206	6,938	6,989	199
<b>Total non-current liabilities</b> .....	<b>129,513</b>	<b>134,247</b>	<b>3,814</b>	<b>134,870</b>	<b>158,247</b>	<b>4,497</b>
<b>Total liabilities</b> .....	<b>252,798</b>	<b>320,538</b>	<b>9,107</b>	<b>265,254</b>	<b>315,474</b>	<b>8,964</b>
<i>Equity</i>						
Share capital						
Authorised share capital .....	7,743	7,743	220	7,743	7,743	220
Issued and paid-up share capital .....	7,743	7,743	220	7,743	7,743	220
Treasury shares .....	(1,135)	(1,135)	(32)	(1,135)	(1,135)	(32)
Additional paid-in capital						
Premium on ordinary shares.....	36,463	36,463	1,036	36,463	36,463	1,036
Other premium .....	3,470	3,470	99	3,470	3,470	99
Surplus from change in equity in subsidiaries and associates .....	4,043	3,997	114	4,085	4,000	114
Surplus on common control transactions .....	—	(5)	0	(5)	(5)	0
Retained earnings						
Appropriated legal reserve .....	821	821	23	821	821	23
Unappropriated .....	60,130	65,919	1,873	63,079	70,378	2,000
Other components of equity .....	5,997	(908)	(26)	3,147	807	22
<b>Equity attributable to equity holders of the Company</b> .....	<b>117,532</b>	<b>116,365</b>	<b>3,307</b>	<b>117,668</b>	<b>122,542</b>	<b>3,482</b>
Non-controlling interests.....	46,434	57,360	1,630	49,660	57,803	1,642
<b>Total equity</b> .....	<b>163,966</b>	<b>173,725</b>	<b>4,937</b>	<b>167,328</b>	<b>180,345</b>	<b>5,124</b>
<b>Total liabilities and equity</b> .....	<b>416,764</b>	<b>494,263</b>	<b>14,044</b>	<b>432,582</b>	<b>495,819</b>	<b>14,088</b>

	Consolidated					
	For the year ended 31 December			For the six months period ended 30 June		
	2014	2015	2015	2015	2016	2016
	(THB million)	(THB million)	(U.S.\$ million)	(THB million)	(THB million)	(U.S.\$ million)
<b>SELECTED CONSOLIDATED STATEMENT OF INCOME INFORMATION</b>						
<i>Income</i>						
Revenue from sale of goods.....	426,039	421,355	11,972	199,902	222,289	6,316
Interest income .....	586	644	18	322	355	10
Dividend income .....	61	68	2	68	30	1
Net foreign exchange gains.....	—	1,348	38	487	—	—
Gains on changes in fair value of investment in associates .....	—	236	7	236	—	—
Gains on sale of investments.....	4,662	7,129	203	4,754	1,472	42
Other income .....	2,154	3,413	97	1,760	1,051	30
<b>Total Income</b> .....	<b>433,502</b>	<b>434,193</b>	<b>12,337</b>	<b>207,529</b>	<b>225,197</b>	<b>6,399</b>
<i>Expenses</i>						
Cost of sale of goods.....	368,760	363,287	10,322	173,764	185,486	5,270
(Gains) losses on changes in fair value of biological assets .....	(338)	(404)	(11)	262	(875)	(25)
Selling expenses .....	20,140	20,890	593	9,887	9,357	266
Administrative expenses.....	22,671	25,999	739	12,104	13,094	372
Net foreign exchange losses.....	356	—	—	—	7	0
Finance costs .....	8,903	9,614	273	4,538	5,187	148
<b>Total expenses</b> .....	<b>420,492</b>	<b>419,386</b>	<b>11,916</b>	<b>200,555</b>	<b>212,256</b>	<b>6,031</b>
Share of profits of associates and joint ventures.....	4,869	5,221	148	2,497	3,218	91
<b>Profit before income tax expense</b> .....	<b>17,879</b>	<b>20,028</b>	<b>569</b>	<b>9,471</b>	<b>16,159</b>	<b>459</b>
Income tax expense .....	3,650	3,654	104	1,369	4,815	137
<b>Profit for the year/period</b> .....	<b>14,229</b>	<b>16,374</b>	<b>465</b>	<b>8,102</b>	<b>11,344</b>	<b>322</b>
<b>Profit attributable to:</b>						
Equity holders of the Company .....	10,562	11,059	314	5,939	7,780	221
Non-controlling interests .....	3,667	5,315	151	2,163	3,564	101
<b>Profit for the year/period</b> .....	<b>14,229</b>	<b>16,374</b>	<b>465</b>	<b>8,102</b>	<b>11,344</b>	<b>322</b>
<b>Basic earnings per share (in THB/USD) .....</b>	<b>1.43</b>	<b>1.50</b>	<b>0.043</b>	<b>0.80</b>	<b>1.05</b>	<b>0.030</b>

The above figures in Baht have been rounded from thousands of Baht to millions of Baht.

	<b>Consolidated</b>				
	<b>As at 31 December</b>			<b>As at 30 June</b>	
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2016</b>
	<b>(THB million)</b>	<b>(THB million)</b>	<b>(U.S.\$ million)</b>	<b>(THB million)</b>	<b>(U.S.\$ million)</b>
<b>CONSOLIDATED CREDIT RATIOS</b>					
Total liabilities .....	252,798	320,538	9,107	315,474	8,964
Total indebtedness.....	195,929	258,151	7,335	249,881	7,100
Cash and cash equivalents.....	33,552	36,461	1,036	31,193	886
Total equity .....	163,966	173,725	4,937	180,345	5,124
Net debt to equity ratio <sup>(1)</sup> .....	0.99x	1.28x	1.28x	1.21x	1.21x
Net liabilities to equity ratio <sup>(2)</sup> .....	1.34x	1.64x	1.64x	1.58x	1.58x

Notes:

- (1) Net debt to equity ratio is calculated from total indebtedness minus cash and cash equivalents then divided by total equity. Total indebtedness is the sum amount of CPF's interest bearing debt. This net debt to equity ratio is for presentation purposes only and does not correspond to the various net liabilities to equity ratios that CPF is subject to under its existing debt obligations.
- (2) Net liabilities to equity ratio is calculated from total liabilities minus cash and cash equivalents then divided by total equity. This net liabilities to equity ratio is for presentation purposes only and does not correspond to the various net liabilities to equity ratios that CPF is subject to under its existing debt obligations.

	<b>Company Only</b>				
	<b>As at 31 December</b>			<b>As at 30 June</b>	
	<b>2014</b>	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2016</b>
	<b>(THB million)</b>	<b>(THB million)</b>	<b>(U.S.\$ million)</b>	<b>(THB million)</b>	<b>(U.S.\$ million)</b>
<b>STANDALONE CREDIT RATIOS</b>					
Total liabilities .....	73,354	111,638	3,172	105,240	2,990
Total indebtedness.....	68,133	105,460	2,996	98,549	2,800
Cash and cash equivalents.....	13,696	17,400	494	11,086	315
Total equity .....	81,560	87,089	2,474	88,217	2,507
Net debt to equity ratio <sup>(1)</sup> .....	0.67x	1.01x	1.01x	0.99x	0.99x
Net liabilities to equity ratio <sup>(2)</sup> .....	0.73x	1.08x	1.08x	1.07x	1.07x

Notes:

- (1) Net debt to equity ratio is calculated from total indebtedness minus cash and cash equivalents then divided by total equity. Total indebtedness is the sum amount of CPF's interest bearing debt. This net debt to equity ratio is for presentation purposes only and does not correspond to the various net liabilities to equity ratios that CPF is subject to under its existing debt obligations.
- (2) Net liabilities to equity ratio is calculated from total liabilities minus cash and cash equivalents then divided by total equity. This net liabilities to equity ratio is for presentation purposes only and does not correspond to the various net liabilities to equity ratios that CPF is subject to under its existing debt obligations.

## TERMS AND CONDITIONS OF THE BONDS

*The following, other than the paragraphs in italics, are the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of the U.S.\$300,000,000 0.50 per cent. Exchangeable Bonds due 2021 (the “**Bonds**”) of C.P. Foods Holdings Limited (the “**Issuer**”) was authorised by resolutions of the Board of Directors of the Issuer passed on 12 September 2016. The giving of an undertaking and indemnity by Charoen Pokphand Foods Public Company Limited (the “**Sponsor**”) was authorised by resolutions of the Board of Directors of the Sponsor passed on 12 September 2016. The Bonds are constituted by a trust deed (as modified, amended, supplemented and/or restated from time to time in accordance with its terms) (the “**Trust Deed**”) dated 22 September 2016 and made between the Issuer and Citicorp International Limited (the “**Trustee**”, which term shall, where the context so permits, include all other persons or companies acting as trustee or trustees thereof) as trustee for the Bondholders (as defined below). The Issuer has entered into a paying, transfer and exchange agency agreement (the “**Agency Agreement**”) dated 22 September 2016 with the Trustee, Citibank, N.A., London Branch as principal paying and exchange agent, transfer agent and registrar and the other paying and exchange agents and transfer agents named therein. The Issuer has entered into a custody agreement (the “**Custody Agreement**”) with UBS AG, London Branch dated 8 September 2016. The Sponsor has entered into an irrevocable sponsor undertaking deed (the “**Irrevocable Undertaking**”) with the Issuer, the Agents and the Trustee dated 22 September 2016. The registrar and the principal paying and exchange agent and the other paying and exchange agents and transfer agents for the time being are referred to below, respectively, as the “**Registrar**”, the “**Principal Paying and Exchange Agent**”, the “**Paying and Exchange Agents**” and the “**Transfer Agents**” (which expression shall include the Principal Paying and Exchange Agent) and together, the “**Agents**”. The statements in these terms and conditions of the Bonds (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds. Copies of the Trust Deed, the Agency Agreement, the Irrevocable Undertaking and the Custody Agreement are available for inspection by Bondholders at the registered office of the Trustee being at the date hereof at 39th Floor, Champion Tower, 3 Garden Road, Central, Hong Kong and at the specified office(s) of the Paying and Exchange Agents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Irrevocable Undertaking and the Agency Agreement applicable to them.

Capitalised terms used but not defined in these Conditions shall have the meanings attributable to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

### 1 **Form, Denomination, Title and Status**

#### (a) *Form and Denomination*

The Bonds are in registered form in the principal amount of U.S.\$200,000 each (the “**authorised denomination**”) and integral multiples thereof. A certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) deposited with a common depositary for, and evidencing Bonds registered in the name of a common nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificate.*

(b) **Title**

Title to the Bonds passes by transfer and registration as described in Condition 4. The holder (as defined below) of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, or theft or loss of it or that of the related certificate, as applicable) or anything written on it or the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

(c) **Status**

The Bonds constitute direct, general, unconditional and unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and rateably without any preference among themselves and (subject to any obligations preferred by any applicable law and Condition 3) equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future. The Bonds will not have the benefit of a sinking fund.

2 **Deed of Undertaking**

The Sponsor has in the Irrevocable Undertaking unconditionally and irrevocably undertaken to fund the Issuer's due and punctual payment of all sums payable under the Trust Deed and the Bonds. The Irrevocable Undertaking is expressed to be for the benefit of the Issuer, the Agents and the Trustee and any claim thereunder will constitute a direct, general, unconditional and unsecured obligation of the Sponsor and (subject to any obligations preferred by any applicable law) such claim will rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Sponsor, present and future.

The Sponsor has undertaken to the Trustee on behalf of the Bondholders in the Irrevocable Undertaking that so long as any Bond remains outstanding (as defined in the Trust Deed), the Sponsor will not, and the Sponsor will cause its Subsidiaries (as defined below) not to, (i) create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**"), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in Condition 3), or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or (ii) create or have outstanding any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness in circumstances where any Security Interest upon the whole or any part of the present or future undertaking, assets or revenues (including any uncalled capital) of any Subsidiary of the Sponsor is outstanding as security for or in respect of any such Relevant Indebtedness or any guarantee or indemnity in respect of any such Relevant Indebtedness, unless, in any of the circumstances described in (i) and/or (ii) above, at the same time or prior thereto there is accorded to the Bonds the same security for so long as such Relevant Indebtedness is so secured or such other security as the Trustee in its discretion shall deem to be not materially less beneficial to the Bondholders or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In this Condition 2:

"**Subsidiary**" has the meaning set out in Condition 5 but excludes Charoen Pokphand Enterprise (Taiwan) Co., Ltd., C.P. Pokphand Co., Ltd., Chia Tai Enterprises International Ltd. and each of their respective Subsidiaries (as defined in Condition 5), while the equity capital of Charoen Pokphand Enterprise (Taiwan) Co., Ltd, C.P. Pokphand Co., Ltd. or Chia Tai Enterprises International Ltd., as the case may be, is listed on a stock exchange.



### 3 Covenants

#### (a) *Negative Pledge*

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not (i) create or have outstanding any Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or (ii) create or have outstanding any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness in circumstances where any Security Interest upon the whole or any part of the present or future undertaking, assets or revenues (including any uncalled capital) of any Subsidiary (as defined in Condition 5) of the Issuer is outstanding as security for or in respect of any such Relevant Indebtedness or any guarantee or indemnity in respect of any such Relevant Indebtedness, unless, in any of the circumstances described in (i) and/or (ii) above, at the same time or prior thereto there is accorded to the Bonds the same security for so long as such Relevant Indebtedness is so secured or such other security as the Trustee in its discretion shall deem to be not materially less beneficial to the Bondholders or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In Conditions 2 and 3:

“**Exchangeable Bonds**” means Relevant Indebtedness that confers on the holder the right (the “**Exchangeable Bond Right**”) to exchange such Relevant Indebtedness for, or convert such Relevant Indebtedness into, or otherwise purchase, subscribe or acquire, any Exchange Securities and where the relevant Security Interest is limited to:

- (i) up to four times the maximum number of such Exchange Securities that would be required to be delivered to holders on exercise of the Exchangeable Bond Right (or by reference to which any such cash payment is to be calculated), any rights or entitlements (including in respect of dividends or distributions) in respect of such Exchange Securities and rights as against any custodian or similar entity in respect thereof; and/or
- (ii) rights as against any paying agent or similar entity in respect of the Exchangeable Bonds over or in respect of amounts held by such agent or other entity for payment in respect of the Exchangeable Bonds; and/or
- (iii) the shares in the capital of any special purpose financing vehicle which issues the Exchangeable Bonds,

and provided that such Exchangeable Bonds are issued on a bona fide arms-length basis on market terms (including as to exchange ratios, exchange prices and option premium, or the like) consistent with international market practice for equity linked instruments.

“**Exchange Securities**” means any shares issued by any person other than the Issuer, and shall include any depositary or other receipts or certificates representing any such shares.

“**Relevant Indebtedness**” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other similar securities (including trust certificates) (but for the avoidance of doubt excluding term loans, credit facilities, credit agreements and other similar facilities and evidence of indebtedness under such loans, facilities or credit agreements) which:

- (a) by their terms are payable, or confer a right to receive payment: (i) in any currency other than Thai Baht; or (ii) are denominated and payable in Thai Baht and more than one-half of the aggregate principal amount of which is initially distributed outside of Thailand; and

- (b) are for the time being, or are intended to be quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, but shall exclude Exchangeable Bonds.

For the avoidance of doubt, a 'guarantee or indemnity' shall not include a standby letter of credit or other credit enhancement provided by a person other than the Sponsor or any of its Subsidiaries.

(b) ***Covenants***

- (i) So long as any Bond remains outstanding, save with the prior written consent of the Trustee or as approved by an Extraordinary Resolution of the Bondholders or as expressly contemplated or permitted in any of the Transaction Documents the Issuer will not:
  - (1) engage in any business other than purchasing any future Exchange Property, holding the Exchange Property and exercising all rights relating thereto (including, without limitation, voting any shares comprising the Exchange Property, participating in any corporate actions relating thereto and receiving any distributions or dividends thereon), operating its bank accounts, lending or otherwise dealing with Cash Dividends received, entering into the Transaction Documents, the Securities Lending Agreement and related agreements and transactions, applying the net proceeds of the Bonds in repaying its outstanding debts as of the date of the issuance of the Bonds and/or for on-lending to the Sponsor and/or any of its Subsidiaries, and performing any act incidental to or necessary in connection with the issue and operation of the Bonds, holding the Exchange Property, the Transaction Documents, the Securities Lending Agreement or any of the foregoing;
  - (2) other than with respect to subordinated loans from the Sponsor, directly or indirectly incur any indebtedness for or in respect of moneys borrowed or raised (other than the Bonds and any shareholder loan to be repaid with the net proceeds of the Bonds) or give any guarantee or indemnity or incur or assume any other liability (except for operational liabilities of a routine or administrative nature);
  - (3) other than to the Sponsor, issue any shares (other than such shares as are in issue on the Closing Date or pursuant to a capital increase for the purposes of funding any administrative expenses or any payment in respect of the Bonds or the Trust Deed) or declare any dividend or distribution to its shareholders;
  - (4) amend or alter any of the provisions of its articles of association or other constitutional documents as amended and restated other than of a minor or technical nature, to reflect an injection of capital by the Sponsor or that will not (in the opinion of the Trustee) be materially prejudicial to the Bondholders;
  - (5) waive any rights it may have against the Sponsor pursuant to or in connection with the Irrevocable Undertaking;
  - (6) have any Subsidiaries or employees (excluding any director);
  - (7) consolidate or merge with any other person or convey or transfer its properties or assets to any person substantially as an entirety;
  - (8) take any action for its winding-up, dissolution or administration, or anything analogous thereto;
  - (9) change its jurisdiction of incorporation from the British Virgin Islands;

- (10) create or permit to subsist any Security Interest or any arrangement having a like or similar effect upon the Exchange Property; or
  - (11) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the Exchange Property (except pursuant to the Securities Lending Agreement or these Conditions or on exercise of the Exchange Rights).
- (ii) In giving any consent to the foregoing, the Trustee shall be entitled but not obliged to require the Issuer and/or the Sponsor to make such modifications or additions to the provisions of the Bonds, or any Transaction Document or may impose such other conditions or requirements as the Trustee may deem expedient or appropriate (in its sole discretion) in the interests of the Bondholders.

#### **4 Registration and Transfer of Bonds**

(a) ***Registration***

The Issuer will cause the Register to be kept at the specified office of the Registrar on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and exchanges of Bonds.

(b) ***Transfer***

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in an authorised denomination by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Transfer Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within 10 business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new Bond to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) ***Formalities Free of Charge***

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar (and as initially set out in the Agency Agreement).

(d) **Closed Periods**

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 11(b); (ii) in respect of which an Exchange Notice has been delivered in accordance with Condition 7(b); or (iii) during the period of 15 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

5 **Definitions**

For the purpose of these Conditions, the following words and phrases shall have the following meanings:

“**Additional Exchange Property**” has the meaning set out in Condition 7(b)(ii);

“**Authorised Officers**” has the meaning given in the Trust Deed;

“**Bondholder**” and “**holder**” means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof);

“**business day**” means, in relation to any place, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in such place;

“**Capital Distribution**” means:

- (a) any Non-Cash Dividend; and/or
- (b) in relation to CP ALL Shares comprised in the Exchange Property, the gross amount of any Cash Dividend (the “**Relevant CP ALL Dividend**”) paid in respect of any fiscal year of CP ALL (the “**Relevant Fiscal Year**”) if and to the extent that the sum of:
  - (i) the Fair Market Value of the Relevant CP ALL Dividend per CP ALL Share; and
  - (ii) the aggregate of the Fair Market Value per CP ALL Share of any other Cash Dividend per CP ALL Share paid in respect of such Relevant Fiscal Year (disregarding for such purpose any amount previously determined to be a Capital Distribution in respect of such Relevant Fiscal Year),

multiplied by (1 - B) (as defined in the definition of “**CP ALL Reference Amount**”) (such amount being the “**Current Year ’s CP ALL Dividends**”), exceeds the CP ALL Reference Amount relating to the Relevant Fiscal Year, and in such case the amount of the relevant Capital Distribution with respect to such Relevant CP ALL Dividend shall be the lesser of:

- (1) the amount by which the Current Year ’s CP ALL Dividends exceeds the CP ALL Reference Amount as determined in respect of the Relevant CP ALL Dividend; and
- (2) the product of the Fair Market Value of the Relevant CP ALL Dividend multiplied by (1 - B) (as defined in the definition of “**CP ALL Reference Amount**”),

multiplied by the number of CP ALL Shares comprised in the Exchange Property and entitled to the Relevant CP ALL Dividend; and/or

(c) in relation to any Equity Share Capital (other than CP ALL Shares) comprised in the Exchange Property, the gross amount of any Cash Dividend (the “**Relevant Equity Share Dividend**”) paid in respect of any fiscal year of the issuer of such Equity Share Capital (the “**Relevant Financial Period**”) if and to the extent that the sum of:

- (i) the Fair Market Value of the Relevant Equity Share Dividend per share; and
- (ii) the aggregate of the Fair Market Value of the Relevant Equity Share Dividend per share and any other Cash Dividend per share paid in respect of such Relevant Financial Period (disregarding for such purpose any amount previously determined to be a Capital Distribution in respect of such Relevant Financial Period),

multiplied by (1 - B) (as defined in the definition of “**Equity Share Reference Amount**”) (such amount being the “**Current Year’s Equity Share Dividends**”), exceeds the Equity Share Reference Amount relating to the Relevant Fiscal Year, and in such case the amount of the relevant Capital Distribution with respect to such Relevant Equity Share Dividend shall be the lesser of:

- (1) the amount by which the Current Year’s Equity Share Dividends exceeds the Equity Share Reference Amount as determined in respect of such Relevant Equity Share Dividend; and
- (2) the Fair Market Value of the Relevant Equity Share Dividend multiplied by (1 - B) (as defined in the definition of “**Equity Share Reference Amount**”)

multiplied by the number of such Equity Shares comprised in the Exchange Property and entitled to the Relevant Equity Share Dividend;

For the purposes of paragraph (b) and (c) above, Fair Market Value in respect of any Cash Dividend shall (subject as otherwise provided in paragraph (a) of the definition of “**Dividend**”) be determined as at the Effective Date in respect of such Cash Dividend;

“**Cash Alternative Amount**” has the meaning set out in Condition 7(c);

“**Cash Dividend**” means (i) any Dividend which is to be paid in cash (in whatever currency), and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) or (b) of the definition of “**Dividend**”.

“**Cash Election**” has the meaning set out in Condition 7(c);

“**Cash Election Exercise Date**” has the meaning provided in Condition 7(c);

“**Change of Control**” shall occur in respect of a person (a “**Relevant Person**”) if:

- (a) (other than as a result of a Newco Scheme and other than with respect to the Issuer and/or the Sponsor and any of its Subsidiaries) one or more persons, acting individually or in concert, acquire Control, directly or indirectly, of the Relevant Person;
- (b) the Relevant Person consolidates or amalgamates with or merges into another person and where the Relevant Person is not the continuing entity;
- (c) the Relevant Person disposes or transfers all or substantially all of its assets to one or more other persons, acting individually or in concert, except for a disposal or transfer by the Relevant Person to a subsidiary of the Relevant Person in which the Relevant Person directly or indirectly holds or controls 100 per cent. of the Voting Rights; or

- (d) with respect to the Sponsor, Charoen Pokphand Group Co., Ltd. and/or any of its Group Companies, together hold less than 20 per cent. of the total issued and outstanding share capital of the Sponsor.

“**Control**” means, in respect of any person, the:

- (a) acquisition, ownership or control of, more than 50 per cent, of the number of votes that may ordinarily be cast at any meeting of the shareholders of such person; or
- (b) the right to appoint and/or remove all or a majority of the board of directors (or equivalent body) of such person whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise (and Controlled shall be construed accordingly);

“**Change of Control Notice**” has the meaning provided in Condition 10(e);

“**Change of Control Period**” means the period commencing on and including the date of the occurrence of a Change of Control and ending on and including 60 days following the Change of Control or, if later, on and including 60 days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 10(e);

“**Change of Control Put Date**” has the meaning provided in Condition 11(c)(ii);

“**Change of Control Put Exercise Notice**” has the meaning provided in Condition 11(c)(ii);

“**Closing Date**” means 22 September 2016;

“**CP ALL**” means CP ALL Public Company Limited;

“**CP ALL Reference Amount**” means, in relation to any Relevant CP ALL Dividend, an amount determined in accordance with the following formula:

$$CPARA = A \times (1 - B)$$

where:

CPARA is the CP ALL Reference Amount;

A 2.0 per cent of the average of the Volume Weighted Average Price of a CP ALL Share on the 10 consecutive Trading Days ending on the Trading Day immediately preceding the Effective Date relating to such Relevant CP ALL Dividend provided that if on any such Trading Day the Volume Weighted Average Price shall have been based on a price cum-Dividend or cum any other entitlement, the Volume Weighted Average Price of a CP ALL Share on such Trading Day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or other entitlement per CP ALL Share as at the Effective Date relating to such Dividend;

B is the Applicable Tax Rate;

Where, “**Applicable Tax Rate**” is the applicable rate of withholding tax in respect of the payment of dividends to the Issuer in respect of the CP ALL Shares comprised in the Exchange Property at the relevant time under the Thai-British Virgin Islands double tax treaty from time to time; provided that with respect a Cash Dividend: (i) pursuant to paragraph (a) or (b) of the definition of “**Dividend**” (a “**Relevant Dividend**”); or (ii) in the form of a combination of a Dividend in cash and a Relevant Dividend, in each case where the Applicable Tax Rate (in accordance with applicable laws and regulations) is to be applied to a value of the CP ALL Shares

issued pursuant to such Cash Dividend that is not based on the market value of the CP ALL Shares, the Applicable Tax Rate shall be calculated in relation to such Cash Dividend by dividing the actual tax deducted with respect to the Cash Dividend on a per CP ALL Share basis by the Fair Market Value of such Cash Dividend (expressed as a percentage) and such percentage shall constitute the Applicable Tax Rate. If more than one Cash Dividend is paid in any fiscal period where there is a different Applicable Tax Rate applied, the CP ALL Reference Amount shall be as determined by the Independent Adviser;

*The current Applicable Tax Rate for a Dividend in cash paid is 10 per cent. The Applicable Tax Rate may be subject to change.*

“**CP ALL Shares**” means fully paid ordinary shares of THB1:00 par value each in the capital of CP ALL that are capable of being registered in the name of non-Thai nationals and all other (if any) shares or stock resulting from any subdivision, consolidation or reclassification of those shares which, as between themselves, have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation or winding-up of CP ALL, and if the contexts requires, NVDRs issued in respect thereof;

“**Custody Account**” means the custody accounts of the Issuer held with UBS AG, London Branch as custodian pursuant to the Custody Agreement;

“**Custody Agreement**” means the custody agreement dated 8 September 2016 between the Issuer and UBS AG, London Branch as custodian;

“**De-listing Event**” means, for so long as CP ALL Shares are comprised in the Exchange Property, CP ALL at any time ceasing to be admitted to listing and trading on the SET or any such listing is suspended for a period of 30 consecutive Trading Days;

“**De-listing Event Notice**” has the meaning provided in Condition 10(f);

“**De-listing Event Period**” means the period commencing on and including the date of the occurrence of a De-listing Event and ending on and including 60 days following the De-listing Event or, if later, 60 days following the date on which a De-listing Event Notice is given to Bondholders as required by Condition 10(f);

“**De-listing Event Put Date**” has the meaning provided in Condition 11(c)(iii);

“**De-listing Event Put Exercise Notice**” has the meaning provided in Condition 11(c)(iii);

“**Dividend**” means any dividend or distribution, whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution of any kind whatsoever attributable to shareholders or payment to shareholders upon or in connection with a reduction of capital or otherwise (and for these purposes a distribution of assets includes, without limitation, an issue of shares or other securities credited as fully or partly paid up) provided that:

- (a) where a Dividend in cash is announced which is to be, or may at the election of a holder or holders of Relevant Securities be, satisfied by the issue or delivery of Relevant Securities or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a holder or holders of Relevant Securities be, satisfied by the payment of cash, then the Dividend or capitalisation in question shall be treated as a Cash Dividend of an amount equal to either (i) the Fair Market Value of such cash amount or (ii) the Fair Market Value of such Relevant Securities or other property or assets, in any such case as at the Effective Date in respect of the relevant Dividend or capitalisation (or, if later, the date on which the number of Relevant Securities

(or amount of other property or assets, as the case may be) is determined), whichever amount pursuant to (i) or (ii) is received by the Issuer; the Issuer being entitled to make such election as it may determine in its sole discretion (including making no election) in respect of any such Dividend or capitalisation by giving notice to the Trustee, the Agents and to the Bondholders in accordance with Condition 19 by not later than the last day on which a holder of the Relevant Securities would be required or entitled to make the relevant election;

- (b) where there shall be any issue of Relevant Securities by way of capitalisation of profits or reserves where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash dividend equivalent or amount is announced or would otherwise be payable to holders of the Relevant Securities), the capitalisation in question shall be treated as a Cash Dividend of an amount equal to the Fair Market Value of such Relevant Securities as at the Effective Date in respect of the relevant capitalisation or, if later, the date on which the number of Relevant Securities to be issued is determined;
- (c) any issue of Relevant Securities falling within Condition 8(b)(i) or 8(b)(iii)(A) shall be disregarded;
- (d) any offer by a Relevant Company of Relevant Securities or other securities or options, warrants or rights to subscribe or purchase further Relevant Securities (or any of them) or other securities falling within Condition 8(b)(ii) shall be disregarded;
- (e) a repurchase or redemption of Equity Shares by or on behalf of a Relevant Company shall be disregarded; and
- (f) where a Dividend is paid to holders of any Equity Shares pursuant to any plan implemented by the issuer of such Equity Shares for the purpose of enabling holders of the Equity Shares to elect, or which may require such holders, to receive Dividends in respect of such Equity Shares held by them from a person other than, or in addition to, the issuer of such Equity Shares, such Dividend shall for the purposes of these Conditions be treated as a Dividend paid to holders of the Equity Shares by the issuer of such Equity Shares, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly;

and any such determination shall be made on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

**“Early Redemption Amount”** means for each U.S.\$200,000 principal amount of the Bonds, an amount that is determined so that it represents (i) in the case of a redemption on the Final Maturity Date, U.S.\$221,163.33, with unpaid accrued interest from and including the immediately preceding Interest Payment Date, or (ii) in the case of a redemption of the Bonds pursuant to Condition 11(b) or 11(c) or if the Bonds become due and payable pursuant to Condition 14, the amount which is determined to be the amount which, together with unpaid accrued interest from and including the immediately preceding Interest Payment Date or, if none, the Closing Date, and after taking into account any interest paid in respect of such Bonds in preceding periods, represents for the Bondholder on the relevant date for determination of the Early Redemption Amount (the **“Determination Date”**) for the Bondholder a gross yield of 2.50 per cent. per annum calculated on a semi-annual basis. The applicable Early Redemption Amount for each U.S.\$200,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards



(provided that if the date fixed for redemption is an Interest Payment Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Interest Payment Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1 + r/2)^{D/P} - \text{AI}$$

Previous Redemption Amount = the Early Redemption Amount for each U.S.\$200,000 principal amount of Bonds on the Interest Payment Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 22 March 2017, U.S.\$200,000)

<u>Interest Payment Date</u>	<u>Early Redemption Amount</u>
	(U.S.\$)
22 March 2017 .....	202,000.00
22 September 2017.....	204,025.00
22 March 2018 .....	206,075.31
22 September 2018.....	208,151.25
22 March 2019 .....	210,253.14
22 September 2019.....	212,381.31
22 March 2020 .....	214,536.08
22 September 2020.....	216,717.78
22 March 2021 .....	218,926.75

r = 2.50 per cent. expressed as a fraction.

D = number of days from and including the immediately preceding Interest Payment Date (or if the Bonds are to be redeemed on or before the first Interest Payment Date, from and including the Closing Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

P = the number of days from and including the immediately preceding Interest Payment Date (or, if none, the Closing Date) to but excluding the next Interest Payment Date.

AI = the accrued interest on a Bond determined in accordance with and pursuant to Condition 6(a) on the principal amount of U.S.\$200,000 from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date, calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

“**Effective Date**” means the first date on which the CP ALL Shares or, as the case may be, the relevant Equity Share Capital, are traded ex- the relevant Dividend or capitalisation on the Relevant Exchange (or, if not listed, quoted or dealt in on any stock exchange or securities market, the date for establishing entitlement in respect of the relevant Dividend or capitalisation);

“**Equity Share Reference Amount**” means, in relation to any Relevant Equity Share Dividend, an amount determined in accordance with the following formula:

$$ESRA = A \times (1 - B)$$

where:

ESRA is the Equity Share Reference Amount;

A 2.0 per cent of the average of the Volume Weighted Average Price of the relevant Equity Share Capital on the five consecutive Trading Days ending on the Trading Day immediately preceding the Effective Date relating to such Relevant Equity Share Dividend provided that if on any such Trading Day the Volume Weighted Average Price shall have been based on a price cum-Dividend or cum any other entitlement, the Volume Weighted Average Price of such relevant Equity Share Capital on such Trading Day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or other entitlement per share as at the Effective Date relating to such Dividend;

B is the Applicable DTT Rate;

Where, “**Applicable DTT**” means the applicable double tax treaty between the British Virgin Islands and the jurisdiction of the place of incorporation or tax residence of the Relevant Company making the payment of the Relevant Equity Share Dividend; and

“**Applicable DTT Rate**” is the minimum rate of withholding tax in respect of the payment of Dividends to the Issuer in respect of the relevant Equity Share Capital comprising the Exchange Property at the relevant time under the Applicable DTT;

“**Equity Share Capital**” means, in relation to any entity, its issued share capital (or equivalent) excluding any part of that capital (or equivalent) which, neither as respect dividends nor as respect capital, carries any right to participate beyond a specific amount in a distribution, and “**Equity Share**” shall be construed accordingly;

“**Equivalent Amount**” has the meaning set out in Condition 7(b)(iii)(a);

“**Exchange Date**” has the meaning set out in Condition 7(b)(i);

“**Exchange Expenses**” has the meaning set out in Condition 7(b)(i);

“**Exchange Notice**” has the meaning set out in Condition 7(b)(i);

“**Exchange Period**” has the meaning set out in Condition 7(a)(v);

“**Exchange Property**” has the meaning set out in Condition 8(a);

“**Exchange Right**” has the meaning set out in Condition 7(a)(i);

“**Extraordinary Resolution**” has the meaning provided in the Trust Deed;

“**Fair Market Value**” means, with respect to any property as at or on any date, the fair market value of that property as determined by an Independent Adviser; provided that (i) the fair market value of a Cash Dividend paid or to be paid per CP ALL Share or other Equity Share shall be the amount of such Cash Dividend per CP ALL Share or other Equity Share (determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit); (ii) where shares, options, warrants or other

securities or rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by such Independent Adviser) the fair market value of such shares, options, warrants or other securities or rights shall equal the arithmetic mean of the daily Volume Weighted Average Price of such shares, options, warrants or other securities or rights during the period of 5 Trading Days on the relevant stock exchange or securities market commencing on such date (or, if later, on the first such Trading Day such shares, options, warrants or other rights are publicly traded) or such shorter period as such shares, options, warrants or other securities or rights are publicly traded; (iii) where shares, options, warrants or other securities or rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid) the fair market value thereof shall be determined by such Independent Adviser on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including volatility, prevailing interest rates and the terms of such shares, options, warrants or other securities or rights and (iv) in each case converted into the currency in which the CP ALL Shares (where such determination relates to the CP ALL Shares) or such other Equity Shares (where such determination relates to such other Equity Shares) are traded on the Relevant Exchange (if expressed in a currency other than such currency) at the Screen Rate on such date (or, in the case of (ii), at the average of the Screen Rate on each Trading Day in the relevant period);

**“Final Date”** means, in relation to any Offer, the date the Offer becomes or is declared unconditional in all respects;

**“Final Maturity Date”** means 22 September 2021;

**“First Call Date”** has the meaning provided in Condition 11(b)(ii);

**“Group Company”** means a company, in relation to which, 20 per cent. or more of its total issued share capital is (directly or indirectly) held by Charoen Pokphand Group Co., Ltd.;

**“indebtedness for or in respect of moneys borrowed or raised”** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan capital, loan stock, certificates of deposit or other securities or instruments offered, issued or distributed whether by way of public offer, private placement, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

**“Independent Adviser”** means an independent institution or adviser of international repute appointed by the Issuer at its own expense and approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for 15 Bangkok business days and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee following notification to the Issuer;

**“Interest Payment Date”** has the meaning set out in Condition 6(a);

**“Interest Period”** has the meaning set out in Condition 6(a);

**“Newco Scheme”** means, in relation to any person, a scheme of arrangement or analogous proceedings (**“Scheme of Arrangement”**) which effects the interposition of a limited liability company (**“Newco”**) between the shareholders of such person immediately prior to the Scheme of Arrangement (the **“Existing Shareholders”**) and such person; provided that (i) only ordinary shares or units or equivalent of Newco, or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other

receipts representing ordinary shares or units or equivalent of Newco are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of such person; (iv) all Subsidiaries of such person immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of such person) are Subsidiaries of such person (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement, such person (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by such person immediately prior to the Scheme of Arrangement;

**“Non-Cash Dividend”** means any Dividend which is not a Cash Dividend;

**“NVDRs”** means non-voting depositary receipts issued by Thai NVDR Co., Ltd. as depositary in respect of CP ALL Shares;

**“Offer”** means an offer to the holders of any Equity Shares comprising Exchange Property, whether expressed as a legal offer, an invitation to treat or in any other way, in circumstances where such offer is available to all holders of the applicable Equity Shares (or all or substantially all such holders other than any holder to whom such offer may not be extended pursuant to applicable securities or other laws or who is, or is connected with, or is deemed to be acting in concert with, the person making such offer or to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any stock exchange in any territory, it is determined not to make such an offer);

**“Offer Consideration”** has the meaning set out in Condition 7;

**“Offer Consideration Date”** means in relation to any Offer the date upon which the Offer Consideration is made available to the holders of the relevant Equity Shares;

**“Optional Put Date”** has the meaning provided in Condition 11(c);

**“Optional Put Exercise Notice”** has the meaning provided in Condition 11(c);

**“Optional Redemption Date”** has the meaning provided in Condition 11(b);

**“Predominant Relevant Company”** means at any time the issuer of the Predominant Equity Share Capital comprised in the Exchange Property at such time;

**“Predominant Equity Share Capital”** means, if at any time there is more than one type or series of Equity Share Capital comprised in the Exchange Property, such type or series of Equity Share Capital which in the determination of an Independent Adviser represents the largest proportion or weighting by value in the Exchange Property at such time;

**“Predominant Exchange Security”** means, if at any time there is more than one type or series of Relevant Securities in the Exchange Property, such type or series of Relevant Securities which in the determination of an Independent Adviser represents the largest proportion or weighting by value in the Exchange Property at such time;

**“pro rata share”** means, for each Bond at any time, a fraction of the Exchange Property the numerator of which shall be the principal amount of such Bond and the denominator of which shall be the aggregate principal amount of all the Bonds (including the Bond to which the *pro rata* share relates) which are outstanding at such time (excluding for this purpose the principal

amount of any Bonds in respect of which Exchange Rights have been exercised by a Bondholder but the Exchange Property or the relevant Cash Alternative Amount, as the case may be has not yet been delivered or paid and excluding from the Exchange Property such *pro rata* share of the Exchange Property in relation to such Bonds);

**“Realisation Proceeds”** means the proceeds of sale (after the deduction of costs and expenses of such sale) of the relevant Exchange Property (in the case of Condition 7(b)(ii)) or the relevant dividends or other income or distributions or rights (in the case of Condition 7(b)(iii)(b)) carried out by an independent broker or investment bank of international repute selected by the Issuer and notified to the Trustee (at the Issuer’s expense), on an arm’s length basis (converted if necessary into U.S. dollars at the Screen Rate on the date of receipt of such proceeds);

**“Record Date”** has the meaning provided in Condition 12;

**“Register”** has the meaning provided in Condition 4;

**“Registered Securities”** has the meaning set out in Condition 7(b)(ii);

**“Registration Date”** means in respect of any Registered Securities comprised in the Exchange Property to be delivered to a Bondholder upon exercise of Exchange Rights, the date on which the relevant Bondholder is registered as the holder of such Registered Securities;

**“Regulation S”** has the meaning set out in Condition 7(b)(i);

**“Relevant Bond”** has the meaning set out in Condition 6(c);

**“Relevant Company”** means CP ALL, and any corporation or company derived from or resulting or surviving from the merger, consolidation, amalgamation, reconstruction or acquisition of CP ALL with, into or by such other corporation or company, and any other entity, all or part of the share capital of which is, or all or some of the securities of which are, at the relevant time included in the Exchange Property;

**“Relevant Date”** means, in respect of any Bond, whichever is the later of:

- (a) the date on which payment in respect of it first becomes due; and
- (b) if any payment is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days following the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 19 that, upon further presentation of the relevant Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions;

**“Relevant Event”** has the meaning set out in Condition 8(b)(iii);

**“Relevant Exchange”** means:

- (i) in the case of the CP ALL Shares, the SET or, if the CP ALL Shares are no longer admitted to trading on the SET, the principal stock exchange or securities market on which the CP ALL Shares are then listed, admitted to trading or quoted or dealt in; or
- (ii) in the case of any other Equity Shares or Relevant Securities or other securities or options, warrants or other rights, the principal stock exchange or securities market on which such Equity Shares or Relevant Securities or other securities or options, warrants or other rights are then listed, admitted to trading or quoted or dealt in;

**“Relevant Securities”** means any securities which at the relevant time are included in the Exchange Property;

**“Rights Issue”** has the meaning set out in Condition 8(b)(ii);

**“Screen Rate”** means, on any day, and, in respect of the conversion of one currency into another currency, the rate of exchange between such currencies appearing on or derived from the relevant Bloomberg page (which shall be the Currency Rates Matrix Page or such other Bloomberg page reasonably determined by the Issuer) as at or about 10:00am (Bangkok time) on that day, or, if that page is not available or that rate of exchange does not appear on that page at that time on that day, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Issuer shall determine (with the approval of an Independent Adviser);

**“securities”** means shares or other securities (including without limitation any options, warrants, convertible bonds, evidence of indebtedness or rights to subscribe or purchase shares or other securities);

**“SET”** means the Stock Exchange of Thailand;

**“Settlement Date”** means in the case of the exercise of Exchange Rights (other than where a Cash Election is made) the date falling 14 Trading Days after the relevant Exchange Date;

**“SGX-ST”** means the Singapore Exchange Securities Trading Limited;

**“Stock Borrow Shares”** means any CP ALL Shares forming part of the Exchange Property that has been lent by the Issuer pursuant to the Securities Lending Agreement;

**“Securities Lending Agreement”** means the securities lending agreement dated 15 September 2016 between the Issuer and UBS AG, London Branch or any other related or replacement securities lending arrangements;

**“Sub-division, Consolidation or Redenomination”** has the meaning set out in Condition 8(b)(i);

**“Subsidiary”** means in relation to any person at any time, a company, body corporate, corporation, association or other business entity (a) 50 per cent. or more of the Voting Rights of which is at the relevant time directly or indirectly owned or controlled by such person or (b) whose affairs and policies at such time such person controls or has the power to control, whether by ownership of Voting Rights, share capital, contract, the power to appoint and remove members of the board of directors or others governing body or otherwise or (c) whose financial statements are at such time, in accordance with applicable law and generally accepted accounting principles, consolidated with such person’s financial statements, provided that the term “Subsidiary” shall exclude CP-Meiji Company Limited and its Subsidiaries;

**“Tax Redemption Date”** has the meaning provided in Condition 11(b)(i);

**“Tax Redemption Notice”** has the meaning provided in Condition 11(b)(i);

**“Trading Day”** means in respect of CP ALL Shares or any Relevant Security, or other securities or options, warrants or other rights, a day on which the Relevant Exchange is open for business, other than, in any such case, a day on which the Relevant Exchange is scheduled to or does close prior to its regular closing time, provided that for the purposes of determining the Cash Alternative Calculation Period or any date on which payment of any amount or delivery of any Exchange Property is to be made,

**“Trading Day”** will be the Trading Day applicable to the Predominant Exchange Security;

“**Transaction Documents**” means the Trust Deed, the Agency Agreement, the Irrevocable Undertaking and the Custody Agreement;

“**TSD**” means the de-materialised securities trading system operated by the Thailand Securities Depository Co., Ltd. or any replacement or alternative central depository and/or clearing system with respect to the Equity Share Capital;

“**U.S.\$**” and “**U.S. dollars**” means the lawful currency of the United States of America;

the “**Value**” of any Exchange Property on any day means the aggregate of:

- (i) the value of publicly traded securities included in such Exchange Property, which shall be deemed to be the Volume Weighted Average Price of such securities on such day, provided that if such day is not a day on which the Relevant Exchange is open for business or, if there is no such Volume Weighted Average Price, then the value of such publicly traded securities shall be the Volume Weighted Average Price on the immediately preceding such day, converted (if necessary) into U.S. dollars at the Screen Rate on such day; and
- (ii) the value of all other assets (other than cash) and of publicly traded securities for which a value cannot be determined pursuant to (i) above included in such Exchange Property, which shall be deemed to be the value on such day (converted (if necessary) into U.S. dollars as aforesaid) as certified by an Independent Adviser; and
- (iii) the value of cash shall be deemed to be the amount thereof (converted (if necessary) into U.S. dollars as aforesaid),

provided that (A) if on any day any such publicly traded securities are quoted or traded on the Relevant Exchange cum any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (ii) above have the benefit of, or are entitled to, or carry the right to, any dividend or other entitlement, in any such case which a Bondholder would not be entitled to pursuant to these Conditions (including in respect thereof pursuant to Condition 7(b)(iii) or Condition 7(b)(ii) in the absence of a Cash Election) on exercising Exchange Rights on the last day permitted pursuant to these Conditions (disregarding for this purpose any Cash Election), then the value of any such assets or publicly traded securities on such day shall be reduced by an amount equal to the gross amount of any such dividend or other cash entitlement or, as the case may be, the value (as determined by an Independent Adviser) of any entitlement or dividend where that is other than cash and (B) if on any day any such publicly traded securities are quoted or traded on the Relevant Exchange ex any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (ii) above do not have the benefit of, or are not entitled to, or do not carry the right to, any dividend or other entitlement, in any such case which a Bondholder would be entitled to pursuant to these Conditions (or in respect of which the relevant Bondholder would have been entitled to receive any amount pursuant to Condition 7(b)(iii) or which would have been taken into account for the purposes of Condition 7(b)(ii) in the absence of a Cash Election) on exercising Exchange Rights on the last day permitted pursuant to these Conditions (disregarding for this purpose any Cash Election), then the value of any such assets or publicly traded securities on such day shall be increased by an amount equal to the gross amount of any such dividend or other cash entitlement or, as the case may be, the value (as determined by an Independent Adviser) of any entitlement or dividend where that is other than cash less the amount (if any) in respect of any such dividend, entitlement or, as the case may be, value to which the Bondholder is otherwise entitled pursuant to any other provision of these Conditions;

“**Volume Weighted Average Price**” means, in respect of any Trading Day:

- (i) in the case of CP ALL Shares, volume weighted average price of a CP ALL Share published by or derived from Bloomberg page “CPALL TB” in respect of such Trading Day; and

- (ii) in the case of any other Relevant Security, shares, options, warrants or other rights, volume weighted average price published by or derived from the relevant Bloomberg page in respect of such Trading Day or, if not able to be so determined, the volume weighted average price as obtained or derived from the Relevant Exchange on that Trading Day,

or, in any such case, such other source as shall be determined to be appropriate by an Independent Adviser on such Trading Day, provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a CP ALL Share or, as the case may be, any other Relevant Security, share, option, warrant or other right in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined;

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the relevant entity (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency) or to elect members of the board of directors or other governing body of the relevant entity.

For the purposes of the definition of Capital Distribution, “**Fair Market Value**” (subject as provided in paragraph (a) of the definition of “Dividend” and in the definition of “Fair Market Value”) shall be determined as at the Effective Date in respect of the relevant Dividend.

A reference to any offer “by way of rights” shall be taken to be references to an offer or grant to all or substantially all holders of the Relevant Securities in question, other than holders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such offer or grant.

In making any calculation of a Capital Distribution, such adjustments (if any), including in respect of the CP ALL Reference Amount or, as the case may be, the Equity Share Reference Amount, shall be made as an Independent Adviser may consider appropriate to reflect any Sub-division, Consolidation or Redenomination of the CP ALL Shares or any other Equity Share Capital or any change in the number of CP ALL Shares or shares comprising the relevant Equity Share Capital, as the case may be, in issue in relation to any fiscal year, or any change in the fiscal year of CP ALL or, as the case may be, any Relevant Company, or any adjustment to the Exchange Property.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

## 6 **Interest**

### (a) ***Interest Rate***

The Bonds bear interest from (and including) the Closing Date at the rate of 0.50 per cent. per annum of the principal amount thereof and payable semi-annually in arrear in equal instalments on 22 March and 22 September in each year (each an “**Interest Payment Date**”), the first Interest Payment Date being 22 March 2017 the amount of interest payable on each Interest Payment Date will amount to U.S.\$500.00 per U.S.\$200,000 principal amount of the Bonds.

The period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an “**Interest Period**”.



If interest is required to be calculated for a period of less than a full Interest Period, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Exchange Right shall have been exercised in respect thereof, from, and including, the Interest Payment Date immediately preceding the relevant Exchange Date or, if none, the Closing Date (subject in any such case as provided in Condition 6(c)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 11 or Condition 14, from, and including, the due date for redemption or repayment unless, upon due presentation thereof, payment of the full amount due is improperly withheld or refused, in which event such Bond shall continue to bear interest at the rate specified in Condition 12(g).

(c) *Interest upon Exchange prior to Early Redemption*

If:

- (i) any notice requiring the redemption of any Bonds is given pursuant to Condition 11(b) on or after (or within 15 days before) the record date or other due date for the establishment of entitlement in respect of any dividend, distribution or interest payable in respect of the CP ALL Shares (or other Relevant Securities comprising on such date more than one-quarter by Value of the Exchange Property);
- (ii) such notice specifies a date for redemption falling on or before (or within 14 days after) the Interest Payment Date next following such record date; and
- (iii) the Exchange Date in respect of any Bond which is the subject of any such notice (a “**Relevant Bond**”) falls after such record date or other due date for the establishment of entitlement and on or before the Interest Payment Date next following such record date or other due date for the establishment of entitlement,

then interest shall accrue on each Relevant Bond from, and including, the preceding Interest Payment Date (or, if the relevant Exchange Date falls on or before the first Interest Payment Date, from, and including, the Closing Date) to, but excluding, the relevant Exchange Date.

Any such interest shall be paid by the Issuer not later than 14 days after the relevant Exchange Date by transfer to a U.S. dollar account maintained with a bank in New York City in accordance with instructions given by the relevant Bondholder in the relevant Exchange Notice.

(d) *Additional Interest Amounts*

The Issuer shall be entitled, at its option, to make a pass through election (a “**Pass Through Election**”) in respect of any Cash Dividend component of a Capital Distribution in respect of the CP ALL Shares or any other Equity Share Capital comprised in the Exchange Property (a “**Relevant Cash Dividend**”) by giving notice (a “**Pass Through Election Notice**”) to the Bondholders pursuant to Condition 19 and to the Trustee and the Agents by not later than 10 days prior to the ex-date in respect of the Relevant Cash Dividend.

If the Issuer shall make a Pass Through Election in respect of any Relevant Cash Dividend, then:

- (i) no adjustment shall be made in respect thereof pursuant to Condition 8(b)(iii)(B); and

- (ii) to the extent that all or part of such Relevant Cash Dividend shall constitute a Capital Distribution, the Issuer shall pay an additional interest amount (an “**Additional Interest Amount**”) in respect of each U.S.\$200,000 principal amount of Bonds calculated in accordance with the following formula:

$$AIA = A/B$$

where

AIA is the Additional Interest Amount;

A is the aggregate amount of the Capital Distribution in respect of the CP ALL Shares or, as the case may be, the relevant Equity Share Capital comprised in the Exchange Property (converted, if necessary, into U.S. dollars at the Screen Rate prevailing on the date of receipt of the Relevant Cash Dividend);

B is the aggregate principal amount of Bonds outstanding on the ex-date in respect of the Relevant Cash Dividend divided by U.S.\$200,000; and

“**ex-date**” means the first date on which the CP ALL Shares or, as the case may be, the relevant Equity Share Capital are traded ex- the Relevant Cash Dividend on the Relevant Exchange (or, if not listed, quoted or dealt in on any stock exchange or securities market, the date for establishing entitlement in respect of the Relevant Cash Dividend).

Where a Pass Through Election shall have been made, an Additional Interest Amount shall be paid in respect of each Bond where the ex-date in respect of the Relevant Cash Dividend falls on or prior to the Final Maturity Date or any earlier due date for redemption of such Bond and, in the case of a Bond in respect of which Exchange Rights are or shall have been exercised, where the ex-date in respect of the Relevant Cash Dividend falls on or prior to the relevant Exchange Date, unless in such case the record date or other due date for establishment in respect of the Relevant Cash Dividend falls on or after such Exchange Date with the result that the relevant Bondholder shall be entitled to receive such Relevant Cash Dividend in respect of the CP ALL Shares or relevant Equity Share Capital to be delivered as part of the Exchange Property by virtue of Condition 8(b)(iii).

Additional Interest Amounts shall be paid to Bondholders in the currency in which the Relevant Cash Dividend is paid by not later than 10 business days in the principal financial centre of the relevant currency following the date on which the Relevant Cash Dividend is paid to holders of the relevant Equity Shares.

For the avoidance of doubt, any payment of an Additional Interest Amount shall be calculated by reference to the net amount of the Relevant Cash Dividend actually received.

References to the date of payment of a Relevant Cash Dividend shall be to the date of payment as determined and/or announced by CP ALL (in respect of CP ALL Shares) or by the relevant entity (in the case of any other Equity Share Capital comprised in the Exchange Property).

## 7 Exchange Right

### (a) *Exchange Period, Exchange Rights and Cash Election*

- (i) Subject to the right of the Issuer to make a Cash Election, each Bondholder shall have the right to exchange all or any of its Bonds at any time during the Exchange Period referred to below for, a *pro rata* share of the Exchange Property as at the relevant Exchange Date.

Such exchange of a Bond for a *pro rata* share of the Exchange Property (or, as the case may be, for payment of the Cash Alternative Amount) is referred to herein as an “**exchange**” and the right of a Bondholder to require an exchange is herein referred to as the “**Exchange Right**”. Upon exercise of Exchange Rights, the Issuer shall (subject to the right of the Issuer to make a Cash Election) deliver or procure the delivery of the relevant *pro rata* share of the Exchange Property as provided in this Condition.

- (ii) Subject to applicable law and as provided in Condition 7(a)(iii) and save as provided in these Conditions, the Exchange Right relating to any Bond may be exercised by the holder thereof, at any time during the period from (and including) 2 November 2016 up to (and including) the close of business (at the place where the Bond is deposited for exchange) on the date which falls seven days prior to the Final Maturity Date or if such Bond is to be redeemed pursuant to Condition 11(b) prior to the Final Maturity Date, then up to (and including) the close of business (at the place aforesaid) on the date which falls seven days prior to the date fixed for redemption thereof, unless there shall be default in making payment in respect of such Bond on such date fixed for redemption, in which event the Exchange Right shall extend up to (and including) the close of business (at the place aforesaid) on the date on which the full amount of such payment has been received by the Trustee or the Principal Paying and Exchange Agent and notice thereof has been duly given to the Bondholders in accordance with Condition 19 or, if earlier, the Final Maturity Date, provided that, in each case, if such final date for the exercise of Exchange Rights is not a business day at the place aforesaid, then the period for exercise of Exchange Rights by Bondholders shall end on the immediately preceding business day at the place aforesaid.

Exchange Rights may not be exercised in respect of a Bond where the holder shall have exercised its right to require redemption pursuant to Condition 11(c) unless there is default by the Issuer in redeeming the relevant Bonds.

- (iii) If the Trustee shall give notice to the Issuer declaring the Bonds to be immediately due and repayable pursuant to Condition 14, notice of such fact shall forthwith be given by the Issuer to the Bondholders in accordance with Condition 19 and each Bondholder shall (whether or not the Exchange Right attaching to its Bond is then otherwise exercisable) be entitled, at any time after the date on which the Bonds become so due and repayable (the “**Due Date**”) until the date being the last day of the period of 14 days after the Due Date (but not thereafter) (the “**Default Period**”), to elect (by delivering in accordance with the provisions of this Condition 7 a duly signed and completed Exchange Notice, together with the relevant Bond, to the specified office of any Paying and Exchange Agent) in lieu of having his Bond repaid, to exercise the Exchange Right in respect of such Bond as at the Due Date (and references to the Exchange Date shall be construed as being the Due Date), save that no such election may be made in respect of a Bond which has been presented for payment on or after the Due Date (provided that payment in full of all amounts then due on the relevant Bond is made upon such presentation). If the holder of any Bond exercises the Exchange Rights attaching to its Bond during the Default Period, such holder will be entitled to receive from the Issuer, in addition to the relevant *pro rata* share of the Exchange Property, the Shortfall Amount (if any) and accrued and unpaid interest on such Bond to the Due Date, which the Issuer shall pay by not later than the Settlement Date by transfer to a U.S.\$ account maintained with a bank in New York City in accordance with instructions contained in the relevant Exchange Notice. Subject as provided in this Condition 7, Exchange Rights shall lapse in the event that the Trustee shall give notice to the Issuer that the Bonds are immediately due and repayable.

In this Condition 7(a)(iii), “**Shortfall Amount**” means, in respect of each Bond, an amount in cash equal to the amount (if any) by which the Early Redemption Amount of such Bond exceeds the Value (on the Due Date) of the *pro rata* share of the Exchange Property in respect of such Bond.

- (iv) The period during which Bondholders shall be entitled to exercise Exchange Rights pursuant to these Conditions is referred to as the “**Exchange Period**”.
- (v) Other than where a Cash Election is made by the Issuer and in respect of the Exchange Property to which such Cash Election relates, upon a due exercise of Exchange Rights the relevant Bondholder shall be entitled to receive a *pro rata* share of the Exchange Property calculated as at the relevant Exchange Date.
- (vi) No fraction of a Relevant Security or any other property comprised in the Exchange Property which is not divisible shall be delivered on exercise of the Exchange Rights and the Issuer shall not be under any obligation to make any payment to Bondholders in respect of any such fraction and any such fraction will be rounded down to the nearest whole multiple of a Relevant Security or unit of any such other property.
- (vii) If more than one Bond is to be exchanged by a Bondholder pursuant to any one Exchange Notice, the Exchange Property to be delivered and any sum payable to that Bondholder (including, where applicable, any Cash Alternative Amount) shall be calculated on the basis of the aggregate principal amount of such Bonds.

(b) *Procedure for exercise of Exchange Rights*

- (i) Exchange Rights may be exercised by a Bondholder during the Exchange Period by delivering the relevant Bond to the specified office of any Paying and Exchange Agent, during its usual business hours, accompanied by a duly completed and signed notice of exchange (an “**Exchange Notice**”) in the form (for the time being current) obtainable from any Paying and Exchange Agent.

Exchange Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying and Exchange Agent to whom the relevant Exchange Notice is delivered is located.

If such delivery is made after the end of normal business hours or on a day which is not a business day in the place at the specified office of the relevant Paying and Exchange Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

An Exchange Notice, once delivered, shall be irrevocable.

Any determination as to whether any Exchange Notice has been duly completed and properly delivered shall be made by the relevant Paying and Exchange Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Paying and Exchange Agents and the relevant Bondholder.

A Bondholder exercising Exchange Rights will be required to certify in the relevant Exchange Notice (a “**U.S. Certification**”) that such exchange is being made outside of the United States (as such term is defined in Regulation S (“**Regulation S**”) under the United States Securities Act of 1933) and it and any person for whom it is acquiring Exchange Property is not a U.S. person (as such term is defined in Regulation S) and it is not acting as agent for, or on behalf of, a U.S. person. If such U.S. Certification is not provided, the relevant Exchange Notice shall be void.

Exchange Rights may only be exercised in respect of an authorised denomination. Where Exchange Rights are exercised in respect of part only of a Bond, the old Bond shall be cancelled and a new Bond for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within 10 business days, in the place

of the specified office of the Registrar, following the relevant Exchange Date deliver such new Bond to the relevant Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

The exchange date in respect of a Bond (the “**Exchange Date**”) in respect of which the Exchange Right shall have been exercised by a Bondholder will be the seventh Bangkok business day immediately following the date of the delivery of the Exchange Notice and the relevant Bond as provided in this Condition 7(b).

The Issuer will pay any stamp, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on the transfer or delivery of any Exchange Property to or to the order of a Bondholder pursuant to the exercise of Exchange Rights which are payable or imposed in the Kingdom of Thailand, the British Virgin Islands, the United Kingdom and the jurisdiction in which the relevant Exchange Property is situated (and for this purpose any securities in registered form comprising Exchange Property shall be deemed to be situated in the jurisdiction in which the register (or in the case of more than one register, the principal register) on which title to and transfers of such securities are recorded or maintained) is located) or imposed or payable by virtue of the place of incorporation, domicile or tax residence of the issuer of any Relevant Securities comprised in the relevant *pro rata* share of the Exchange Property, and all other costs, fees and expenses in connection with the transfer or delivery of Exchange Property on exercise of Exchange Rights, including the costs, fees and expenses of any custodian, depositary, agent or other entity facilitating the relevant transfer or delivery (such taxes, duties, costs, fees and expenses described in this paragraph, the “**Exchange Expenses**”).

Subject to the above, a Bondholder exercising Exchange Rights must pay directly to the relevant authorities any other taxes and capital, stamp, issue, registration, documentary, transfer or other duties (including penalties) arising in any jurisdiction not mentioned above on exchange and/or on the transfer, delivery or other disposition of Exchange Property arising on exercise of Exchange Rights.

Neither the Trustee nor any Paying and Exchange Agent shall be responsible for determining whether any Exchange Expenses are payable or the amount thereof and they shall not be responsible or liable for any failure by the Issuer to pay such Exchange Expenses.

If the Issuer shall fail to pay any Exchange Expenses for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse each such Bondholder in respect of the payment of such Exchange Expenses and any penalties payable in respect thereof.

Each Bondholder must pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Exchange Rights by it.

- (ii) Other than where a Cash Election is made by the Issuer and in respect of the Exchange Property to which such Cash Election relates, the Issuer shall, as soon as practicable, and in any event not later than the Settlement Date:
  - (1) in respect of CP ALL Shares comprising the relevant *pro rata* share of the Exchange Property, effect delivery of such CP ALL Shares (or, at the election of the Issuer,

NVDRs) through the TSD (or its successor) to the account of the exchanging Bondholder (or its nominee) with a custodian or broker in Thailand in accordance with applicable laws and regulations to the person designated for the purpose in the relevant Exchange Notice;

- (2) procure that Relevant Securities (other than CP ALL Shares) comprising the relevant *pro rata* share of the Exchange Property to be delivered on exercise of Exchange Rights are transferred into such name as the Bondholder shall direct pursuant to the Exchange Notice and shall procure that forms of transfer and certificates (if certificates for the Relevant Securities are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of such Relevant Securities will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto), to such address, subject to and in accordance with applicable laws and regulations, as the Bondholder may request (as specified in the relevant Exchange Notice); and
- (3) procure that such documents of title and evidence of ownership of any other Exchange Property to be delivered on exercise of Exchange Rights shall be despatched and that payment of any part of the Exchange Property comprising cash to be delivered on exercise of Exchange Rights (converted if necessary into U.S. dollars at the Screen Rate on the relevant Exchange Date) shall be made, in each case in accordance with directions given by the relevant Bondholder in the Exchange Notice.

The obligation of the Issuer to deliver any CP ALL Shares on exercise of Exchange Rights, may at the discretion of the Issuer, be satisfied by delivery of NVDRs. Notwithstanding the above, in the event that the Issuer delivers a certificate to the Trustee signed by two Authorised Officers to the effect that the TSD (or, where the Exchange Property is comprised of Relevant Securities other than CP ALL Shares and certificates for such Relevant Securities are not then generally being issued, the clearing system through which the transfer of such Relevant Securities is required to be effected) has been closed for a continuous period of two or more days (excluding Saturdays and Sundays and save by reason of holidays, statutory or otherwise) in the period from (and including) the Exchange Date to (but excluding) the Settlement Date, then the Issuer will notify the relevant Bondholder in accordance with Condition 19 or at the address of the Bondholder specified in the relevant Exchange Notice (as the Issuer may determine) and the date for such delivery shall be the later of the Settlement Date and the earliest practicable date on which the relevant Exchange Property may be delivered by or through the TSD or, as the case may be, the relevant clearing system.

The Issuer shall not be responsible or liable to any person for any delay in the delivery of any property comprising Exchange Property following exercise of Exchange Rights arising as a result of a failure by the relevant Bondholder to supply all information and details as required by the relevant Exchange Notice.

Notwithstanding the above, if, after the relevant Exchange Date, the Exchange Property has changed in whole or in part as a result of an Offer or as a result of the compulsory acquisition or 'squeeze out' of any Equity Share Capital comprising Exchange Property, in each case as provided in Condition 9, then the Issuer will notify the relevant Bondholder in accordance with Condition 19 or at the address of the Bondholder specified in the relevant Exchange Notice (as the Issuer may determine) and the time for such delivery shall be the longer of such period set out above and the day falling 10 Bangkok business days after the Offer Consideration Date or, as the case may be, the day falling 10 Bangkok business days following the date on which the consideration pursuant to such compulsory acquisition or 'squeeze out' is received by the Issuer.

If, at any time when the transfer or delivery of any Exchange Property (other than cash) to a Bondholder is required, such transfer or delivery would, as certified to the Trustee by two Authorised Officers of the Issuer, be unlawful under the laws of any applicable jurisdiction or contrary to any official declaration, order, directive or regulation in any applicable jurisdiction, the Issuer will notify the relevant Bondholder in accordance with Condition 19 or at the address of the Bondholder specified in the relevant Exchange Notice (as the Issuer may determine) and the Issuer will make a cash payment to the relevant Bondholder equal to the aggregate of the Realisation Proceeds in respect of the relevant Exchange Property in lieu of the delivery of such Exchange Property to such Bondholder. The Issuer will pay any such amount to the relevant Bondholder not later than 10 New York business days after the relevant Settlement Date.

Without prejudice to Condition 7(c), if:

- (A) the Exchange Date in respect of any Bond shall be on or after the date of any public announcement affecting the composition of any part of the Exchange Property (other than CP ALL Shares or other securities in registered form (“**Registered Securities**”) in circumstances where the relevant entitlement is determined by reference to a record date in respect thereof), but before the date on which such change is effective; or
- (B) the Exchange Date in respect of any Bond shall be on or after the record date or other due date for the establishment of the relevant entitlement in respect of any Rights Issue or any Sub-division, Consolidation or Redenomination or Relevant Event in respect of any Registered Securities comprising Exchange Property but before the date on which any resulting adjustment of the Exchange Property becomes effective in accordance with Condition 8(b); or
- (C) the Exchange Date in respect of any Bond shall be on or before the record date or other due date for the establishment of the relevant entitlement in respect of any Rights Issue or any Sub-division, Consolidation or Redenomination or Relevant Event in respect of any Registered Securities comprising Exchange Property in circumstances where the Registration Date in respect of such Registered Securities is after such record date or other due date for the establishment of the relevant entitlement and the relevant Bondholder would not otherwise receive the relevant entitlement but the Issuer has received or is entitled to receive such entitlement,

then the relevant Bondholder (other than where a Cash Election applies to the relevant exercise of Exchange Rights and in respect of the Exchange Property to which such Cash Election relates, in which case the provisions of Condition 7(c)(ii) shall apply, and), subject as provided in Condition 7(b)(iv), shall be entitled to receive, in respect of the exercise of the relevant Exchange Rights, such *pro rata* amount or, as the case may be, further *pro rata* amount of the Exchange Property (“**Additional Exchange Property**”) as would have been receivable had the relevant Exchange Date occurred immediately after the date on which such change in the composition of the Exchange Property became effective or, as the case may be, had the relevant Registration Date in respect of such Registered Securities been immediately before such record date, and such Additional Exchange Property shall be delivered to the relevant Bondholder in accordance with instructions contained in the relevant Exchange Notice as soon as practicable following the relevant adjustment to the Exchange Property or the receipt by the Issuer of the relevant Additional Exchange Property.

- (iii) Unless a Cash Election is made by the Issuer and in respect of the Exchange Property to which such Cash Election relates, the relevant Bondholder (or the person designated in the relevant Exchange Notice) will be the owner of the *pro rata* share of the Exchange Property to be delivered upon exchange with effect from (and including) the relevant Exchange Date

and will be entitled to all rights, distributions or payments in respect of such Exchange Property from (and including) such Exchange Date and, in respect of any related Additional Exchange Property, will be entitled to all rights, distributions or payments in respect of such Additional Exchange Property from (and including) such Exchange Date.

Subject as provided herein, Exchange Property delivered on exercise of Exchange Rights shall not include any dividends or other income thereon or other distributions or rights in respect thereof, declared, paid or made by reference to a record date or other due date for the establishment of the relevant entitlement falling prior to the relevant Exchange Date.

Exchange Property (and, where appropriate, any Additional Exchange Property) delivered or transferred or to be delivered or transferred upon exchange shall rank for and be entitled to all dividends, interest and other income, payments and distributions and rights thereon or in respect thereof declared, paid, made or granted by reference to a record date or other due date for the establishment of entitlement falling on or after the relevant Exchange Date.

If the record date or other due date for the establishment of the relevant entitlement for or in respect of any dividend, interest or other income, payment or distribution or rights on or in respect of such Exchange Property falls on or after the Exchange Date but before the relevant Settlement Date (or any other date from which the relevant Bondholder is treated as the owner of, or entitled to all rights and entitlement to, such Exchange Property) with the effect that the relevant Bondholder is not entitled to such dividend, interest or other income, payment or distribution of rights, the Issuer will (unless it is able to confer on or deliver to the relevant Bondholder an entitlement to receive such dividend, interest or other income, payment or distribution or rights):

- (a) (in the case of dividends, interest or other income, payment or distributions or rights to be paid or made in cash) pay, or procure the payment to, the exchanging Bondholder in lieu of such dividend, interest or other income or distribution or rights, an amount equal thereto, converted if necessary into U.S. dollars at the Screen Rate on the date of receipt thereof by the Issuer (the “**Equivalent Amount**”). The Issuer will pay the Equivalent Amount, or procure that it is paid, to the relevant Bondholder by not later than 10 New York business days after payment is made of the dividend, interest or other income, payment or distribution or rights; and
- (b) (in the case of dividends, or other income or distributions or rights to be satisfied or made otherwise than in cash) deliver, or procure the delivery of, the same to the relevant Bondholder not later than 10 New York business days after the receipt by the Issuer of such dividend or other income or distribution or rights. If, at any time when the delivery of any such dividend or other income or distribution or rights is required, delivery would, as certified to the Trustee by two Authorised Officers of the Issuer, be unlawful under the laws of any applicable jurisdiction or contrary to any official declaration, order, directive or regulation in any applicable jurisdiction, the Issuer will make a cash payment equal to the aggregate Realisation Proceeds of such dividend or other income or distribution or rights, converted, if necessary into U.S. dollars at the Screen Rate on the date of receipt by the Issuer of the Realisation Proceeds. The Issuer will pay any such amount to the relevant Bondholders not later than 10 New York business days after the receipt by the Issuer of such dividend or other income or distribution or rights.

For the purposes of the above, if there is an option to receive the relevant entitlement in the form of a cash amount or otherwise than in cash, the entitlement shall be treated as being paid or made in cash, and accordingly the provision of (a) above shall apply.



- (iv) If, in respect of any dividend, interest or other income, payment or distributions or rights to be paid or made in cash, the provisions of Condition 7(b)(iii) require an Equivalent Amount to be paid to a Bondholder and in respect of such dividend, interest or other income, payment or distributions or rights the provisions of Condition 7(b)(ii)(C) require Additional Exchange Property to be delivered to such Bondholder, then the provisions of Condition 7(b)(iii) shall prevail and the relevant Bondholder shall be entitled to receive the relevant Equivalent Amount, and Condition 7(b)(ii)(C) shall not apply to such dividend, interest or other income, payment or distributions or rights.
- (v) Upon exercise of Exchange Rights, a Bondholder shall, in the relevant Exchange Notice, specify a U.S. dollars account with a bank in New York City to which any cash amount payable on or in respect of the exercise of Exchange Rights by that Bondholder shall be credited and the Issuer shall pay such sum to the relevant Bondholder in accordance with any such directions.

(c) **Cash Election**

- (i) Upon the exercise of Exchange Rights by a Bondholder, the Issuer may make an election (a “**Cash Election**”) by giving notice (a “**Cash Election Notice**”) to the relevant Bondholders by not later than the date (the “**Cash Election Exercise Date**”) falling seven business days in Bangkok and London following the relevant Exchange Date, to the address (or, if a fax number or email address is provided in the relevant Exchange Notice, that fax number or email address) specified for that purpose in the relevant Exchange Notice, with a copy to the Trustee and Principal Paying and Exchange Agent, to satisfy the exercise of the Exchange Right in respect of the relevant Bonds, in whole or in part, by making payment, or procuring that payment is made, to the relevant Bondholder of the Cash Alternative Amount, together with any other amounts payable by the Issuer to such Bondholder pursuant to these Conditions in respect of, or relating to, the relevant exercise of Exchange Rights, including any interest payable pursuant to Condition 6(c) or Condition 7(a)(iii).

A Cash Election may be made in respect of the whole or any part of the Exchange Property that would otherwise be deliverable in respect of the relevant exercise of Exchange Rights. The relevant Cash Election Notice shall specify whether the Cash Election is in respect of the whole of such Exchange Property or any part thereof, and if in respect of part, shall specify the relevant part.

No Cash Election may be made by the Issuer in respect of Exchange Rights exercised on or after the Due Date.

A Cash Election shall be irrevocable.

The Issuer will pay the Cash Alternative Amount, together with any other amount as aforesaid, by not later than three New York business days following the last day of the Cash Alternative Calculation Period (the “**Cash Alternative Payment Date**”) by transfer to a U.S. dollar account maintained with a bank in New York City in accordance with instructions contained in the relevant Exchange Notice.

“**Cash Alternative Amount**” means a sum in U.S. dollars equal to the average of the Value (converted if necessary into U.S. dollars at the Screen Rate on the Trading Day prior to the relevant Cash Alternative Payment Date) on each Trading Day in the Cash Alternative Calculation Period of the relevant *pro rata* share of the Exchange Property which, had a Cash Election not been made, would otherwise fall to be delivered to such Bondholder upon exercise of Exchange Rights in respect of the relevant Bonds.

“**Cash Alternative Calculation Period**” means the period of five consecutive Trading Days commencing on the third Trading Day immediately following the Cash Election Exercise Date.

- (ii) If a Bondholder would otherwise have been entitled to receive, in respect of the exercise of Exchange Rights, any Additional Exchange Property pursuant to Condition 7(b)(ii) in circumstances where a Cash Election is made in respect of the relevant exercise of Exchange Rights, the Issuer shall, in lieu of delivering such Additional Exchange Property, pay to the relevant Bondholder an amount (the “**Further Amount**”) equal to the Value of such Additional Exchange Property as at the date on which the relevant change in the composition of the Exchange Property is or would be effective (the “**Change Date**”), and such Further Amount shall be paid by transfer to a U.S. dollar account maintained with a bank in New York City in accordance with the instructions given by the Bondholder in the relevant Exchange Notice by not later than the latest of (a) the date falling seven Trading Days after the Change Date (or if that is not a New York business day, the next following New York business day) and (b) the relevant Cash Alternative Payment Date in accordance with the instructions given by the relevant Bondholder in the relevant Exchange Notice.

## 8 The Exchange Property

### (a) *Initial Exchange Property*

The “**Exchange Property**” shall initially comprise 135,285,000 CP ALL Shares and shall include such other Relevant Securities and other property (including any Cash Dividend and any other cash amounts) arising out of or derived or resulting therefrom as may be deemed or required to comprise all or part of the Exchange Property pursuant to these Conditions, but excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property and excluding any Cash Dividend other than to the extent comprising a Capital Distribution and excluding any other income and other benefits, rights and entitlements derived from the Exchange Property except to the extent forming or to form part of or giving rise to an adjustment to the Exchange Property pursuant to these Conditions.

If the Issuer shall make a Pass Through Election, no part of the Relevant Cash Dividend shall be added to or form part of the Exchange Property.

On the exercise of Exchange Rights, Bondholders will initially be entitled to receive 90,190 CP ALL Shares for each U.S.\$200,000 principal amount of Bonds (equivalent to a notional exchange price of THB77.35 per CP ALL Share, at the exchange rate U.S.\$1 = THB34.881) subject to adjustment pursuant to these Conditions.

All Exchange Property transferred or delivered upon exercise of Exchange Rights shall be transferred or delivered with full title guarantee and free from any and all security interests or other adverse interests.

### (b) *Adjustments to the Exchange Property*

#### (i) *Sub-division, Consolidation or Redenomination*

If any Relevant Securities comprising the Exchange Property shall be sub-divided or consolidated, re-classified or re-denominated or in any other manner have their par value changed (“**Sub-division, Consolidation or Redenomination**”) then the securities resulting from such Sub-division, Consolidation or Redenomination so far as attributable to the Exchange Property, shall be included in the Exchange Property upon receipt by the Issuer of such securities.

(ii) *Rights Issues*

If further Relevant Securities or other securities, or options, warrants or rights to subscribe or purchase further Relevant Securities (or any of them) or other securities, shall be offered by way of rights to holders of Relevant Securities (or any of them) (a “**Rights Issue**”), then the Issuer shall notify the Trustee, the Agents and the Bondholders in accordance with Condition 19, by not later than the latest day for accepting or taking up any such rights (the “**Election Date**”), the Issuer may elect either:

- (A) (provided that it is possible to sell such rights or transferable subscription rights in respect thereof (“**TSRs**”) under applicable law and/or the terms of the Rights Issue) to procure on an arm’s length basis in good faith, sale by a broker or independent investment bank selected by the Issuer and notified to the Trustee of sufficient rights or TSRs to enable the whole of the balance of such rights to be taken up and procure the application of the proceeds of sale, after the deduction of the duties, costs and expenses of such sale, in the taking up of such rights (with any excess proceeds of sale being added to and forming part of the Exchange Property); or
- (B) to add to the Exchange Property such number of CP ALL Shares or other securities or options, warrants or rights as would have been subscribed or purchased if sufficient rights or TSRs had been sold on an arm’s length basis in good faith to enable (after the deduction of the taxes, duties, costs and expenses of such sale) the whole of the balance of such rights to be taken up together with an amount equal to what would have been any such excess proceeds of sale as aforesaid; or
- (C) to use any part of the Exchange Property comprising cash to take up such rights and/or, on an arm’s length basis, sell sufficient Relevant Securities to enable (after the deduction of the taxes, duties, costs and expenses of such sale) the whole of the balance of such rights to be taken up, with, in any such case, any excess proceeds of sale being added to and forming part of the Exchange Property.

In the absence of any such election, being notified to the Trustee, the Agents and the Bondholders in accordance with Condition 19 by not later than the Election Date, paragraph (B) shall apply.

The timing of any sale of any relevant rights or Exchange Property (as the case may be) shall be at the Issuer’s discretion and the Issuer shall not be liable to the Bondholders for any loss incurred as a result of such transactions. Any Relevant Securities or other securities or options, warrants or rights taken up pursuant to this paragraph and any excess proceeds of sale as aforesaid shall upon receipt by the Issuer be added to and form part of the Exchange Property.

(iii) *Bonus Issues, Capital Distributions, Reorganisations and Payments*

If any of the following events occurs (each a “**Relevant Event**”):

- (A) Relevant Securities or other securities are issued credited as fully paid to holders of Relevant Securities comprised in the Exchange Property by way of capitalisation of profits or reserves or otherwise by virtue of being holders of Relevant Securities (other than where the relevant event is determined to constitute a Cash Dividend pursuant to paragraph (a) or (b) of the definition of Dividend which such holders would or could otherwise have received); or
- (B) any Capital Distribution is paid or made in respect of any CP ALL Shares or Equity Share Capital of a class comprised in the Exchange Property (other than any Cash Dividend in respect of which the Issuer makes a Pass Through Election as provided in Condition 6(d)); or

- (C) a Relevant Company purchases or redeems any Relevant Securities of a class comprised in the Exchange Property; or
- (D) pursuant to any scheme of arrangement, reorganisation, amalgamation, reconstruction, merger, demerger or any like or similar event of any company or companies (whether or not involving liquidation or dissolution), any further Relevant Securities or other securities, property or assets (including cash) are issued, distributed or otherwise made available to holders of Relevant Securities or other securities of a class comprised in the Exchange Property, or
- (E) any cash amount is paid or distributed in whatever manner (including by way of payment of interest, distribution, Dividend, repayment of principal or capital or redemption monies) or any securities or other property is distributed, issued, transferred or delivered in whatever manner, in each case in respect of any Relevant Securities or other property or assets (other than CP ALL Shares or Equity Share Capital) comprised in the Exchange Property,

then the further Relevant Securities, securities or other property or assets (including cash amounts) received in relation to the Relevant Event, so far as attributable to the Exchange Property or, as the case may be, the relevant Capital Distribution in respect of the CP ALL Shares or Equity Share Capital comprised in Exchange Property, shall upon receipt by the Issuer be included as part of the Exchange Property (and, if applicable, applied in accordance with Condition 8(e)), subject to the provisions of Condition 8(g).

(c) ***Notice of Change in Exchange Property***

The Issuer shall give notice to the Trustee, the Agents and the Bondholders in accordance with Condition 19 and to the Principal Paying and Exchange Agent and the SGX-ST (so long as the Bonds are listed on the SGX-ST) of any change in composition of the Exchange Property as soon as reasonably practicable following such change, and such notice shall include such details of the Exchange Property to which the holder of U.S.\$200,000 principal amount of Bonds would be entitled upon exercise of the Exchange Right in respect of such Bond following such change.

(d) ***Release from the Exchange Property***

Upon delivery of Exchange Property to the relevant Bondholder and/or payment of the Cash Alternative Amount or upon redemption of the Bonds or upon any purchase and cancellation of the Bonds, the *pro rata* share of the Exchange Property or the relevant part thereof attributable to each relevant Bond shall cease to be part of the Exchange Property and the Exchange Property shall be reduced accordingly.

(e) ***Purchase of Equity Securities etc.***

If at any time Equity Share Capital is comprised in the Exchange Property and any cash amount or securities or other property is comprised in or is to be added to and form part of the Exchange Property pursuant to these Conditions (other than (i) any additional Equity Share Capital of a class already comprised in the Exchange Property or (ii) as included in the Offer Consideration under Condition 9 or (iii) where the cash amount or securities or other property has not been received but is deemed to form part of the Exchange Property pursuant to Condition 8(g)) before the Exchange Rights lapse, then such cash amount shall be applied, and such securities or other property shall be sold by the Issuer and the proceeds of such sale shall be applied, (in each case net of any taxes, duties, costs and expenses incurred in connection with such acquisition or sale) by the Issuer as soon as reasonably practicable (by reference to when it is actually received rather than when it is deemed to have been received) and to the extent possible in purchasing additional Equity Share Capital of the class then comprised in the Exchange Property (and where at the

relevant time the Exchange Property comprises more than one class of Equity Share Capital, in purchasing, on a *pro rata* basis further Equity Share Capital of each such class), save where such purchase of additional Equity Share Capital would result in the Issuer, the Sponsor or any Subsidiary of the Sponsor being subject to a mandatory tender offer obligation under applicable laws in which case the relevant cash amount shall be added to and form part of the Exchange Property. The timing of such sales and purchases shall be at the Issuer's discretion and the Issuer shall not be liable to the Bondholders for any loss incurred as a result of such transactions. Any such additional Equity Share Capital shall be added to and form part of the Exchange Property.

No interest shall accrue on or in respect of any cash amount forming part of the Exchange Property.

(f) ***Voting Rights etc.***

Bondholders and the Trustee shall have no voting rights in respect of the CP ALL Shares or any other part of the Exchange Property prior to the receipt by the relevant Bondholder (or as it may direct) of the CP ALL Shares or such other part of the Exchange Property upon exercise of Exchange Rights.

Where a Dividend in cash is announced by a Relevant Company in respect of Equity Shares which may, at the election of a holder or holders of such Relevant Securities, be satisfied by the issue or delivery of Relevant Securities or other property or assets or where a capitalisation of profits or reserves is announced which may, at the election of a holder or holders of such Equity Shares, be satisfied by the payment of cash, the Issuer shall be entitled to make such election (or elect to take any default option by making no election) as it may determine in its sole discretion in respect of any such Dividend or capitalisation, provided that notice of such election shall be given to the Trustee by not later than the last day on which a holder or holders of the Relevant Securities would be required or entitled to make the relevant election.

*In exercising any voting rights attaching to the CP ALL Shares and other Relevant Securities that it may have or making any such election to which it may be entitled, neither the Issuer nor the Sponsor is obliged to take account of the interests of the Bondholders and accordingly the Issuer or the Sponsor may act in a manner in connection therewith that is contrary to the interests of the Bondholders.*

(g) ***Maintenance of Exchange Property***

*Initially 135,285,000 CP ALL Shares will be deposited in the Custody Account, but such shares and/or other Equity Share Capital may be lent to Bondholders pursuant to the Securities Lending Agreement, and the Custody Account is not secured. At any time the Issuer may or may not be the owner of the whole or any part of CP ALL Shares or other property comprising Exchange Property from time to time as a result of CP ALL Shares and/or other Equity Share Capital being lent pursuant to the Securities Lending Agreement. The composition of the Exchange Property may also change as a result of the operation of the Conditions.*

*The arrangements described herein in relation to the Exchange Property do not amount to any security interest in favour of Bondholders to secure the debt obligations of the Bonds or to secure performance of the Exchange Rights thereunder.*

*Accordingly, in the event that the Issuer at any time holds any CP ALL Shares or other property comprising Exchange Property from time to time and such person is or becomes insolvent, bankrupt or in liquidation, such Exchange Property will form part of the assets of such person available on a *pari passu* basis to all unsecured creditors of such person.*

- (A) *Ownership of Exchange Property*: At any particular time, the Issuer may or may not hold or be the beneficial owner of sufficient Exchange Property required to be delivered on exercise of Exchange Rights or otherwise pursuant to these Conditions in respect of all outstanding Bonds. However, these Conditions shall be read and construed as though at all times the Issuer were the holder and beneficial owner of sufficient Exchange Property required to be delivered on exercise of Exchange Rights or otherwise pursuant to these Conditions in respect of all outstanding Bonds. Accordingly, subject as provided in (B), for the purposes of determining whether and to what extent any adjustment should be made to the Exchange Property at any time, for the purposes of these Conditions, the Issuer shall be deemed to be entitled to receive such further or other CP ALL Shares, Relevant Securities, securities, property or assets including cash and/or consideration on the date the Issuer would have been entitled to receive the same, and to make any relevant elections in respect thereof or relating thereto, as it would have been entitled to receive and or make had it at all relevant times been the holder and beneficial owner of sufficient Exchange Property to satisfy exercise of Exchange Rights or otherwise required to be delivered pursuant to these Conditions in respect of all outstanding Bonds, and references in these Conditions to the Exchange Property being adjusted shall be construed accordingly. In particular (and without limitation):
- (i) *Rights Issues*: in the case of a Rights Issue, the Exchange Property shall be increased by the Relevant Securities or other securities or options, warrants or rights and any excess proceeds of sale which would have been added to the Exchange Property had the Issuer been the holder and beneficial owner of the Relevant Securities or other securities comprising the Exchange Property at all relevant times and complied with its obligations under Condition 8(b)(ii) in relation thereto;
  - (ii) *Purchase of Equity Securities etc.*: if pursuant to Condition 8(e) the Issuer is required to purchase additional Equity Share Capital and at the relevant time the Issuer is not the holder and beneficial owner of sufficient Exchange Property to satisfy Exchange Rights and all other obligations to deliver Exchange Property pursuant to these Conditions in respect of all outstanding Bonds, such additional Equity Share Capital as could have been purchased with the relevant amount of cash or, as the case may be, the net proceeds of sale of the relevant securities or other property if the Issuer had been the holder or beneficial owner of such sufficient Exchange Property shall be added to the Exchange Property;
  - (iii) *Dividends*: for the purposes of proviso (a) to the definition of “Dividend” and Condition 8(f), if and to the extent that the Issuer does not own the relevant Equity Shares at the relevant time, then the Issuer shall be entitled to specify by notice to the Trustee, the Agents and the Bondholders in accordance with Condition 19 (by not later than the last day on which a holder of the relevant Equity Shares would be required to make the relevant election referred to in that definition) that it is to be treated as if it had made such election as it shall specify in such notice, failing which the Issuer shall be treated as receiving whatever the default option is for Shareholders making no election and the Dividend or capitalisation shall be treated as a Cash Dividend of either (i) the Fair Market Value on the Effective Date in respect of the relevant Dividend or capitalisation of such cash amount and/or (ii) the Fair Market Value, on the Effective Date in respect of the Relevant Dividend or capitalisation, of such Relevant Securities or other property or assets, as the case may be;
  - (iv) *Realisation Proceeds*: if at any time when the Realisation Proceeds of any property are to be determined the Issuer is not at the relevant time the holder and beneficial owner of sufficient Exchange Property to make the relevant sale or disposal, the Realisation Proceeds in respect thereof shall be calculated as if the Issuer had at the relevant time been the holder and beneficial owner of sufficient Exchange Property and had sold the relevant property as provided in these Conditions;

- (v) *Sale of Exchange Property*: where any of the provisions of the Trust Deed or these Conditions require the Issuer to sell any property comprising Exchange Property or deriving therefrom or received in respect thereof, then such provisions shall operate as if the Issuer had sold the same as provided in these Conditions, and an amount equal to that which would have been the net proceeds of such sale and required to be applied as provided in these Conditions (whether in the purchase of other assets or securities to comprise or be added to the Exchange Property, in payment to Bondholders or otherwise) shall be or, as the case may be, shall be treated as being so applied by the Issuer, with any amount representing what would have been the balance of proceeds of any such sale being treated as being applied as so provided;
- (vi) *Time or date of receipt*: any reference in the Trust Deed or these Conditions to the time or date of receipt by the Issuer of any property or assets shall be construed as a reference to the time at, or date on, which the Issuer would otherwise have received or would have first been entitled to receive the same had it been the holder and beneficial owner of sufficient Exchange Property to satisfy Exchange Rights and all other obligations to deliver Exchange Property pursuant to these Conditions in respect of all outstanding Bonds at all relevant times;
- (vii) *Delivery of Exchange Property*: any provisions of the Trust Deed or these Conditions in respect of the obligation of the Issuer to deliver or distribute all or any part of the Exchange Property or other property or assets (including cash) shall operate as if at all relevant times the Issuer was the holder and beneficial owner of sufficient Exchange Property to satisfy Exchange Rights and all other obligations to deliver Exchange Property pursuant to these Conditions in respect of all outstanding Bonds at all relevant times, and the Issuer shall be required to deliver or distribute the same accordingly; and
- (viii) *Offers and Schemes*: for the purposes of Condition 9, the Issuer shall be entitled by notice to the Trustee, the Agents and the Bondholders in accordance with Condition 19 to elect to be treated as accepting (including as to any alternative consideration) or (unless the Relevant Securities are subject to compulsory acquisition or ‘squeeze out’) rejecting such Offer as if it owned the Relevant Securities the subject of such Offer, but the Issuer may not elect to be so treated in respect of such part of the Exchange Property which would be deliverable to Bondholders who have exercised Exchange Rights for which the Exchange Date falls prior to the commencement of the Suspension Period and subject to the provisions of Condition 9.

(B) *Purchase or Redemption of Relevant Securities*: With respect to Condition 8(b)(iii)(C), if the total number of outstanding Relevant Securities is less than the number required to be comprised in the Exchange Property, to the extent of such shortfall, the Issuer shall be treated as if it were the holder and beneficial owner of such Relevant Securities and the provisions of Condition 8(b)(iii)(C) shall apply accordingly in respect of the number of Relevant Securities representing such shortfall.

(h) ***Other Adjustments to the Exchange Property and Contemporaneous Events***

If the Issuer determines that:

- (i) an adjustment should be made to the Exchange Property as a result of one or more events or circumstances not referred to in Condition 8(b)(i), 8(b)(ii) or 8(b)(iii), even if the relevant event is or circumstances are specifically excluded from the operation of Condition 8(b)(i), 8(b)(ii) or 8(b)(iii); or

- (ii) more than one event which gives rise or may give rise to an adjustment to the Exchange Property has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result; or
- (iii) one event which gives rise or may give rise to more than one adjustment to the Exchange Property has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result,

the Issuer shall, at its own expense and acting reasonably, request an Independent Adviser to determine as soon as practicable what adjustment (if any) to the Exchange Property is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination the Issuer shall procure that such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition 8(h) if such Independent Adviser is so requested to make such determination in writing not more than 21 days after the occurrence of the relevant event or circumstance and provided that such adjustment shall result in an increase to the Exchange Property.

(i) ***Decision of an Independent Adviser***

If any doubt shall arise as to whether an adjustment falls to be made to the Exchange Property, or as to the appropriate adjustment to the Exchange Property, or as to when such adjustment shall take effect or be deemed to have taken effect, and following consultation between the Issuer and an Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error. Neither the Trustee nor the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to the Exchange property or any calculation (or verification thereof) in connection with the Exchange Property and will not be responsible to Bondholders for any loss arising from any failure by them to do so.

**9 General Offers**

(a) ***Acceptance of Offers***

In the event of an Offer for any Relevant Securities, comprised in the Exchange Property, the Issuer shall have absolute discretion to accept such Offer (and as to any alternative consideration) or reject such Offer, provided that the Issuer will not accept such Offer (a) prior to the Specified Date and (b) unless the value of the consideration offered for such Relevant Securities pursuant to the Offer or, where there is any alternative consideration, unless the value of the consideration accepted by the Issuer, is equal to or greater than the value of such Relevant Securities.

For the avoidance of doubt, (i) the Issuer may announce its intention to accept any Offer prior to the Specified Date, and (ii) if there are two simultaneous Offers, the Issuer may accept either Offer (including the Offer which includes the lowest consideration) or neither Offer.

The value of such Relevant Securities and the value of any consideration will be determined by an Independent Adviser by reference to market values, where applicable, and such other considerations as the Independent Adviser shall consider appropriate.

The Issuer will not accept any Offer in respect of such part of the Exchange Property which would (disregarding for this purpose, any Cash Election) be deliverable to those Bondholders who have exercised Exchange Rights in respect of Bonds where the relevant Exchange Date falls prior to the commencement of any Suspension Period.



The Issuer shall at all times be entitled at its discretion, in relation to any shares or other securities owned or controlled by it or in respect of which it is entitled to exercise voting rights (whether or not such shares or securities comprise Exchange Property), to vote on, exercise its rights in respect of, or otherwise participate in (or in any such case refrain from doing so), any scheme of arrangement, reorganisation, amalgamation, merger, demerger or reconstruction of any company or companies or other entity or entities (whether or not involving liquidation or dissolution) as it thinks fit.

The Issuer shall give notice to the Trustee, the Agents and the Bondholders in accordance with Condition 19 forthwith upon becoming aware of the existence of any Offer.

*In accepting or rejecting any Offer or electing for any alternative consideration or in voting on, exercising its rights in respect of, or otherwise participating in, any scheme of arrangement, compromise, reorganisation, amalgamation, merger, demerger or reconstruction, the Issuer is not obliged to take account of the interests of the Bondholders and accordingly the Issuer may act in a manner which is contrary to the best interests of the Bondholders.*

(b) ***Adjustment to Exchange Property***

If the Issuer accepts such Offer and the Offer becomes unconditional in all respects (or if all the Relevant Securities not tendered in relation to the relevant Offer are subject to compulsory acquisition or ‘squeeze out’) then, and in relation to each Bond for which the Exchange Date has not occurred prior to the Final Acceptance Date, with effect from the Offer Consideration Date, the Relevant Securities the subject of such Offer or compulsory acquisition or ‘squeeze out’ shall be deemed no longer to form part of the Exchange Property and shall be deemed to be replaced by the consideration in respect of the Relevant Securities under the Offer or pursuant to such compulsory acquisition or ‘squeeze out’ or, if there is alternative consideration, such consideration as the Issuer may elect for the purposes of these Conditions, and if the Issuer shall fail to make such election by not later than five Bangkok business days prior to the Final Date in respect of the relevant Offer, that consideration as shall be determined by an Independent Adviser to have the greatest value (the “**Offer Consideration**”).

The Issuer shall procure the sale on an arms length basis of any securities or other property (other than Eligible Equity Shares and cash) included in the Offer Consideration in respect of any Exchange Property included in the Offer Consideration) as soon as practicable for cash and the Issuer will to the extent possible apply the proceeds of such sale (net of any taxes, costs and expenses incurred) and any cash comprised in the Offer Consideration:

- (i) in purchasing additional Eligible Equity Shares (if any) included in the Offer Consideration; or
- (ii) if and to the extent that the cash amount cannot be applied as stated in (i) above, in purchasing Eligible Equity Shares of the person making the Offer, provided such Equity Shares constitute Eligible Equity Shares; or
- (iii) if and to the extent that the cash amount cannot be applied as stated in (i) or (ii) above, in purchasing investments relating to the SET 50 Index (or successor index),

and which shall in each case be added to and form part of the Exchange Property. The Issuer will notify the Trustee and the Agents of any application of any cash amounts pursuant to (i), (ii) or (iii) above.

(c) *Suspension of Exchange Rights*

The Exchange Rights shall be suspended during the period from and including (i) the Specified Date until the relevant Offer is withdrawn or the relevant Offer lapses or the Final Acceptance Date or, if earlier, until the Final Date and (ii) the date any vote is cast in relation to any applicable scheme referred to in this Condition, which is approved by the required majority, until the same is approved or rejected by any relevant judicial or other authority or otherwise is or becomes or is declared to be effective or the like.

If the Issuer accepts the relevant Offer and the Offer is or becomes unconditional in all respects, Exchange Rights will also be suspended during the period from and including the Final Acceptance Date, or if earlier, the Final Date until the Offer Consideration Date.

The period during which Exchange Rights are suspended pursuant to this Condition 9(c) is referred to as the “**Suspension Period**”.

Notice of any such Suspension Period (including the commencement and termination thereof) will be given by the Issuer to the Trustee, the Principal Agent, the Paying and Exchange Agent and to the Bondholders in accordance with Condition 19.

If Exchange Rights are exercised such that the relevant Exchange Date would otherwise fall in the Suspension Period, such exercise shall be null and void.

(d) *Definitions*

As used in these Conditions:

“**Eligible Equity Shares**” means Equity Share Capital of the offeror provided that, (i) such Equity Share Capital is listed and admitted to trading on an internationally recognised stock exchange; and (ii) the Equity Share Free Float in respect of such Equity Share Capital shall have been not less than 15 per cent. of the issued and outstanding Equity Share Capital on each of the 30 consecutive Trading Days ending on and including the Final Date;

“**Equity Share Free Float**” means, in respect of any Equity Shares, the aggregate number of such Equity Shares held by persons that own (together with any other person with whom they act in concert as can be determined from publicly available filings or records) Equity Shares representing less than 5 per cent. of the total number of such Equity Shares issued and outstanding, as determined by an Independent Adviser acting reasonably and in good faith, in consultation with the Issuer and where (i) references to “**Equity Shares**” shall include Equity Shares represented by depositary or other receipts or certificates representing Equity Shares; (ii) Equity Shares held by or on behalf of a depositary or custodian or similar person in respect of any such depositary or other receipts or certificates representing Equity Shares from time to time shall be treated as being held by the holder of the relevant depositary or other receipts or certificates and not by such depositary, custodian or similar person; (iii) Equity Shares that have been borrowed and remain borrowed pursuant to any stock lending arrangement shall be treated as not being owned by the relevant lender; and (iv) Equity Shares held by or on behalf of the issuer of such Equity Shares or any subsidiary of such issuer or any person acting in concert with such issuer shall be treated as not constituting part of the Equity Share Free Float;

“**Equity Share Capital**” and “Equity Shares” have the meaning provided in Condition 5;

“**Final Acceptance Date**” means, in respect of any Offer, the final date for acceptance of such Offer which, if such Offer is extended prior to becoming unconditional, shall be the final date for acceptance of the extended Offer (but, if such Offer is or becomes unconditional, disregarding any additional or further period during which such Offer is open for acceptance);

“**Final Date**” means, in relation to any Offer, the date the Offer becomes or is declared unconditional in all respects;

“**Offer Consideration Date**” means, in relation to any Offer (or compulsory acquisition or ‘squeeze out’), the date upon which the Offer Consideration is made available to the holders of the relevant Relevant Securities; and

“**Specified Date**” means, in relation to any Offer, five Trading Days prior to the Final Acceptance Date.

## 10 Undertakings

- (a) The Issuer undertakes to use all reasonable endeavours to maintain the listing of the Bonds on the SGX-ST. If the Issuer is unable to maintain such listing or the maintenance of such listing is unduly onerous or burdensome, the Issuer undertakes to use all reasonable endeavours to obtain and maintain a listing and/or admission to trading of the Bonds on such other internationally recognised stock exchange as the Issuer may from time to time determine and as may be approved by the Trustee, and the Issuer will forthwith give notice to the Bondholders in accordance with Condition 19 of the listing or delisting and/or admission of the Bonds by any of such stock exchanges.
- (b) The Issuer undertakes to obtain and/or maintain all applicable consents and approvals which are required for the performance of its obligations under the Bonds and the Trust Deed.
- (c) Where these Conditions require or contemplate a sale of any property or assets to be made or procured to be made by the Issuer, the Issuer shall procure that the relevant sale is made as soon as reasonably practicable and in any event, if a payment calculated by reference to any such sale (including payment of the Realisation Proceeds) is to be made pursuant to these Conditions, in such time to enable the relevant payment to be made by the time specified in these Conditions.
- (d) If the appointment of an Independent Adviser is required by these Conditions or if these Conditions relate to any matter to be determined by an Independent Adviser, the Issuer shall procure that the relevant appointment is made promptly and, in any event, in time to enable the proper operation of the relevant provisions of these Conditions.
- (e) Within 7 Bangkok business days following the occurrence of a Change of Control relating to the Sponsor, the Issuer shall give notice thereof to the Trustee, the Agents and the Bondholders in accordance with Condition 19 (a “**Change of Control Notice**”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 11(c).

The Change of Control Notice shall also specify:

- (i) the Value of the *pro rata* share of the Exchange Property attributable to each U.S.\$200,000 principal amount of the Bonds as at the last practicable date prior to the publication of the Change of Control Notice;
- (ii) the last day of the Change of Control Period;
- (iii) the Change of Control Put Date; and
- (iv) such other information relating to the Change of Control as the Trustee may require.

None of the Trustee and the Agents shall be required to take any steps to ascertain whether any such Change of Control or any event which could lead to such Change of Control has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by them to do so.

- (f) Within 7 Bangkok business days following the occurrence of a De-listing Event, the Issuer shall give notice thereof to the Trustee, the Agents and the Bondholders in accordance with Condition 19 (a “**De-listing Event Notice**”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 11(c).

The De-listing Event Notice shall also specify:

- (i) the Value of a *pro rata* share of the Exchange Property attributable to each U.S.\$200,000 principal amount of the Bonds as at the last practicable date prior to the publication of the De-listing Event Notice;
- (ii) the last day of the De-listing Event Period;
- (iii) the De-listing Event Put Date; and
- (iv) such other information relating to the De-listing Event as the Trustee may require.

None of the Trustee and the Agents shall be required to take any steps to ascertain whether a De-listing Event or any event which could lead to a De-listing Event has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by them to do so.

## 11 **Redemption and Purchase**

### (a) ***Final Redemption***

Unless previously exchanged, redeemed, or purchased and cancelled, the Bonds will be redeemed at 110.58 cent. of their principal amount on the Final Maturity Date, together with accrued but unpaid interest to the Final Maturity Date.

The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 11(b).

### (b) ***Redemption at the Option of the Issuer***

#### (i) *For tax reasons*

At any time the Issuer may, having given not less than 45 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 19 (and copied to the Trustee and the Agents), redeem (subject as provided below) all but not some only of the Bonds for the time being outstanding on the date (the “**Tax Redemption Date**”) specified in the Tax Redemption Notice at their Early Redemption Amount as at such date, together with accrued but unpaid interest to the Tax Redemption Date, if:

- (A) (1) the Issuer satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that it has or will become obliged to pay additional amounts as provided or referred to in Condition 13 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or

any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after 15 September 2016; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (B) (1) the Sponsor satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that it has or (if a demand were made under the Irrevocable Undertaking) would become obliged to pay additional amounts as provided or referred to in the Irrevocable Undertaking as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Thailand or any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after 15 September 2016; and (2) such obligation cannot be avoided by the Sponsor taking reasonable measures available to it,

provided that the Issuer may only exercise its right of redemption pursuant to Condition 11(b)(i)(B) if the rate of withholding or deduction in respect of which additional amounts required to be paid is more than 15 per cent. and provided further that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Sponsor would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

At least 15 days prior to the publication of any Tax Redemption Notice, the Issuer shall deliver to the Trustee a certificate signed by two duly Authorised Officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (and such evidence shall be sufficient to the Trustee and conclusive and binding on the Bondholders).

Any Tax Redemption Notice shall be irrevocable.

On the Tax Redemption Date, the Issuer shall (subject to the next following paragraph) redeem the Bonds at their Early Redemption Amount as at such date, together with accrued but unpaid interest to such date.

If the Issuer gives a notice of redemption pursuant to this Condition 11(b)(i), each Bondholder will have the right to elect that its Bonds shall not be redeemed and that the provisions of Condition 13 shall not apply in respect of any payment of interest to be made on such Bonds which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 13 or the Irrevocable Undertaking and payment of all amounts of such interest on such Bonds or the Irrevocable Undertaking shall be made subject to the deduction or withholding of any Kingdom of Thailand or British Virgin Islands taxation required to be withheld or deducted. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying and Exchange Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

Any Tax Redemption Notice shall specify (i) the Tax Redemption Date, (ii) the last day on which Exchange Rights may be exercised by a Bondholder and (iii) the Value of the *pro rata* share of the Exchange Property attributable to each U.S.\$200,000 principal amount of the Bonds as at the most recent practicable date prior to the giving of the relevant Tax Redemption Notice (converted, if necessary, into U.S. dollars at the Screen Rate as at such date).

(ii) *For other reasons*

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their Early Redemption Amount as at such date, together with accrued but unpaid interest to the date fixed for redemption:

- (A) at any time on or after 13 October 2019 (the “**First Call Date**”), provided that the Value of the *pro rata* share of the Exchange Property attributable to each U.S.\$200,000 principal amount of Bonds on each of not less than 20 Trading Days in any period of 30 consecutive Trading Days ending not earlier than the seventh Trading Day prior to the date on which the relevant notice of redemption is given by the Issuer to the Bondholders shall have exceeded U.S.\$260,000; or
- (B) at any time if, prior to the date on which the relevant notice of redemption is given Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued; or
- (C) within the period of 60 days after the end of the Change of Control Period in relation to a Change of Control in respect of CP ALL, the Sponsor or the Predominant Relevant Company (provided that this Condition 11(b)(ii)(c) shall not apply to any Bonds in respect of which the relevant holder shall or shall have exercised Exchange Rights or the right to require such Bonds to be redeemed pursuant to these Conditions, whether exercised on, prior to or after the giving of any notice of redemption by the Issuer); or
- (D) on a date falling not less than 60 nor more than 90 days following the relevant Offer Consideration Date, if following any Offer, the Exchange Property comprises solely cash and/or other property (other than Eligible Equity Shares) or in the event of an Offer relating to the Predominant Equity Share Capital where the Offer Consideration consists solely of cash and/or other property (other than Eligible Equity Shares).

In order to exercise such option the Issuer shall give not less than 45 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Bondholders in accordance with Condition 19 (and copied to the Trustee) specifying the date for redemption (the “**Optional Redemption Date**”).

Any Optional Redemption Notice shall be irrevocable.

On the Optional Redemption Date, the Issuer shall redeem the Bonds at their Early Redemption Amount as at such date, together with accrued but unpaid interest to the relevant Optional Redemption Date.

Any Optional Redemption Notice shall specify (i) the Optional Redemption Date, (ii) the last day on which Exchange Rights may be exercised by a Bondholder and (iii) the Value of the *pro rata* share of the Exchange Property attributable to each U.S.\$200,000 principal amount of the Bonds as at the most recent practicable date prior to the giving of the relevant Optional Redemption Notice (converted, if necessary, into U.S. dollars at the Screen Rate as at such date).

(c) *Redemption at the Option of the Bondholders*

(i) *Redemption on 22 September 2018*

The holder of each Bond will have the right to require the Issuer to redeem that Bond on 22 September 2018 (the “**Optional Put Date**”) at its Early Redemption Amount as at such date, together with accrued interest to such date.

To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying and Exchange Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying and Exchange Agent (the “**Optional Put Exercise Notice**”) not earlier than 60 days nor less than 15 days prior to the Optional Put Date.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account with a bank in New York City as specified by the relevant Bondholder in the relevant Optional Put Exercise Notice.

An Optional Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Optional Put Exercise Notices delivered as aforesaid on the Optional Put Date.

(ii) *Redemption following a Change of Control*

Following the occurrence of a Change of Control in relation to the Sponsor, CP ALL or the Predominant Relevant Company, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at its Early Redemption Amount as at such date, together with accrued and unpaid interest to such date. To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying and Exchange Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying and Exchange Agent (a “**Change of Control Put Exercise Notice**”), at any time during the Change of Control Period. The “**Change of Control Put Date**” shall be the 14th calendar day after the expiry of the Change of Control Period (or if that is not a New York City business day, the next following New York City business day).

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar account with a bank in New York City as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

(iii) *Redemption following a De-listing Event*

Following the occurrence of a De-listing Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the De-listing Event Put Date at its Early Redemption Amount as at such date, together with accrued and unpaid interest to such date. To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying and Exchange Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying and Exchange Agent (a “**De-listing Event Put Exercise Notice**”), at any time during the De-listing Event Period. The “**De-listing Event Put Date**” shall be the date falling 30 Bangkok Business Days after the expiry of the De-listing Event Period.

Payment in respect of any such Bond shall be made to transfer to a U.S. dollar account with a bank in New York City as specified by the relevant Bondholder in the relevant De-listing Event Put Exercise Notice.

A De-listing Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of the De-listing Event Put Exercise Notices delivered as aforesaid on the De-listing Event Put Date.

(d) ***Multiple Notices***

If more than one notice of redemption is given pursuant to this Condition 11, the first of such notices to be given shall prevail.

(e) ***Purchase***

The Issuer, the Sponsor or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Sponsor or any of their respective Subsidiaries, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 14 and 16.

(f) ***Cancellation***

Bonds purchased by the Issuer, the Sponsor or any of their respective Subsidiaries may be held, re-issued (in the case of the Issuer) or sold or cancelled. All Bonds redeemed or exchanged will be cancelled and may not be re-issued or resold.

12 **Payments**

(a) ***Principal, premium and Interest***

Payment of principal and premium in respect of the Bonds (other than pursuant to Condition 11(c)), payment of accrued interest payable on a redemption of the Bonds (other than pursuant to Condition 11(c)) and payment of any interest due on an Interest Payment Date in respect of the Bonds will be made to the persons shown in the Register at the close of business on the Record Date, and, other than in the case of a payment of any interest due on an Interest Payment Date, subject to surrender (or in the case of partial payment only, endorsement) of the relevant Bond, at the specified office of any Paying and Exchange Agent.

Payment of all other amounts will be made as provided in these Conditions.

(b) ***Method of Payment***

Each payment referred to in Condition 12(a) will be made in U.S. dollars by transfer to a U.S. dollar account maintained with a bank in New York City specified by the relevant Bondholder.

(c) ***Record Date***

“**Record Date**” means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

*All payments in respect of Bonds represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.*



(d) *Agents*

The names of the initial Paying and Exchange Agents, Transfer Agents and Registrar and their initial specified offices are set out below. The Issuer reserves the right under the Agency Agreement at any time with the prior written approval of the Trustee to remove any Paying and Exchange Agent, Transfer Agent and Registrar, and to appoint other or further Paying and Exchange Agents, Transfer Agents and Registrar, provided that it will at all times maintain Paying and Exchange Agents, Transfer Agents and Registrar having specified offices in (i) Singapore and (ii) any place required by the rules of any relevant stock exchange if and for so long as the Bonds are listed or admitted to trading on any stock exchange or admitted to listing by any other relevant authority for which the rules require the appointment of a Paying and Exchange Agent or Transfer Agent in any particular place. Notice of any such removal or appointment and of any change in the specified office of any Paying and Exchange Agent, Transfer Agent or the Registrar will be given as soon as practicable to Bondholders in accordance with Condition 19.

(e) *Payments subject to fiscal laws*

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 13. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(f) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest such unit.

(g) *Default Interest and Delay In Payment*

If the Issuer fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of 3.00 per cent. per annum (both before and after judgment) from the due date until whichever is the earlier of (i) the day on which all sums due in respect of such Bond are received by or on behalf of the relevant holder and (ii) the day seven days after the Trustee has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holder under these Conditions). Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

Bondholders will not be entitled to any further interest or other payment for any delay after the due date in receiving any amount due:

- (i) as a result of the due date not being a business day; or
- (ii) if the relevant Bondholder is late in surrendering the relevant Bond (where such surrender is required pursuant to these Conditions as a precondition to payment).

In this Condition 12(g) “**business day**” means a day (other than a Saturday or Sunday) which is a New York City business day and (where surrender of the relevant Bond is required pursuant to these Conditions as a precondition to payment) and which is a business day in the place of the specified office of the Paying and Exchange Agent to whom the relevant Bond is surrendered.

## 13 Taxation

All payments made by or on behalf of the Issuer in respect of the Bonds will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law.

If any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of interest on any Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- (b) where presentation and surrender of a Bond is required pursuant to these Conditions, if the Bond is surrendered more than 30 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amount on surrendering the Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal and/or interest and/or any other amounts payable in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 13 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 11(b)(i).

## 14 Events of Default

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter in principal amount of the outstanding Bonds and/or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at the Relevant Amount:

- (a) *Non-Payment*: the Issuer fails to pay the principal of or interest or any other amount due in respect of the Bonds when due and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest or any other amount; or
- (b) *Breach of Other Obligations*: the Issuer or the Sponsor does not perform or comply with any one or more of its other obligations in the Bonds, or the Trust Deed which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) *Cross-Default*: (i) any other present or future indebtedness of the Issuer, the Sponsor or any Principal Subsidiary for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default, or the like (howsoever described) thereunder, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer, the Sponsor or any Principal

Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity (including, without limitation, any contractual obligations similar to the Irrevocable Undertaking) in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 14(c) have occurred equals or exceeds U.S.\$50,000,000 or its equivalent (as determined on the basis of the prevailing Screen Rate); or

- (d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Issuer, the Sponsor or any Principal Subsidiary and is not discharged or stayed within 60 days; or
- (e) *Insolvency*: the Sponsor or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt, the Issuer is declared by a court to be insolvent or bankrupt, or the Issuer, the Sponsor or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) unable to pay its debts as they fall due (as determined pursuant to any insolvency proceedings), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or substantially all of the debts of the Issuer, the Sponsor or any Subsidiary; or
- (f) *Winding-up*: an order is made or an effective resolution passed for the winding-up, liquidation or dissolution of the Issuer, the Sponsor or any Principal Subsidiary, or the Issuer, the Sponsor or any Principal Subsidiary ceases to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Sponsor or any Principal Subsidiary; or
- (g) *Enforcement of Security*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Sponsor or any Principal Subsidiary in respect of all or a substantial part of the property or assets of the Issuer, the Sponsor or any Principal Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person), unless the amount secured by any such security interest which is the subject of the enforcement does not exceed in aggregate U.S.\$50,000,000 (or its equivalent in any other currency or currencies), provided that such steps taken to enforce any such security interests shall not be stayed, discharged or withdrawn within 30 days; or
- (h) *Ownership of Issuer*: the Issuer is not wholly owned and controlled by the Sponsor; or
- (i) *Unlawful*: it is or will become unlawful for the Issuer or the Sponsor to perform or comply with any of its obligations under or in respect of the Bonds or the Irrevocable Undertaking; or
- (j) *Non-Performance of Exchange Rights*: the Issuer fails to perform any of its obligations arising in respect of the exercise of Exchange Rights, including any failure to transfer or deliver any Exchange Property or Additional Exchange Property or to pay any Cash Alternative Amount, by the time required pursuant to these Conditions; or
- (k) *Breach of Irrevocable Undertaking*: the Issuer or the Sponsor does not perform or comply with any of its obligations under the Irrevocable Undertaking; or

- (1) *Other Defaults*: any of the Sponsor's present or future Thai Baht-denominated bonds, whether issued directly by the Sponsor or indirectly through a Subsidiary of the Sponsor, becomes due and payable prior to its stated maturity by reason of any event of default or howsoever described thereunder or any such bonds are not paid when due or, as the case may be, within any applicable grace period.

**“Principal Subsidiary”** means any Subsidiary of the Sponsor:

- (i) whose revenue from sale of goods (consolidated in the case of a Subsidiary which has Subsidiaries) attributable to the Sponsor, as shown by its latest audited statement of income are at least 10 per cent. of the consolidated revenue from sale of goods as shown by the latest published audited statement of income of the Sponsor and its consolidated Subsidiaries; or
- (ii) whose gross assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Sponsor, as shown by its latest audited statement of financial position, are at least 10 per cent. of the consolidated gross assets of the Sponsor and its Subsidiaries as shown by the latest published audited consolidated statement of financial position of the Sponsor and its Subsidiaries, including the investment of the Sponsor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Sponsor and of associated companies and after adjustment for minority interests; or
- (iii) that it is in receipt of or has the benefit of any guarantee, indemnity, letter of support or other type of credit enhancement (including without limitation contractual obligations similar to the Irrevocable Undertaking) from the Issuer, the Sponsor or any other Principal Subsidiary in respect of Relevant Indebtedness (as defined below) of such Subsidiary in an aggregate amount of U.S.\$10,000,000 or more;

provided that, in relation to paragraphs (i), (ii) and (iii) above:

1. in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Sponsor relate, the reference to the then latest consolidated audited accounts of the Sponsor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Sponsor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Sponsor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
2. if at any relevant time in relation to the Sponsor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the determination of whether or not a Subsidiary is a Principal Subsidiary shall be made on the basis of *pro forma* consolidated accounts prepared for this purpose by the Sponsor for the purposes of preparing a certificate thereon to the Trustee; and
3. if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (1) above) are not consolidated with those of the Sponsor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Sponsor;

4. to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (x) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary and (y) the transferee Subsidiary shall immediately become a Principal Subsidiary; and further provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of sub-paragraphs (i) or (ii) above.

A certificate prepared by the directors of the Sponsor, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate would be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Sponsor and the Trustee as to proper extraction of the figures used by the Sponsor in determining the Principal Subsidiaries of the Sponsor and mathematical accuracy of the calculation.

**“Relevant Amount”** means, in respect of each U.S.\$200,000 principal amount of Bonds, an amount equal to the Early Redemption Amount as at such date, together with accrued interest thereon, save that if the relevant Event of Default occurs as a result of or in connection with a failure by the Issuer to comply with any of its obligations in relation to the exercise of Exchange Rights, it means an amount equal to the higher of:

- (i) the Value of the *pro rata* share of the Exchange Property and any other amounts which would have been payable and/or deliverable on exchange in respect of such Bond had the date of such declaration been the Exchange Date; and
- (ii) such Early Redemption Amount as at such date, together with accrued but unpaid interest.

**“Relevant Indebtedness”** for the purposes of the definition of **“Principal Subsidiary”** only, means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other similar securities (including trust certificates) (but for the avoidance of doubt excluding term loans, credit facilities, credit agreements and other similar facilities and evidence of indebtedness under such loans, facilities or credit agreements) which (a) by their terms are payable, or confer a right to receive payment: (i) in any currency other than Thai Baht; or (ii) are denominated and payable in Thai Baht and more than one-half of the aggregate principal amount of which is initially distributed outside of Thailand; and (b) are for the time being, or are intended to be quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

References in these Conditions and the Trust Deed to the principal amount of the Bonds shall, other than in Condition 6 and unless the context otherwise requires, include the Relevant Amount.

## 15 Prescription

Claims in respect of the principal amount or interest on Bonds will become void unless made within 10 years (in the case of the principal amount) and five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

Claims in respect of any other amounts payable in respect of the Bonds will become void unless made within ten years following the due date for a payment thereof.

## 16 Meetings of Bondholders, Modification and Waiver, Substitution and Entitlement of Trustee

### (a) *Meetings of Bondholders*

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including provisions governing the passing of resolutions by Bondholders and the sanctioning by Extraordinary Resolution of a modification of any provisions of these Conditions or any relevant provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a majority in nominal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the nominal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to change the Final Maturity Date or any date for payment of interest on the Bonds, (ii) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Condition 11(b) or (c), (iii) to reduce or cancel the principal amount of, or any interest on, the Bonds or to reduce the amount payable on redemption or repayment of, the Bonds, (iv) to reduce the rate of interest in respect of the Bonds or to vary the method or basis of calculating any/the rate of interest or the basis for calculating any other amount payable in respect of the Bonds, (v) to modify or cancel the Exchange Rights (other than an increase in the Exchange Property deliverable on exercise of Exchange Rights or other adjustments already expressly permitted or provided for in these Conditions or the Trust Deed), (vi) to vary the currency of the denomination or any payment in respect of the Bonds, (vii) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, (viii) change or modify the composition of the Exchange Property other than in accordance with these Conditions or the Trust Deed or (ix) to change the governing law of the Bonds or any Transaction Document (other than in the case of a substitution provided for in Condition 16(c) below), in which case the necessary quorum shall be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-half, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of holders of not less than 75 per cent. of the aggregate principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

### (b) *Modification and Waiver*

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of any Transaction Document to which it is a party, including the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed) to any Transaction Document to which it is a party, including the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of any Transaction Document to which it is a party, including the Trust Deed, any trust deed

supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders, and, if the Trustee so requires, such modification shall be notified to the Bondholders promptly in accordance with Condition 19.

(c) ***Substitution***

The Trustee may, without the consent of the Bondholders, agree to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition) as the principal debtor under the Bonds and the Trust Deed subject to the conditions set out in the Trust Deed, including (a) the Bonds remaining unconditionally and irrevocably subject to the Irrevocable Undertaking from the Sponsor, and (b) the Bonds continuing to be exchangeable for the Exchange Property as provided in these Conditions *mutatis mutandis* as provided in these Conditions, provided that in any such case, the conditions set out in the Trust Deed are complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Any such substitution shall be binding on the Bondholders and shall be notified promptly to the Bondholders in accordance with Condition 19.

(d) ***Entitlement of the Trustee***

In connection with the exercise of its rights, powers, discretions and functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the general interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

17 **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such steps, actions or proceedings against the Issuer and/or the Sponsor as it may think fit to enforce the provisions of the Trust Deed, the Irrevocable Undertaking and the Bonds, but it shall not be bound to take any such steps, actions or proceedings or any other action in relation to the Trust Deed, the Irrevocable Undertaking, the Bonds or the other Transaction Documents to which it is a party unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding, and (ii) it shall first have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder shall be entitled to proceed directly against the Issuer or the Sponsor, as the case may be, unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

If a claim is made by the Issuer or the Trustee pursuant to the Irrevocable Undertaking (a “**Claim**”), the Issuer may at its discretion sell all or any part of the Exchange Property on an arm’s length basis in an amount sufficient to satisfy such Claim, provided that such amount shall be paid to the Trustee in settlement of the outstanding obligations under the Bonds and the Trust Deed, and the net amount so paid to the Trustee shall be deducted from the Claim.

## 18 The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee and the Agents are entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Sponsor, its Subsidiaries and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer, the Sponsor or its Subsidiaries to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee and the Agents may rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Irrevocable Undertaking or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received. None of the Trustee and the Agents shall be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Irrevocable Undertaking or these Conditions. The Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, investment bank, or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under any provision of these Conditions or the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders in the absence of manifest error.

## 19 Notices

All notices to holders of the Bonds shall be validly given if mailed to them at their respective addresses in the register of holders of the Bonds maintained by the Registrar and, so long as the Bonds are listed on the SGX-ST and the rules of that exchange so require, published in a leading newspaper having general circulation in Singapore (which is expected to be *The Straits Times*). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or any alternative clearing system (as defined in the Global Certificate), notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or any alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.*



## 20 **Replacement of Bonds**

If any Bond is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Paying and Exchange Agent in Hong Kong upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

## 21 **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

## 22 **Governing Law and Jurisdiction**

### (a) ***Governing law***

The Trust Deed, the Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### (b) ***Jurisdiction***

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Sponsor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### (c) ***Agent for Service of Process***

Each of the Issuer and the Sponsor has irrevocably appointed CP Foods (UK) Limited at its registered office for the time being, currently at Avon House, Hartlebury Trading Estate, Hartlebury, Nr. Kidderminster, Worcestershire DY10 4JB, England as its agent in England to receive service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer or the Sponsor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Sponsor irrevocably agrees to appoint a substitute process agent and shall immediately notify the Trustee of such appointment. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

## DESCRIPTION OF THE IRREVOCABLE SPONSOR UNDERTAKING DEED

*The Sponsor has agreed to enter into the Irrevocable Undertaking in order to enhance the credit worthiness of the Issuer.*

*The following contains summaries or extracts of certain key provisions of the Irrevocable Undertaking. Such statements do not purport to be complete and are qualified in their entirety by reference to the Irrevocable Undertaking. Capitalised terms used but not defined in this section or elsewhere in this Offering Circular have the meanings given to them in the Terms and Conditions.*

Pursuant to the Irrevocable Undertaking, the Issuer shall promptly notify the Sponsor if the Issuer or the Trustee determines (through notice to the Issuer) that the Issuer is unable to meet its payment or delivery obligations under the Bonds, or under the Trust Deed, the Agency Agreement and the Terms and Conditions (the “Transaction Documents”) as they fall due. The Sponsor undertakes to do all acts and things, whether in its capacity as the shareholder of the Issuer, through its management of the Issuer or such other means as the Sponsor may determine, including but not limited to voting in favour of capital increase shareholder resolutions, subscribing for additional shares in capital increases or granting loans (which loans shall be subordinated to all other indebtedness or obligations of the Issuer pursuant to the Terms and Conditions, the Trust Deed and the other Transaction Documents), to ensure that sufficient subscription monies or subordinated loan proceeds, as the case may be, are made available or other properties or assets shall be made available to the Issuer, before the due date of the relevant payment or delivery obligations, to enable the Issuer to meet its payment or delivery obligations in full as they fall due.

The means by which the Sponsor funds the Issuer shall be determined by the Sponsor in accordance with the Irrevocable Undertaking and where the Issuer has an obligation to deliver properties or assets pursuant to the Terms and Conditions, the Trust Deed or other Transaction Documents, in satisfaction of its obligations under the Irrevocable Undertaking, the Sponsor may elect in its discretion to make available to the Issuer the cash-equivalent of such properties or assets in a sufficient amount for the Issuer to satisfy its obligations in full.

Subject to applicable laws, the Issuer shall use all of its funds or other property or assets, including those made available to it by the Sponsor in accordance with the Irrevocable Undertaking solely for the payment or delivery, when due, of such payment or delivery obligations under the Bonds, the Trust Deed or the other Transaction Documents (as the case may be). The Sponsor will undertake to ensure compliance by the Issuer with the Irrevocable Undertaking, including to exercise its voting rights in respect of its equity interest in the Issuer as sole shareholder and through the management of the Issuer appointed by the Sponsor or otherwise.

Under the terms of the Irrevocable Undertaking, the Sponsor agrees to indemnify and keep indemnified each of the Issuer and the Trustee (on behalf of the Bondholders), in full and on demand, from and against all and any loss or damage suffered by it as a result of failure of the Sponsor to discharge its obligations under the Irrevocable Undertaking and any sum expressed to be payable or any property expressed to be deliverable by or on behalf of the Issuer under the Trust Deed, the Bonds or any of the other Transaction Documents not being paid or delivered on the date and otherwise in the manner specified in the Bonds, the Trust Deed or any of the other Transaction Documents, or any payment obligation or obligation to deliver or procure the delivery of property of the Issuer under the Trust Deed, the Bonds or any of the other Transaction Documents being or becoming void, voidable or unenforceable for any reason, the amount of that loss or damage being the amount expressed pursuant to the Bonds and the Transaction Documents to be payable by the Issuer in respect of the relevant sum or relevant value of the property deliverable by or on behalf of the Issuer (as the case may be) without the need to prove that the loss or damage is direct or foreseeable.

The Sponsor also agrees to give indemnities to the Trustee and the Agents under the Irrevocable Undertaking.

The Sponsor, with respect to any amount due and payable under the Irrevocable Undertaking, waives any right it may have to require the Issuer, the Agents or the Trustee (or any agent on its behalf) to proceed against or enforce any other right or claim for payment against any person before claiming from the Sponsor under the indemnity in the Irrevocable Undertaking.

The Sponsor and the Issuer agree that if the Sponsor is required to make any payment pursuant to the Irrevocable Undertaking directly to a party other than the Issuer, the Sponsor shall have a subordinated claim against the Issuer for the same amount as that paid by the Sponsor, and such amount due from the Issuer to the Sponsor shall be evidenced by a subordinated loan between the Sponsor and the Issuer or shall be set off against the subscription proceeds for the issuance of shares of the Issuer to the Sponsor. Such arrangements shall not in any way impact or prejudice the Sponsor's obligations, and the Trustee (for itself and for the benefit of Bondholders) or the Agents' rights, under the Irrevocable Undertaking.

Further, the Sponsor agrees and acknowledges that the aggregate damages or losses suffered by the relevant party in the event that the Sponsor breaches its obligations under the Irrevocable Undertaking, will be:

- (a) in the case of the Trustee (on behalf of the Bondholders), for each U.S.\$200,000 principal amount of Bonds, (x) the Early Redemption Amount, together with accrued but unpaid interest (including any Default Interest, tax gross up or other additional amounts payable pursuant to the Terms and Conditions) calculated pursuant to and in accordance with the Terms and Conditions, or (y) in the event that the Issuer fails to comply with its obligations upon the exercise of Exchange Rights by Bondholders, the higher of (i) the Value of the *pro rata* share of the Exchange Property and all amounts (including any Default Interest, tax gross up or other additional amounts payable pursuant to the Terms and Conditions) which would have been payable and/or deliverable on exchange; and (ii) the Early Redemption Amount, together with accrued but unpaid interest (including any Default Interest, tax gross up or other additional amounts payable pursuant to the Terms and Conditions), in each case calculated pursuant to and in accordance with the Terms and Conditions; plus in the case of (x) or (y) any additional amounts, properties or assets payable or deliverable (as the case may be) by the Issuer to the Bondholders pursuant to the terms of the Terms and Conditions, the Trust Deed and any other Transaction Documents; plus
- (b) in the case of the Trustee (for itself) and the Agents, any amounts, properties or assets payable or deliverable (as the case may be) by the Issuer to the Trustee (for itself), the Agents and any other party pursuant to the terms of the Terms and Conditions, the Trust Deed and any other Transaction Documents;

in the case of (a) or (b) less:

- (c) any and all amounts (i) realised from the sale of the Exchange Property (net of taxes, duties, costs and expenses associated with such sale), (ii) previously paid by the Issuer and/or (iii) recovered by the Trustee, in each case paid to, and received by, the Trustee (for itself and for the benefit of Bondholders) and/or the Agents in satisfaction of the Issuer's obligations under the Terms and Conditions and the Transaction Documents,

the sum calculated in accordance with (a), (b) and (c), collectively being, the "Damages".

The Sponsor further agrees and acknowledges that in the event that the Sponsor breaches its obligations under the Irrevocable Undertaking, the Damages specified are direct and foreseeable to it and shall be the genuine Damages suffered by the Issuer, the Agents and/or the Trustee (for itself and on behalf of the Bondholders) (as the case may be).

The Issuer and the Sponsor shall deliver a certificate to the Trustee within 14 Bangkok Business Days from the end of each semi-annual period ending 31 December and 30 June of each year, confirming (A) for each U.S.\$200,000 principal amount of Bonds: (1) the Early Redemption Amount (including any Default Interest, tax gross up or other additional amounts payable under the Terms and Conditions) calculated pursuant to and in accordance with the Terms and Conditions; (2) the Value of the *pro rata* share of the Exchange Property and all amounts (including any Default Interest, tax gross up or other additional amounts payable under the Terms and Conditions); and (3) the aggregate of any other amount, property or asset in addition to (1) and (2) payable or deliverable (as the case may be) by the Issuer to the Trustee (on behalf of the Bondholders) pursuant to the terms of the Terms and Conditions, the Trust Deed and any other Transaction Documents; and (B) all amounts, properties or assets that were due and payable or deliverable (as the case may be including any arrears outstanding) by the Issuer to the Trustee (on its own behalf), the Agents and any other party, that can be determined as at the relevant semi-annual date pursuant to the terms of the Trust Deed and any other Transaction Documents, each as at the end of such semi-annual period (the "Certificate"). The Sponsor shall also acknowledge in the Certificate that the amount of damages for which it may ultimately be liable to the other parties under the Irrevocable Undertaking shall be determined in accordance with the Transaction Documents and the Irrevocable Undertaking, and may be more than the amounts specified in the Certificate.

All payments made by or on behalf of the Sponsor to the Trustee (on behalf of the Bondholders) or the Agents (for remittance to the Bondholders) in respect of the Irrevocable Undertaking will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Thailand or any political subdivision or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is required to be made by law. If any such withholding or deduction is required to be made, the Sponsor will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required. All payments made by or on behalf of the Sponsor to the Trustee (on its behalf) or the Agents under this Deed shall be made without set-off, counterclaim, deduction or withholding unless compelled by law in which event the Sponsor will pay such additional amounts as will result in the receipt by the Trustee or the Agents of the amounts which would otherwise have been payable by it to the Trustee or Agents under this Deed in the absence of any such set-off, counterclaim, deduction or withholding.

Pursuant to the Irrevocable Undertaking and for so long as the Bonds are outstanding, the Sponsor also irrevocably and unconditionally undertakes to the Issuer, the Trustee and the Agents:

- to exercise its voting power in respect of its equity interest in the Issuer as sole shareholder, and through the management of the Issuer as appointed by the Sponsor, to procure the Issuer to remain in full compliance with the Terms and Conditions, the Trust Deed, the Irrevocable Undertaking and the other Transaction Documents to which the Issuer is a party, and all applicable laws and regulations applicable to the Issuer;
- in accordance with the Irrevocable Undertaking, to cause the Issuer to remain a going concern at all times under all applicable laws and regulations applicable to the Issuer;
- in accordance with the Irrevocable Undertaking, to cause the Issuer to have sufficient liquidity to ensure (i) timely payment by the Issuer of any amounts payable, or (ii) delivery by the Issuer of any property or assets deliverable, under or in respect of the Bonds, the Trust Deed or the other Transaction Documents (as the case may be) in accordance with the Terms and Conditions, the Trust Deed and the other Transaction Documents;

- so long as any Bond remains outstanding (as defined in the Trust Deed), that it will not, and it will cause its Subsidiaries not to, (i) create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a “Security Interest”), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in Condition 3 of the Terms and Conditions), or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or (ii) create or have outstanding any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness in circumstances where any Security Interest upon the whole or any part of the present or future undertaking, assets or revenues (including any uncalled capital) of any Subsidiary of the Sponsor is outstanding as security for or in respect of any such Relevant Indebtedness or any guarantee or indemnity in respect of any such Relevant Indebtedness, unless, in any of the circumstances described in (i) and/or (ii) above, at the same time or prior thereto there is accorded to the Bonds the same security for so long as such Relevant Indebtedness is so secured or such other security as the Trustee in its discretion shall deem to be not materially less beneficial to the Bondholders or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders. “Subsidiaries” excludes Charoen Pokphand Enterprise (Taiwan) Co., Ltd, C.P. Pokphand Co., Ltd., Chia Tai Enterprises International Ltd. and each of their respective Subsidiaries, while the equity capital of Charoen Pokphand Enterprise (Taiwan) Co., Ltd or C.P. Pokphand Co., Ltd. or Chia Tai Enterprises International Ltd., as the case may be, is listed on a stock exchange; and
- at all times during the term of the Irrevocable Undertaking, to directly own and hold the entire legal title to and beneficial interest in all outstanding shares of stock of the Issuer free and clear of any pledge, lien, mortgage, encumbrance or security interest whatsoever and not to directly or indirectly pledge or in any way encumber or otherwise dispose of any such shares of stock.

The Irrevocable Undertaking will remain in full force and effect so long as any Bonds remain outstanding and until all obligations of the Issuer under the Bonds, the Trust Deed and the other Transaction Documents to which it is a party are irrevocably and unconditionally discharged in full.

The Irrevocable Undertaking and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law. The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Irrevocable Undertaking. The Trustee shall have the option to refer any dispute in connection with the Irrevocable Undertaking to arbitration. Such arbitration shall be finally resolved in accordance with the Arbitration Rules of the Singapore International Arbitration Centre.

## **SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM**

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:

### **Meetings**

The registered holder (as defined in the Terms and Conditions) of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of holders and, at any such meeting, as having one vote in respect of each U.S.\$200,000 in principal amount of Bonds for which the Global Certificate is issued. The Trustee may allow a person with an interest in Bonds in respect of which the Global Certificate has been issued to attend and speak at a meeting of holders on appropriate proof of his identity and interest.

### **Redemption or Purchase and Cancellation**

Cancellation of any Bond by the Issuer following its redemption, exchange or purchase by the Issuer will be effected by a reduction in the principal amount of the Bonds in the register of holders.

### **Trustee's Powers**

In considering the interests of holders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

### **Exchange**

Subject to the requirements of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System), the Exchange Rights attaching to the Bonds represented by the Global Certificate may be exercised by the presentation of one or more Exchange Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Paying and Exchange Agent together with the relevant Exchange Notice(s) shall not be required.

### **Payment**

Payments of principal and premium in respect of Bonds represented by the Global Certificate will be made without presentation and, if no further payment falls to be made in respect of the Bonds, against presentation of the Global Certificate to, or to the order of, the person whose name is entered on the register of holders at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

### **Notices**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system, notices to holders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or the alternative clearing system for communication by it to entitled accountholders in substitution for notification, as required by the Terms and Conditions.

## **Holder's Redemption**

The holder's redemption options in Condition 11(c) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Paying and Exchange Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise within the time limits specified in the Terms and Conditions.

## **Redemption at the Option of the Issuer**

The options of the Issuer provided for in Condition 11(b) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by such Conditions.

## **Registration of Title**

Certificates in definitive form for individual holdings of Bonds will not be issued in exchange for interests in Bonds in respect of which the Global Certificate is issued, except if either Euroclear or Clearstream, Luxembourg (or any alternative clearing system on behalf of which the Bonds evidenced by the Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

## **Prescription**

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of the principal amount) and five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## **Transfers**

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

## **Enforcement**

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Bonds in respect of which the Global Certificate is issued shall be recognised as the beneficiaries of the trust set out in the Trust Deed, to the extent of the principal amount of their interest in the Bonds set out in the certificate of the holder, as if they were themselves the holders of Bonds in such principal amounts.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Bonds, after deducting the selling, management and underwriting commissions and other expenses in connection with the issue of the Bonds, will be approximately U.S.\$295 million.

The Issuer will use the net proceeds of the issue of the Bonds for (i) the repayment of an outstanding shareholder's loan from CPF to the Issuer; and/or (ii) on-lending to other members of the CPF Group. CPF and those other members will use those funds for general corporate purposes and/or the repayment or refinancing of existing debt.



## RISK FACTORS

*Notwithstanding that this Offering Circular does not contain all information in relation to the Issuer, CPF, the CPF Group, CP ALL, the CP ALL Group, the Bonds or the CP ALL Shares that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Bonds, prior to making such a decision, prospective investors of the Bonds should carefully consider all the information set forth in this Offering Circular including the risk factors set forth below. THIS OFFERING CIRCULAR DOES NOT SET OUT ANY INVESTMENT CONSIDERATIONS OR RISK FACTORS RELATING TO THE BUSINESS OF CP ALL OR THE CP ALL GROUP, and the risk factors set out below do not purport to be complete or comprehensive in terms of all the investment considerations that may be involved in the businesses of the Issuer, CPF, the CPF Group, CP ALL, the CP ALL Group or the CP ALL Shares or any decision to purchase, own or dispose of the Bonds. There may also be risks which the Issuer, CPF or the Sole Bookrunner are currently unaware of, that they currently believe are immaterial or which are not disclosed herein, which may also impair the business, financial conditions, performance or prospects of the Issuer, CPF, the CPF Group, CP ALL or the CP ALL Group, or affect the market price of, liquidity and/or trading in, the Bonds or the CP ALL Shares.*

### **Limitations of this Offering Circular**

*This Offering Circular does not contain any financial information or any business description (other than a summary description) of CP ALL. This Offering Circular does not purport to nor does it contain all information in relation to the Issuer, CPF, the CPF Group, CP ALL, the CP ALL Group, the Bonds or the CP ALL Shares that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Bonds.*

C.P. Merchandising Company Limited and the Issuer's equity interest in CP ALL was 34.78 per cent. as at 30 June 2016. Therefore, CP ALL is not a subsidiary of CPF or the Issuer and is an independently managed listed company. As such, CPF and the Issuer only have access to information that is also available to public shareholders of CP ALL and therefore this Offering Circular contains limited information regarding CP ALL based on such publicly available information. This Offering Circular does not contain any financial statements or any business description (other than a summary description) of CP ALL. Therefore, investors are advised to consult other public information regarding CP ALL not contained in this Offering Circular nor incorporated by reference herein prior to making any investment decision.

This Offering Circular (or any part hereof) is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, CPF, the Trustee, the Agents or the Sole Bookrunner that any recipient of this Offering Circular or any such other document or information (or such part thereof) should subscribe for or purchase any of the Bonds or the CP ALL Shares. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Issuer, CPF, the Trustee, the Agents or the Sole Bookrunner or any person affiliated with each of them in connection with its evaluation, consideration or investigation of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision. There is no assurance that the information in this Offering Circular regarding CP ALL Group or that any public information regarding CP ALL Group is updated, accurate or complete for the purpose of making any investment decision to subscribe for or purchase any of the Bonds or the CP ALL Shares.

Any recipient of this Offering Circular contemplating subscribing for or purchasing any of the Bonds should determine for itself the relevance of the information contained herein and any such other document or information (or any part thereof) and its investment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its

own appraisal of the prospects and creditworthiness of the Issuer, CPF, the CPF Group, CP ALL or the CP ALL Group and their respective subsidiaries and associated companies (if any), the Terms and Conditions, the CP ALL Shares and any other factors relevant to its decision, including the risks and merits involved therein.

### **Risks Relating to the CPF Group**

#### ***The availability and prices of major raw materials, livestock and processed foods may have an adverse impact on the CPF Group***

The feed, farm and food businesses of the CPF Group depend on the availability of raw materials such as corn, soybean meal and fish meal, great-grandparent brood stocks and raw materials used for ready-meal food products. These raw materials are subject to price volatility caused by a number of factors, including changes in global supply and demand, foreign exchange rate fluctuations, weather conditions, governmental controls, transportation infrastructure, trade restrictions, cost of utilities and speculation in futures trading. There can also be no assurance that these raw materials will not be subject to significant price fluctuations in the future, or that price increases will be successfully passed on to customers.

The CPF Group's farm business involves the raising and sale of livestock, shrimp, fish and the production of basic processed meat. The prices at which the CPF Group can market such livestock, shrimp, fish and processed meats depend on the demand and supply at any point in time in the CPF Group's markets as well as the demand and supply of competing proteins and alternative processed meat products, especially in relation to pork and chicken. The demand and supply is a function of consumers' consumption demand and purchasing power, as well as market supply. Capacity expansion in recent years in the meat industry has led to an over-supply of meat in Thailand and some international markets. As a result, since the fourth quarter of 2014, the average market price for broiler and pork have fallen below the cost of production and producers have had difficulty matching the cost to the selling price. Whilst swine meat prices have seen some recovery from the second quarter of 2015 and the cost of production has remained stable, there is no assurance that these trends will continue in Thailand or elsewhere. The considerable scope for volatility in the supply and price of livestock, shrimp, fish and processed meat in the markets in which the CPF Group operates could materially and adversely affect the CPF Group's business, financial condition, results of operations and prospects.

Further, there may be disruptions in the supply of raw materials that may result in the CPF Group having to source such materials from alternative suppliers, to source substitute raw materials or to source materials at a substantially higher cost. Since the fourth quarter of 2012, the Thai shrimp industry (including the CPF Group) was adversely affected by the outbreak of Early Mortality Syndrome ("EMS") at shrimp farms resulting from the ingestion by shrimp and shrimp fry of the *Vibrio Parahaemolyticus* bacteria. This resulted in an increase in the mortality rates of shrimp and shrimp fry, a significant fall in the supply of shrimp and shrimp fry to the market and a consequential increase in shrimp prices. The increase in the production cost of processed shrimp, which is a cost that cannot be entirely passed on to consumers, placed pressure on the profit margin of shrimp processing operations and contributed to the material decrease in the operating margin of the CPF Group's aquaculture business to 7 per cent. for the year ended 31 December 2013 as compared to 9 per cent. for the same period in 2012. The operating margin of the CPF Group's aquaculture business was -4 per cent. for the year ended 31 December 2014, which gradually improved to one per cent. and three per cent. for the year ended 31 December 2015 and for the six months ended 30 June 2016 respectively. Whilst vertical integration may be able to mitigate some of the risk regarding disruptions in raw material supply, there can be no assurance that the CPF Group will be able to source shrimp and other raw materials from their own farms, at the quantities and at the cost levels it requires to achieve or maintain desirable profit margins for its operations. Any material increase in the market price or any significant shortage in the supply of the raw materials that the CPF Group requires could materially and adversely affect its business, financial condition, results of operations and prospects.

***Outbreaks of disease among animals may significantly decrease demand for the CPF Group's products and severely disrupt the supply and distribution networks for those products***

The meat and food products business of the CPF Group is subject to the risk of losses caused by outbreaks of disease among animals at any of the farms that it owns or with which it contracts, with decreases in demand for products driving prices down and disruptions in supply pushing up costs. Several countries around the world have in recent years reported case of avian influenza, or bird flu, and cases in Asia have required producers to destroy their flocks and have restricted producers from transporting or selling their poultry. The swine influenza outbreak that occurred in 2009 negatively impacted pork producers in Asia and globally. Further, from 2012 to 2015, the Thai shrimp industry was been adversely affected by the outbreak of EMS, which resulted in a material disruption to the supply of shrimp and an increase in production costs of shrimp processors. See “— *The availability and prices of major raw materials, livestock and processed foods may have an adverse impact on the CPF Group*” above. Any new or continued outbreaks of such diseases could significantly decrease consumer demand for the products of the CPF Group's meat and food products business, as well as severely disrupt the supply and distribution networks for those products. There can be no assurance that the policies and controls put in place by the CPF Group in relation to its farm and food businesses will be successful in preventing disease outbreaks or recurrences, or that any actual or suspected outbreak of EMS, bird flu or any other disease affecting its food business will not occur. Any such event could materially and adversely affect the business, financial condition, results of operations and prospects of the CPF Group.

In addition, even if the CPF Group's business is not adversely affected by any diseases, such diseases may affect the confidence of customers in consumption of the relevant CPF Group products and may consequently lead to a decrease in the price of such meat and food products. An outbreak of disease in any of the jurisdictions in which the CPF Group operates could also result in governmental restrictions on the import and export of the CPF Group's products to customers. This could result in the cancellation of orders by customers and create adverse publicity that may have a material adverse effect on the business, financial condition, results of operations and prospects of the CPF Group.

***Substantial indebtedness could impair the CPF Group's ability to fulfil its financial obligations. The CPF Group is also subject to refinancing risks associated with existing indebtedness, which may affect the ability of the CPF Group to meet debt and other obligations***

As at 31 December 2015, CPF had consolidated total liabilities of approximately THB320,538 million (U.S.\$9,107 million), including short-term debt of approximately THB137,852 million (U.S.\$3,917 million) and a consolidated ratio of net liabilities to equity (total liabilities on a consolidated basis minus cash and cash equivalents then divided by total equity) of 1.64.

As at 30 June 2016, CPF had consolidated total liabilities of approximately THB315,474 million (U.S.\$8,964 million), including short-term debt of approximately THB105,440 million (U.S.\$2,996 million) and a consolidated ratio of net liabilities to equity of 1.58.

As at 31 December 2015, CPF had standalone total liabilities of approximately THB111,638 million (U.S.\$3,172 million), including short-term debt of approximately THB32,665 million (U.S.\$928 million) and a ratio of net liabilities to equity of 1.08.

As at 30 June 2016, CPF had standalone total liabilities of approximately THB105,240 million (U.S.\$2,990 million), including short-term debt of approximately THB18,549 million (U.S.\$527 million) and a ratio of net liabilities to equity of 1.07.

The CPF Group's substantial indebtedness and the requirements and limitations imposed by debt covenants (including future covenants) could have important consequences. For example, they could:

- require the CPF Group to maintain certain financial ratios;
- limit the CPF Group's dividend pay-out ratio;
- limit the CPF Groups' ability to incur certain types of indebtedness;

- make it more difficult for the CPF Group to satisfy its debt obligations;
- require the CPF Group to dedicate a substantial portion of its cash flow to payments on its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate requirements;
- limit the CPF Group's ability to refinance debt obligations or incur new debt needed to finance working capital, capital expenditure or other requirements; and
- limit the CPF Group's flexibility in planning for, or reacting to, changes in business and the businesses in which it operates.

CPF's current outstanding corporate bonds require CPF to maintain a net liabilities to equity ratio (as calculated in accordance with the terms of those bonds) of not more than 1.15 times on a non-consolidated basis (for certain current outstanding corporate bonds) and/or not more than 2 times on a consolidated basis (as the case may be according to respective terms and condition of each bond), each tested as at the statement of financial position date of CPF's 30 June and 31 December financial statements. Other outstanding long term bank loans require CPF to maintain a net liabilities to equity ratio (as calculated in accordance with the respective terms) of not more than 2 times on a consolidated basis. CPF's net liabilities to equity ratio and other financial ratios, may vary and have in the past been higher in between testing dates than the ratio required to be maintained. CPF endeavours to manage its liquidity and leverage level to ensure compliance with debt covenants on each testing date but there can be no assurance that CPF will continue to be successful in that regard.

CPF's net liabilities to equity ratios are currently lower than the ratios required to be maintained and the Sponsor's obligations under the Irrevocable Undertaking are not currently treated as debt of CPF parent company. However, if CPF incurs additional debt or if its existing obligations under the Irrevocable Undertaking were to be treated as debt or as a guarantee for the purposes of existing and future financial covenants under CPF's debt, it may cause CPF's net liabilities and net debt to equity ratios to increase. If the CPF Group is unable to meet its debt service obligations or comply with its debt covenants on each testing date, it could be forced to restructure or refinance its indebtedness, seek additional equity capital or sell assets. There is no assurance that any restructuring or refinancing would be possible, that additional financing could be obtained on acceptable terms, if at all, or that any assets could be sold or, if sold, the timing of the sales and the amount of proceeds that may be realised from those sales. An inability to effect these measures successfully could result in a declaration of default and an acceleration of some or all of its indebtedness, any of which would have a material adverse effect on the financial condition of CPF and the CPF Group.

***Concerns regarding quality and safety of food products, the source of its raw materials and the integrity of its suppliers may expose the CPF Group to the risk of negative publicity, legal claims and regulatory actions***

The sale of meat and food products involves a number of reputational, regulatory, legal and other risks in relation to food quality and safety. In the event that any of the CPF Group's products were to become contaminated, adulterated or misbranded, or if they are tampered with, the CPF Group may need to recall such products. Food safety defects, including product contamination, spoilage, product tampering or other adulteration, which may occur at any stage of production, transportation or storage, could result in product liability claims, as well as adverse publicity, damage to the CPF Group's reputation and a loss of consumer confidence in the CPF Group's meat and food products. Regulatory investigations, whether or not they directly involve the CPF Group's products, and new regulatory measures regarding food safety and quality that affect the CPF Group's product categories could also materially and adversely its business, financial condition, results of operations and prospects.

Any concerns regarding the quality and safety of food products may expose the CPF Group to the risk of legal claims and regulatory actions. The existence of such claims may tarnish the CPF Group's

standing and market reputation. In addition, the reputational consequences of any claims may materially and adversely affect the CPF Group's business and operations. Moreover, if any such claims succeed, the CPF Group may become liable for the damages and other financial consequences, which may materially and adversely affect its financial condition and results of operations.

While the CPF Group maintains insurance coverage, there is no certainty that such insurance or indemnity will be adequate to satisfy all the claims arising from such claims. Any successful claims against a member of the CPF Group in excess of its respective insurance coverage or indemnity could materially and adversely affect its respective business, financial condition, results of operations and prospects.

Public concerns relating to the integrity and quality of the CPF Group's raw materials and suppliers may lead to consumer boycotts, corporate purchasers refusing to purchase certain types of products from the CPF Group and/or litigation or other regulatory action. Such publicity may also have a negative impact on the public perception of the CPF Group and on the CPF's Group's business and operations.

***Increasingly stringent safety, health, environmental and other laws and regulations may result in increased costs and liabilities for the CPF Group***

The CPF Group's business is subject to a variety of laws, rules and regulations that impose limitations, prohibitions and standards with respect to health and safety as well as the use, discharge, emission, treatment, release, disposal and management of regulated materials and waste and hazardous substances. Safety, health, environmental and other laws and regulations in the jurisdictions in which the CPF Group operates have become increasingly stringent and it is possible that these laws and regulations may become significantly more stringent in the future. The adoption of new safety, health, environmental and other laws and regulations, new interpretations of existing laws, increased governmental enforcement of laws or other development in the future may require additional capital expenditures or the incurrence of additional operating expenses in order to comply with such laws and to maintain current operations as well as any costs related to fines and penalties. For instance, the sourcing process of the CPF Group's raw materials may be more strictly regulated as a result of the potential enactment of the Contract Farming Bill, which contemplates the imposition of a standard form of farming contracts in order to prevent unfair contractual terms between business operators in agricultural sector and farmers who have less bargaining power. In addition, a draft amendment to the Trade Competition Act, which aims to make enforcement of the anti-trust regulations more stringent in Thailand, has been proposed and is currently under the relevant legislative body's review. Given that these proposed new laws are currently being considered by the relevant legislative body, CPF cannot estimate the impact they would have on the CPF Group's business operations.

Furthermore, if the measures implemented by the CPF Group to comply with these laws and regulations are not deemed sufficient by governmental authorities, compliance costs may significantly exceed current estimates. If the CPF Group fails to meet safety, health and environmental requirements or comply with other law and regulations, it may be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against the CPF Group as well as orders that could limit or halt its operations. Recently, there was an amendment to the Thai Civil Procedure Code which became effective in December 2015 to allow class action legal proceedings in Thailand, which may increase the possibility of members of the CPF Group becoming a defendant in a class action lawsuit and thereby increase the risk to business operations. There can be no assurance that the CPF Group will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matter or any failure to comply with relevant laws and regulations, the costs of which could be material. Environmental compliance and remediation costs at sites on which its facilities are located and related litigation and other proceedings could materially and adversely affect the business, financial condition, results of operations and prospects of the CPF Group.

***The CPF Group is subject to risks associated with its international operations and exports from Thailand***

The CPF Group has operations in 13 countries outside Thailand and exports from Thailand to over 30 countries. For the years ended 31 December 2014, 2015 and the six months ended 30 June 2016, revenues from international operations and exports from Thailand accounted for 65 per cent., 67 per cent. and 67 per cent. respectively of CPF's total consolidated sales. Future revenue growth from international operations and exports from Thailand depends upon the successful expansion of the CPF Group's international businesses and the management of its marketing and support teams in these countries. Such international operations and exports from Thailand have required, and may continue to require, that the CPF Group establish new offices, hire new personnel and manage businesses in disparate locations with different economies, legal systems, regulatory requirements, languages and cultures. In addition, the CPF Group is affected by various factors inherent in carrying out operations on an international scale and in exporting products to other countries such as:

- supply and demand of raw materials and products in each jurisdiction of operation;
- coordinating and managing international operations and exports from Thailand;
- political instability and related uncertainties;
- different economic and business conditions;
- difficulties in staffing and managing foreign operations and exports, including coordinating and interacting with local representatives and partners to fully understand local business and regulatory requirements;
- immigration and labour laws, including minimum wage levels, which may prevent the CPF Group from deploying or retaining an adequate number of employees in foreign countries;
- foreign currency exchange rate fluctuations;
- varying and possibly overlapping tax regimes, including the risk that the countries in which the CPF Group operates may impose taxes on inter-company relationships;
- exposure to different legal standards and enforcement mechanisms, including differing creditors' rights and insolvency regimes;
- restrictions on repatriation of earnings; and
- other regulatory changes affecting the CPF Group's business.

If the CPF Group is unable to efficiently manage these factors in each of the jurisdictions in which it has operations or investments, its business, financial condition, results of operations and prospects could be materially and adversely affected.

***Future growth of the CPF Group's businesses will be driven by the CPF Group's ability to successfully implement its diversification and expansion strategy***

CPF has embarked on a diversification and expansion strategy that includes expanding and diversifying the product offering of its international operations and increased focus on higher margin value added food products such as ready meal products. CPF has implemented this strategy through a series of acquisitions and investments. CPF may make further acquisitions and investments to enhance its product and brand portfolio and realise other strategic and cost benefits.

The diversification and expansion strategy of CPF involves a number of risks and challenges, including the substantial financial investments required to implement this strategy, diversion of management's time and resources to focus on implementing the strategy and managing a broader scope of businesses and risks inherent in making new investments. Growth through acquisitions involves business risks, including unforeseen contingent risks, latent business liabilities and other challenges that may only become apparent after the acquisition is finalised, retention of key personnel, joint sales and marketing efforts, management of a larger business and diversion of management's attention from other ongoing business matters. In addition, there is no assurance that the CPF Group will achieve the anticipated benefits, expected returns, strategic benefits or synergies of an acquisition or investment, or that the CPF Group will be as successful in a new business as it has been in its traditional businesses. Failure to successfully implement its diversification and expansion strategy, to integrate acquired businesses or to realise the anticipated benefits of acquisitions, investments or research could materially and adversely affect the CPF Group's costs of operations and its ability to achieve its growth targets.

***Natural catastrophes and adverse weather conditions may materially disrupt the CPF Group's operations***

Countries in which the CPF Group has operations have experienced and may be susceptible to various natural catastrophes and adverse weather conditions, including typhoons, floods, droughts and earthquakes, that may materially disrupt the business and operations of the CPF Group. These natural disasters adversely impact the agricultural sector, reducing crop outputs, damaging livestock farms, reducing the availability of raw materials, raising transportation costs and damaging infrastructure. In addition, national catastrophes, such as flooding, can cause the discharge of effluents or other waste into the environment, potentially resulting in the CPF Group being subject to liability claims and further governmental regulation. Furthermore, disruptions to the transportation network caused by natural catastrophes may result in significant delays in the transportation and delivery of raw materials, processed meats and food products between the CPF Group and its suppliers and customers, as well as to its food outlets and retail shops. Natural disasters or adverse weather conditions may also disrupt the day to day operations of the CPF Group's food outlets and retail shops. There can be no assurance that the CPF Group will be able to deal with any such natural catastrophes or adverse weather conditions, or that its insurance coverage will fully or substantially compensate them for the damages and economic losses it may suffer. As a result, the business, financial condition, results of operations and prospects of the CPF Group could be materially and adversely affected by such natural catastrophes and adverse weather conditions.

***A significant portion of the CPF Group's sales are subject to short-term variability***

As is common in the feed, farm and food industries in which the CPF Group operates, the CPF Group has few long-term contracts with its customers and, consequently, certain of its sales are subject to short-term variability resulting from the seasonality of, and other fluctuations in, demand for its products and exposure to its external parties. The CPF Group's customers have no obligation to place new orders following the expiration of their current obligations and may cancel, reduce or delay orders for a variety of reasons. The level and timing of orders placed by the CPF Group's customers may vary due to a number of factors, including:


- seasonality and other fluctuations in the demand for the CPF Group's products;
- competitiveness of the CPF Group's prices in the markets in which it operates; and
- customer satisfaction with the CPF Group's products and services.

If the CPF Group does not receive substitute orders, such events could result in a decrease in facility utilisation rates or an increase in storage and warehousing costs, which could materially and adversely affect the business, financial condition, results of operations and prospects of the CPF Group.

***Changes in consumer preferences and purchasing power may negatively impact revenues from sales of food products and/or from food retail outlets***

The ability of the CPF Group to successfully develop and launch new products and services and maintain demand for its existing products and services depends on the acceptance of such products and services by consumers and, to a lesser extent, on consumer purchasing power and disposable income, which may be adversely affected by unfavourable economic developments in the jurisdictions in which the CPF Group operates or to which it exports. Consumer preferences are subject to change for a variety of reasons, including changes in culinary, demographic and social trends, purchasing power or leisure activity patterns. If the marketing strategies of the CPF Group are not successful or if new products and services are not created or modified to suit prevailing consumer preferences, the CPF Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

***Failure by the CPF Group to protect its reputation, trademarks and brands may have an adverse impact on its competitive position***

CPF believes that its strong brand equity allows the CPF Group to maintain its market leading position in the Asia-Pacific region and provides it with a platform to introduce new products with a view to increasing its market share in the future. The CPF Group's various brands form a significant and valuable part of its feed, farm and food businesses. CPF seeks to protect its intellectual property rights and reputation through patents, trademarks, copyright and/or trade secret laws and has licensed rights to use the  logo and other trademarks. Any failure by the CPF Group to obtain or adequately protect its reputation, proprietary or licensed trademarks, products or brands, or any change in law or other changes that could serve to weaken or remove the current legal protections of its intellectual property rights could reduce the value of the CPF Group's products and brands, adversely impacting the CPF Group's competitive position.

***The CPF Group is exposed to risk of foreign exchange rate fluctuation***

The CPF Group undertakes transactions in foreign currencies in relation to the import and export of goods. The CPF Group also imports equipment and machinery, and undertakes international investments. As at 31 December 2015 and 30 June 2016, CPF's consolidated interest bearing debt denominated in foreign currencies other than the local functional currencies in the jurisdictions in which it has operations was 9 per cent. and 7 per cent. of its total consolidated interest bearing debt respectively.

Monetary assets and liabilities that are denominated in foreign currencies are exposed to the fluctuation of exchange rates which may result in the fluctuation of profits or loss. In addition, the financial reporting currency of CPF is Thai Baht. Therefore, any fluctuation in the exchange rates of foreign currencies against the Thai Baht may result in translation losses at the time of consolidation of foreign subsidiaries recognised in other comprehensive income, and accumulated in the currency translation differences in equity until the disposal of the investment. The fluctuation in the exchange rates of foreign currencies could also result in foreign exchange losses resulting from the revaluation of foreign currency denominated liabilities, including CPF's foreign currency denominated debt obligations. Consequently, a fluctuation in the Thai Baht against the U.S. dollar or other currencies may result in translation losses which may materially and adversely affect the CPF Group's business, financial condition and results of operations. Between 30 December 2015 and 31 August 2016, the Thai Baht weighted-average interbank exchange rate appreciated by 4.2 per cent. against the U.S. dollar.

While CPF uses derivative instruments from time to time to manage its exchange rate risk exposure, there can be no assurance that the value of the Thai Baht will not decline or continue to fluctuate significantly against the U.S. dollar, and any significant future depreciation of the Thai Baht could materially and adversely affect the CPF Group's financial condition and results of operations.



In addition, changes in currency exchange rates may result in significantly higher domestic interest rates, liquidity shortages and capital or exchange controls. The occurrence of any of the foregoing events could materially and adversely affect the CPF Group's business, financial condition, results of operations and prospects.

***Lack of financing could have an adverse impact on the CPF Group's ability to execute expansion and growth strategies***

The expansion and growth plans of the CPF Group are expected to be funded through a combination of internally generated funds and external fund raising activities, including debt and equity financing. The continued availability of debt and equity financing as a source of funding and refinancing mature debt is subject to many factors, including applicable regulatory limitations, compliance with existing debt covenants, ability to service new debt, perception in the capital markets regarding the relevant issuing entity and other factors, some of which may be outside the control of the CPF Group, including general conditions in the debt and equity capital markets, political instability, economic downturns, social unrest and regulatory changes that increase the cost of borrowing or reduce its availability. There can be no assurance that the CPF Group will be able to arrange financing on acceptable terms, or at all. Any inability on the part of the CPF Group to obtain financing from banks and other financial institutions or from the capital markets could have an adverse impact on its ability to execute its expansion and growth strategies, which could materially and adversely affect their business, financial condition, results of operations and prospects.

***Unexpected operational disruptions may have an adverse impact on the CPF Group***

The facilities and operations of the CPF Group may be disrupted by many factors, including accidents, breakdown or failure of equipment or information technology systems, interruption in power supply, human error, natural disasters and other unforeseen circumstances and problems. Any such disruption could result in product shortages or spoilages, processing inefficiencies, customer service disruptions, facility shutdown, equipment repair or replacement, increased insurance costs, personal injuries, loss of life or unplanned inventory build-up. Security initiatives and business disruption recovery measures may not be effectively implemented or may not be adequate to ensure that operations are not disrupted. There can be no assurance that the CPF Group will be successful in preventing all operational disruptions, any of which could have a material adverse effect on the business, financial condition, results of operations and prospects of the CPF Group.

***Failure by the CPF Group to recruit and retain key personnel may undermine its ability to maintain business growth***

The CPF Group's success depends, in part, on its ability to recruit and retain employees who have advanced skills and technical expertise in its businesses.

Any loss of key personnel or any inability to hire or replace key personnel or to train and retain such personnel could materially and adversely affect the CPF Group's ability to provide products and services to its customers. Continued losses of trained personnel could also result in the incurrence of additional expenses in hiring and training replacement personnel in a competitive job market. In addition, the CPF Group has relied on the individual and collective contributions of its senior management team, who have significant experience in the feed, farm and food industries, and the CPF Group will continue to rely on their contribution to its business operations. If any key personnel are unable or unwilling to continue in their present positions, or if they join a competitor or form a competing business, the business of the CPF Group may be materially and adversely affected.

***Work stoppages and labour disputes may have an adverse effect on the CPF Group's business***

Although the CPF Group has not experienced significant strikes, work stoppages or other labour disruptions in the recent past, its business may be adversely affected in the event that any such disruption occurs. While CPF considers its labour relations to be good, there can be no assurance that

there will not be any future labour disruptions to the CPF Group's operations due to disputes or other issues with its employees, which could materially and adversely affect its business, financial condition, results of operations and prospects. See also "*Political conditions in Thailand will have a direct impact on CPF's business and the market price of the Bonds and the CP ALL Shares into which the Bonds are exchangeable*".

***Failure to manage any acquisitions may adversely impact the CPF Group's profitability***

The CPF Group has in the past acquired and disposed of assets and may decide to make additional strategic acquisitions (or disposals to fund such acquisitions) in the future. The CPF Group evaluates acquisition opportunities from time to time and may make acquisitions in the future, if suitable opportunities arise. However, it is possible that these opportunities may not be available on terms favourable to the CPF Group, or at all. This could be due to the deterioration of the CPF Group's business or financial condition, as well as economic or political conditions in Asia or other factors beyond the CPF Group's control.

Future acquisitions may require investments and may require additional debt or equity financing, which in each case may not be available on terms acceptable to the CPF Group, if at all. Acquisitions involve risks, including:

- unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or acquisition is finalised;
- unforeseen adverse changes to the acquired asset's business and operating environment;
- integration and management of the operations and systems;
- retention of select personnel;
- co-ordination of sales and marketing efforts; and
- diversion of management's attention from other ongoing business concerns.

If the CPF Group is unable to integrate the operations of acquired businesses successfully and manage such future acquisitions profitably, its growth plans may not be met and the CPF Group's results of operations and financial condition could be materially and adversely affected.

***CPF faces risks relating to non-wholly owned subsidiaries, joint ventures and associates***

CPF faces certain risks relating to non-wholly owned subsidiaries, joint ventures and associates. Share of profits of associates and joint ventures comprised 47 per cent. of the total net profit of the CPF Group in 2015. In the event that there are disagreements between CPF and the other shareholders in any of these entities, there can be no assurance that CPF will be able to resolve them in a manner that will be in CPF's best interests. Other shareholders in such companies may:

- be unable or unwilling to fulfil their obligations, whether of a financial nature or otherwise;
- have economic or business interests or goals that are inconsistent with those of CPF;
- take actions contrary to CPF's instructions or requests or contrary to CPF's policies and objectives;
- take actions that are not acceptable to regulatory authorities;
- have financial difficulties; or
- have disputes with CPF.

Any of the foregoing could materially and adversely affect the CPF Group's business, financial condition, results of operations and prospects. Under the terms of the shareholders' agreements, disagreements or disputes between the shareholders may be required to be submitted to arbitration, which process may take time and there can be no assurance that such disagreements or disputes will be resolved in CPF's favour. Further, certain of these shareholders' agreements may contain restrictive covenants, which limit the CPF Group's operational flexibility and may require CPF to take decisions, which may not be in its best interest. Any disagreement with other shareholders or an inability to arrive at a consensus may adversely affect the CPF Group's business, financial condition, results of operations and prospects.

## **Risks Relating to the Structure**

### ***The Issuer is a special purpose vehicle with limited assets***

The Issuer was incorporated in 2013 specifically for the purpose of raising funds through the issuance of bonds. The Issuer will use the net proceeds of the issue of the Bonds for (i) the repayment of an existing outstanding shareholder's loan from CPF to the Issuer; and/or (ii) on-lending to other members of the CPF Group. CPF and those other members will use those funds for general corporate purposes and/or the repayment or refinancing of existing debt. The Issuer provides certain restrictive covenants relating to its business (as set out in Condition 3(b)(i)(1) of the Terms and Conditions) including that it will not, as long as any Bond remains outstanding, engage in any business other than purchasing any future Exchange Property, holding the Exchange Property and exercising all rights relating thereto (including, without limitation, voting any shares comprising the Exchange Property, participating in any corporate actions relating thereto and receiving any distributions or dividends thereon), operating its bank accounts, lending or otherwise dealing with Cash Dividends received, entering into the Transaction Documents (as defined in the Terms and Conditions), the Securities Lending Agreement and related agreements and transactions, applying the net proceeds of the Bonds in repaying its outstanding debts as of the date of the issuance of the Bonds and/or for on-lending to the Sponsor and/or any of its Subsidiaries), and performing any act incidental to or necessary in connection with the issue and operation of the Bonds, holding the Exchange Property, the Transaction Documents, the Securities Lending Agreement or any of the foregoing. In addition, the Issuer will be subject to other restrictions, as set out in Condition 3(b)(i) of the Terms and Conditions. As such, the Issuer has, and will have, no significant assets other than the Exchange Property. The obligations of the Issuer are not guaranteed by CPF. See "*The Irrevocable Undertaking provided by the Sponsor is not a guarantee*".

### ***The Irrevocable Undertaking provided by the Sponsor is not a guarantee***

CPF will enter into an irrevocable undertaking and indemnity with the Issuer, the Agents and the Trustee. Under the Irrevocable Undertaking, CPF will undertake that in the event that the Issuer does not have sufficient cash or other liquid assets to meet any of its indebtedness, liabilities, costs, expenses or other payment and delivery obligations under the Bonds, the Agency Agreement or the Trust Deed as they fall due, CPF will make available to the Issuer, before the due date of the relevant obligations, funds sufficient to enable the Issuer to meet such obligations through, without limitation, the purchase of additional shares in the Issuer or the provision of subordinated loans to the Issuer. The Irrevocable Undertaking provides that the Trustee will have a breach of contract claim and an indemnity claim for any loss or damage suffered as a result of failure of the Sponsor to discharge its obligations under the Irrevocable Undertaking and non-payment or non-delivery under the Bonds, the Trust Deed or any other Transaction Document. See "*Description of the Irrevocable Sponsor Undertaking Deed*". However, neither the Irrevocable Undertaking nor any actions taken by CPF thereunder constitute a guarantee by CPF for the obligations of the Issuer. See "*Description of the Irrevocable Sponsor Undertaking Deed*" for further information.

Unlike a guarantee, none of the Trustee (when acting on behalf of the Bondholders) or the Bondholders will have any direct right of recourse to CPF under the Irrevocable Undertaking subject to the rights of the Trustee under the indemnity described below. Accordingly, in the event of a default on the part of the Issuer, CPF will only be obliged to make sufficient funds or other properties or assets available to the Issuer, rather than jointly or severally assuming the obligation of the Issuer. Such funds will

form part of the general unsecured assets of the Issuer available to all unsecured and unsubordinated creditors of the Issuer. Therefore, the Trustee and Bondholders may not have exclusive rights to such funds. However, see Condition 3(b)(i) of the Terms and Conditions for a description of the covenants which limit the possibility of there being other creditors of the Issuer, including Condition 3(b)(i)(2) of the Terms and Conditions which prohibits the Issuer from incurring any indebtedness for or in respect of moneys borrowed or raised (other than the Bonds and any shareholder loan to be repaid from the net proceeds of the Bonds) or giving any guarantee or indemnity or incurring or assuming any other liability (except for operational liabilities of a routine or administrative nature) other than with respect to subordinated loans from the Sponsor.

If CPF fails to fund or support the Issuer's payment or delivery obligations, the Trustee's recourse under the Irrevocable Undertaking would be a claim to be indemnified under the Irrevocable Undertaking or a claim for damages against CPF. Even though CPF has agreed and acknowledged the amount of damages that would be payable if it is in breach of the Irrevocable Undertaking as direct and foreseeable by it, there can be no assurance that, if the Trustee seeks enforcement of CPF's obligations under the Irrevocable Undertaking, an arbitral tribunal or a court in which proceedings may be brought will grant damages to the extent of such agreed damages, that a Thai court or a court of another jurisdiction will enforce any arbitral award made or judgment rendered by an arbitral tribunal or another court (as the case may be) in connection with the Irrevocable Undertaking and/or that a liquidator of CPF would recognise and give effect to such payment of damages or indemnity.

The purchase and remittance of foreign currency by CPF for subscription proceeds for additional shares in the Issuer, or subordinated loan proceeds to the Issuer or for the agreed damages and indemnity payable to the Trustee under the Irrevocable Undertaking is subject to applicable exchange control regulations. In connection with a previous issue of exchangeable bonds by the Issuer with substantially the same features (the "Previous Bonds"), CPF obtained a letter from the Bank of Thailand (the "BOT") on 22 November 2013 (the "BOT Approval") confirming that CPF may remit foreign currency outside of Thailand, to the Issuer or the trustee for the Previous Bonds (for purposes of payment of agreed damages under an irrevocable undertaking), upon CPF's submission of required supporting documentation to authorised commercial agents of the BOT, where such remittance of currency is provided in the form of the payment of subscription proceeds for additional shares and/or subordinated loan proceeds to be provided to the Issuer or for the benefit of the Trustee (in the case of payment of agreed damages under an irrevocable undertaking). In discussions with the BOT in connection with the issuance of the Bonds and the entry into of the Irrevocable Undertaking by the Sponsor, the Issuer and the Sponsor confirmed with an officer of the BOT unofficially verbally on 2 September 2016 that the BOT Letter remains applicable to this transaction. However, there can be no assurance that there will not be changes in the relevant exchange control laws and regulations or in their interpretation or enforcement, or that the BOT will not impose any additional conditions or restrictions, any of which may make it difficult for CPF to purchase and remit foreign currency to the Issuer or the Trustee.

In addition, it is possible that changes to the existing exchange control regulation and/or the enactment of new applicable exchange control regulations may occur during the term of the Bonds. This may affect or delay outward remittance by the Sponsor of funds to the Issuer. See "*A substantial portion of the CPF Group's and the CP ALL Group's assets and operations are located in Thailand and they are subject to economic, legal and regulatory uncertainties in Thailand*".

## **Risks Relating to the Bonds and the Shares**

### ***The Bonds may not be a suitable investment for all investors***

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where principal or premium is payable in one or more currencies, or where the currency for principal or premium payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some bonds may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the bonds will perform under changing conditions, the resulting effects on the value of such bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) bonds are legal investments for it, (2) bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of bonds under any applicable risk-based capital or similar rules.

***Bondholders have no security interest in the Exchange Property and the covenants imposed on the Issuer in connection with the Exchange Property are not a pledge***

There is no security interest in relation to the Exchange Property, and covenants imposed on the Issuer in connection with the Exchange Property are not a pledge. The Trust Deed and the Irrevocable Undertaking do not create any security interest in favour of the Bondholders either to secure the payment obligations arising under the Bonds or to secure the performance of the Exchange Rights thereunder. However, pursuant to Condition 3(b)(i)(10) of the Terms and Conditions the Issuer has undertaken not to create or permit to subsist any security interest over the Exchange Property. Accordingly, in the event of any insolvency of the Issuer, the Bondholders will rank on a *pari passu* basis with all other unsecured and unsubordinated creditors of the Issuer and will have no preference in respect of the Exchange Property. However, Investors should note Condition 3(b)(i)(2) of the Terms and Conditions which limits the Issuer's ability to incur any senior indebtedness in respect of moneys borrowed or raised or give any guarantee or indemnity thereof, subject to limited exceptions.

***The Bonds and the Irrevocable Undertaking are unsecured obligations, and do not contain any restrictions on the Sponsor from incurring additional unsecured debt***

As the Bonds and the Irrevocable Undertaking are unsecured obligations, the repayment of the Bonds, and the Sponsor's ability to transfer of funds to the Issuer before the due date of the relevant payment under the Irrevocable Undertaking, may be adversely affected if:

- the Issuer or the Sponsor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

- there is a default in payment under the Issuer’s or the Sponsor’s future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer’s or the Sponsor’s indebtedness.

If any of these events were to occur, the Issuer’s assets may not be sufficient to pay amounts due on the Bonds, or the Sponsor may not be able to make available to the Issuer (or may be constrained by a court or liquidator), before the due date of the relevant payment or delivery obligations, funds or other property or assets sufficient to enable the Issuer to meet such obligations in full.

The Terms and Conditions do not contain any restriction on the Sponsor from incurring unsecured indebtedness. In addition, under the negative pledge provisions of the Terms and Conditions (see “*Terms and Conditions of the Bonds — Covenants — Negative Pledge*”) and the Irrevocable Undertaking (see “*Description of the Irrevocable Sponsor Undertaking Deed*”), (i) CPF and its subsidiaries may create or have outstanding Relevant Indebtedness that is secured on the undertaking, assets or revenues of entities that do not fall within the definition of “Subsidiary” for the purposes of the negative pledge, including Charoen Pokphand Enterprise (Taiwan) Co., Ltd, C.P. Pokphand Co., Ltd, Chia Tai Enterprises International Ltd. and each of their respective subsidiaries while the equity capital of Charoen Pokphand Enterprise (Taiwan) Co., Ltd or C.P. Pokphand Co., Ltd. or Chia Tai Enterprises International Ltd., as the case may be, is listed on a stock exchange and (ii) CPF and CPF’s subsidiaries are permitted to create security interests over their undertaking, assets or revenues (including uncalled capital) with respect to any indebtedness that does not constitute “Relevant Indebtedness”, including but not limited to (a) bonds, notes, debentures, loan stock or similar securities denominated in Thai Baht of which at least one-half of the aggregate principal amount is initially distributed within Thailand, (b) secured exchangeable bonds subject to certain conditions, and (c) syndicated loans, without having to accord to the Bonds the same or similar security. To the extent any such permitted security interest is created over indebtedness in the future, the claims by creditors of such secured indebtedness will have priority to the undertaking, assets or revenues so secured over the claims under the Bonds or the Irrevocable Undertaking.

Finally, the Exchange Property has been deposited in a custody account in the name of, and for the benefit of, the Issuer, with UBS acting as custodian. The Exchange Property is deposited to facilitate hedging transactions by investors in the Bonds and not as security for the benefit of Bondholders. Therefore, from time to time the Exchange Property in the custody account will be less than the Exchange Property required to be delivered on exchange as a result of stock lending pursuant to the SLA. However, the Issuer will have a right of return of the Exchange Property pursuant to the SLA.

***The Terms and Conditions contain provisions which may permit their modification without consent of all Bondholders and confer significant discretion on the Trustee which may be exercised without the consent of the Bondholders and without regard to the individual interests of particular Bondholders***

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions also provide that the Trustee may agree, without the consent of Bondholders, to any modification (except such modifications in respect of which an increased quorum is required pursuant to the Terms and Conditions and the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds or the Trust Deed or the substitution of another company as principal debtor under any Bonds in place of the Issuer, in the circumstances described in Condition 16 (*Meetings of Bondholders, Modification and Waiver, Substitution and Entitlement of Trustee*).

***If an investor holds bonds which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding***

The Issuer will pay principal and premium on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (1) the Investor's Currency-equivalent yield on the Bonds; (2) the Investor's Currency equivalent value of the principal payable on the Bonds; and (3) the Investor's Currency equivalent market value of the Bonds.

***A decline in the value of the Thai Baht relative to other currencies may have a material adverse effect on the value of the Shares deliverable upon exchange of the Bonds in other currencies***

The Shares deliverable upon exchange of the Bonds are listed on the SET, where securities are quoted and traded in Thai Baht. If there are payments received in respect of such Shares, these payments will be paid in Thai Baht. A decline in the value of the Thai Baht relative to other currencies may affect, among other things, the value (in other currencies) of the proceeds that a holder receives upon a sale of such Shares or in respect of any other payments made and received on such Shares.

***Bondholders will bear the risk of fluctuations in the price of the Shares***

The market price of the Bonds at any time will be affected by, among other things, fluctuations in the trading price of the Shares. It is impossible to predict whether the price of the Shares will rise or fall. The trading price of the Shares will be influenced by, among other things, results of operations of CP ALL, sales of additional shares of CP ALL or securities exchangeable for or convertible into Shares, as well as political, economic, financial and other factors in the Thai market, all of which are beyond the control of the Issuer and the Sponsor. The Bondholders will bear the risk of a decline in the price of the Shares prior to maturity of the Bonds. Neither CPF nor the Sole Bookrunner can provide any assurance as to the future price level of the Shares or the Bonds.

***The Bonds may have limited liquidity***

The Bonds constitute a new issue of securities for which there is no existing market and, therefore, the Bonds offer limited liquidity. Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. The offer and sale of the Bonds is not conditional on obtaining a listing of the Bonds on the SGX-ST or any other exchange.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Bonds. The Sole Bookrunner is not obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Sole Bookrunner. If an active trading market for the Bonds does not develop or is not maintained, the market price and liquidity of the Bonds may be adversely affected. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the price at which the Bonds are issued depending on many factors, including:

- prevailing interest rates;
- the Issuer's, CPF's and CP ALL's results of operations and financial condition;
- the price and volatility of CP ALL Shares and the SET;
- political and economic developments in and affecting Thailand;

- the market conditions for similar securities; and
- the financial condition and stability of the Thai financial sector.

***Bondholders will have no direct rights as holders of Shares before exchange***

Unless and until the Bondholders acquire the Shares deliverable upon exchange, the Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any dividends or other distributions with respect to the Shares. Upon exchange of the Bonds for the Shares, the holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the relevant Exchange Date.

***Bondholders have limited anti-dilution protection***

The Exchange Property into which the Bonds may be exchanged on a *pro rata* basis will be adjusted in the event that there is a subdivision, consolidation or reclassification, a rights issue, bonus issue, reorganisation, extraordinary dividend or other adjustment, which affects the property comprising the Exchange Property, but only in the situations and only to the extent described in Conditions 8 and 9 of the Terms and Conditions. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Exchange Property. Those events may adversely affect the value of the Exchange Property and, therefore, adversely affect the value of the Bonds.

***Risks attached to the exercise of exchange rights***

Bondholders should be aware that the Bonds, being exchangeable for the Exchange Property, bear certain risks. Depending upon the performance of the Exchange Property, the value of the Exchange Property may be substantially lower at such time that Bondholders seek to exercise their Exchange Rights, than at the time when the Bonds were initially purchased. In addition, the value of the Exchange Property to be delivered may vary substantially between the date on which the Exchange Rights are exercised and the date on which such Exchange Property is delivered.

***Further issues or sales of Shares***

There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of Shares for future issue or sale, would have on the market price of the Shares prevailing from time to time and therefore on the price of the Bonds. Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and, in turn, the Bonds. There can be no assurance that such sales of the Shares will not occur.

***The Issuer may not be able to deliver the Exchange Property or the Cash Alternative Amount upon exchange***

In the event that the Issuer does not have sufficient CP ALL Shares to deliver to exchanging Bondholders upon the exercise of their Exchange Rights or there are legal or regulatory restrictions on delivery of the Exchange Property, the Issuer may choose to pay to the exchanging Bondholders the Cash Alternative Amount. Even though the Sponsor has agreed to provide liquidity to the Issuer under the Irrevocable Undertaking, there can be no assurance that the Issuer will have sufficient funds to pay such Cash Alternative Amount. The Issuer may also choose to make purchases of CP ALL Shares in the open market to satisfy the exchanging Bondholders, but there can be no assurance that they will be successful in doing so or that they will have sufficient funds to acquire sufficient CP ALL Shares.



### ***CP ALL has no obligations with respect to the Bonds***

CP ALL has not been involved with the offering of the Bonds nor has it been involved in the preparation or establishment of the Terms and Conditions. As a consequence, there can be no assurance that all events occurring prior to the date hereof that would affect the trading price of the CP ALL Shares (and therefore the price of the Bonds) are available to prospective investors. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning CP ALL could affect the trading price of the CP ALL Shares deliverable upon exchange of the Bonds and therefore the trading price of the Bonds. Further, CP ALL has no obligation with respect to the Bonds or amounts to be paid to the Bondholders, including any obligation to consider, for any reason, CPF's needs or Bondholders' needs. CP ALL will not receive any of the proceeds from the offering of the Bonds and are not responsible for, and has not participated in, the determination of the timing of, price for, or quantities of, the Bonds.

### **Risks Relating to Thailand**

#### ***Limitations on the enforceability of non-Thai judgements and arbitration awards may limit an investor's ability to recover damages from CPF***

All of CPF's directors and executive officers are residents of Thailand. In addition, the assets of CPF and its directors and executive officers are located in and outside Thailand. As a result, it may be difficult for investors to effect service of process upon CPF or its directors and executive officers outside Thailand or enforce against them judgments obtained in courts outside of Thailand.

Under Thai law, judgements entered by a non-Thai court, including actions under the civil liability provisions of the securities laws of foreign jurisdictions, are not enforceable in Thailand. An investor would have to bring a separate action or claim in Thailand. Although a non-Thai judgement could be introduced as evidence in a court proceeding in Thailand, a Thai court would be free to examine *de novo* issues arising in the case. Thus, to the extent investors are entitled to bring a legal action against the CPF Group, they may be limited in their remedies and any recovery and any Thai proceeding may be limited depending on the relevant court's discretion. However, the Trustee shall, under the Irrevocable Undertaking, have the option to refer any dispute in connection with the Irrevocable Undertaking to arbitration. Thailand is a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958. Thus, an award by an arbitral tribunal convened pursuant to, and in accordance with, the Irrevocable Undertaking would generally be enforceable by Thai courts unless the award deals with a dispute which, pursuant to the Thai Arbitration Act, cannot be settled by arbitration or the recognition or enforcement is contrary to public order or good morals. However, the timing for enforcement of an arbitration award in Thailand may vary depending on merits of fact on a case by case basis and may take years.

#### ***Political conditions in Thailand will have a direct impact on CPF's business and the market price of the Bonds and the CP ALL Shares into which the Bonds are exchangeable***

The CPF Group and the CP ALL Group are subject to a political, economic, legal and regulatory environment in Thailand that differs in certain significant respects from that of countries with more developed economies. CPF's business, financial condition, results of operations and prospects may be influenced in part by the political situation in Thailand, which has been unstable from time to time. Since 2004, Thailand has experienced several periods of instability, including coups, declarations of martial law and states of emergency in southern provinces in response to violence. On 9 December 2013, the parliament was dissolved upon the petition of the then Prime Minister Yingluck Shinawatra, who was later terminated by the order of the Thai Constitutional Court in May 2014. On 20 May 2014, in response to escalating protests, the Royal Thai Army declared martial law nationwide and on 22 May 2014, the National Council for Peace and Order ("NCPO") dissolved the senate and assumed

control of the government. On 22 July 2014, a temporary constitution came into effect as the first step towards the return of electoral democracy after months of military rule. However, the constitution still allows the NCPO leader to hold substantial powers even after an interim cabinet and legislatures take office. It is difficult to accurately predict the effects of the recent political upheaval or to determine whether the new government will seek to change Thailand's legal and regulatory environment. The National Legislative Assembly ("NLA"), established by virtue of the constitution, has assumed the duties of the House of Representatives and the Senate as a legislative body, with responsibilities to approve and enact the draft bills as proposed by the NCPO. A number of draft bills are currently under the NCPO's review, and some have already been approved by the NCPO and submitted to the NLA for further approval and enactment. On 25 August 2014, General Prayuth Chan-ocha, the Commander in Chief of the Royal Thai Army and the leader of NCPO, became the 29th prime minister of Thailand. On 1 April 2015, martial law was lifted and replaced by an order of the NCPO, issued under a provision of the temporary constitution, providing for the absolute right for the Head of the NCPO to exercise the powers of the executive, legislative and judicial branches of the government. On 7 August 2016, a constitution referendum was held and the result was to accept the new constitution. The new Constitution is currently in the process of enactment. It is expected that democratic elections will be held in 2017, but these could be subject to further delay. However, it is still uncertain when democracy will be restored due to multiple postponements of election made by the NCPO. No assurance can be made that these events will not lead to further political demonstrations or slower economic growth, which could materially and adversely affect the CPF Group's and the CP ALL Group's business, financial condition, results of operations and prospects.

***The Thai securities market is relatively small and the market price of the Bonds and the CP ALL Shares may be subject to greater volatility***

The Thai securities market is not as large or as active as the securities markets in the United States and certain other countries. As a result, the Thai securities market has been less liquid and more volatile than many other markets. The market price of securities traded on the SET (including the Bonds and the CP ALL Shares) may be adversely affected by the lack of liquidity on the SET. In addition, the Asian financial crisis in 1997 adversely affected the Thai securities market, which has been characterised by increased volatility since 1997. These market characteristics may limit the ability of a holder of the Bonds or the CP ALL Shares to sell the Bonds or the CP ALL Shares and may also affect the market price of the Bonds or the CP ALL Shares. In September 1987, the SET established the Foreign Board on the exchange for trading shares registered in the name of non-Thai persons. From time to time, the volumes traded on the Foreign Board have been significantly lower compared to those traded on the Domestic Board. In addition, securities have at times traded on the Foreign Board at a premium to those quoted on the Domestic Board. There is no assurance that price differentials will or will not exist on any particular trading date, or that there will be sufficient liquidity on the Foreign Board on any particular future trading date to enable an investor to sell the Bonds or the CP ALL Shares at the price then quoted for trades on the Foreign Board.

***A substantial portion of the CPF Group's and the CP ALL Group's assets and operations are located in Thailand and they are subject to economic, legal and regulatory uncertainties in Thailand***

A substantial portion of the CPF Group's and CP ALL Group's assets and operations are located in Thailand. Consequently, the CPF Group and the CP ALL Group are subject to political, legal and regulatory conditions in Thailand that differ in certain significant respects from those prevailing in other countries with more developed economies. There is no assurance that the Thai economy will meet current projections or improve in the future. Any downturn in the Thai economy could have a material adverse effect on the CPF Group's and the CP ALL Group's business, financial condition, results of operations and prospects and the market price of the Bonds and the Shares into which the Bonds are exchangeable.

The CPF Group's and the CP ALL Group's businesses and operations in Thailand are subject to the changing economic conditions prevailing from time to time in Thailand. According to Thailand's National Economic and Social Development Board, Thailand's gross domestic product ("GDP") grew by 4.60 per cent., 2.03 per cent. and 2.80 per cent. in 2013, 2014 and 2015, respectively.

Additionally, prior Governments have, in the past, intervened in the Thai economy and occasionally made significant changes in policy, including, among other things, foreign exchange control, policies concerning wage and price controls, capital controls and limits on imports, at times partially reversing such policies soon after the new policies were announced. There is no assurance that the Government will not in the future impose restrictive foreign exchange controls that may affect the outward remittance of funds, including dividends payable on the Shares, capital increase proceeds or subordinated loan proceeds by the Sponsor to the Issuer to ensure the liquidity of the Issuer. If outward remittance is restricted and the Sponsor does not have sufficient offshore sources to fund the Issuer, this may lead to a default under the Bonds. CPF's business, financial condition, results of operations and prospects and the market price of the Bonds and the Shares into which the Bonds are exchangeable may be adversely affected by future changes in Government policies.

Factors that may adversely affect the Thai economy include:

- global economic conditions;
- political instability;
- exchange rate fluctuations and the exchange control policy of the Bank of Thailand;
- a prolonged period of inflation or increase in regional interest rates;
- changes in taxation;
- changes in government policies affecting import and export volumes;
- declines in tourism;
- natural disasters, including tsunamis, earthquakes, fires, floods, drought and similar events;
- a potential recurrence or outbreak of avian influenza, severe acute respiratory syndrome or other infectious or contagious diseases in Thailand or other Asian countries;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the region;
- increases in oil prices and other commodity prices;
- consumer confidence;
- other external recessions or potential economic downturns in the United States, Asia or elsewhere in the world;
- other regulatory, political or economic developments in or affecting Thailand; and
- recent and threatened terrorist activities in Southeast Asia, including continued violence in the southern parts of Thailand.

Thailand's economy is also affected by global economic conditions. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. There remains a concern that a return of the debt crisis in Europe, the prolonged Middle

East unrest as well as rumours or threats or actual terrorist attacks or conflicts in the Middle East, Southeast Asia or other regions will impinge upon the health of the global financial system. These or other such events could adversely affect the CPF Group's and the CP ALL Group's business, financial condition, results of operations and prospects.

There is no assurance that the Thai economy will meet current projections or improve in the future. Any instability or economic downturn in Thailand could have a material adverse effect on the CPF Group's and the CP ALL Group's business, financial condition, results of operations and prospects and the market price of the Bonds and the Shares into which the Bonds are exchangeable.

***Continued violence, terrorist attacks and other conflicts in Thailand and internationally could adversely affect CPF's business, financial condition, results of operations and prospects***

Since January 2004, there have been a large number of casualties and injuries arising from violence, particularly in southern Thailand, including the fatal attacks in February 2015 in Narathiwat and the series of attacks in August 2016 across several provinces in southern Thailand, as well as other fatal attacks in Bangkok and elsewhere. Continued violence could lead to widespread unrest in Thailand or a major terrorist incident in Thailand similar to those in other parts of Southeast Asia. If the security condition deteriorates and violence spreads across Thailand, CPF's business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, military operations and conflicts in Iraq, Afghanistan, Syria and elsewhere, as well as events occurring in response to or in connection with these operations or conflicts, including future terrorist attacks (or rumours or threats of such attacks) against targets in the Middle East, Southeast Asia, Africa or other regions, and related trade and tourism disruptions, may adversely impact the CPF Group's and the CP ALL Group's operations, business, financial condition, results of operations and prospects. Political or economic developments related to these crises could adversely affect the Thai economy and the global economy and could have a material adverse effect on the CPF Group's and the CP ALL Group's performance, financial conditions, results of operations and prospects.

***The CPF Group's financial statements are prepared in accordance with TFRS, which differs from IFRS***

The CPF Group is subject to financial reporting requirements of publicly listed companies in Thailand that differ in significant respects from those applicable to companies in certain other countries, including the United States and the United Kingdom. The CPF Group's financial statements are prepared in accordance with TFRS, which differs in certain material respects from IFRS. See "Summary of the Significant Differences Between TFRS and IFRS." The CPF Group has not (i) performed a reconciliation of the financial statements included in this Offering Circular to IFRS or (ii) quantified the differences between TFRS and IFRS with respect to such financial statements. If such a reconciliation or quantification had been performed, other material differences might have been identified and disclosed in the section of the Offering Circular entitled "Summary of the Significant Differences Between TFRS and IFRS". Accordingly, there is no assurance that the identified differences in the section of the Offering Circular entitled "Summary of the Significant Differences Between TFRS and IFRS" represent all material differences related to the CPF Group as at and for the years 2014, 2015 and the six months ended 30 June 2015 and 30 June 2016.

## CAPITALISATION AND INDEBTEDNESS OF THE SPONSOR

The following table sets out the consolidated capitalisation of the Sponsor as at 30 June 2016, as adjusted to give effect to the issue of the Bonds:

	As at 30 June 2016		As at 30 June 2016	
	Actual	Adjusted	Actual	Adjusted
	(THB millions)		(U.S.\$ millions)	
<b>Current borrowings</b>				
Overdrafts and short-term borrowings from				
financial institutions .....	65,911	65,911	1,873	1,873
Bills of exchange institutions .....	20,154	20,154	573	573
Short-term borrowings from joint ventures ...	330	330	9	9
Current portion of long-term debts .....	19,045	19,045	541	541
<b>Total current borrowings</b> .....	<u>105,440</u>	<u>105,440</u>	<u>2,996</u>	<u>2,996</u>
<b>Non-current borrowings</b>				
Long-term debts .....	144,441	144,441	4,104	4,104
Bonds to be issued <sup>(1)</sup> .....	—	10,559	—	300
<b>Total non-current borrowings</b> .....	<u>144,441</u>	<u>154,999</u>	<u>4,104</u>	<u>4,404</u>
<b>Total borrowings</b> .....	<u>249,881</u>	<u>260,443</u>	<u>7,100</u>	<u>7,400</u>
<b>Equity</b>				
Authorised share capital .....	7,743	7,743	220	220
Issued and paid-up share capital .....	7,743	7,743	220	220
Treasury shares .....	(1,135)	(1,135)	(32)	(32)
Premium on ordinary shares .....	36,463	36,463	1,036	1,036
Other premium .....	3,470	3,470	99	99
Surplus from change in equity in				
subsidiaries and associates .....	4,000	4,000	114	114
Surplus on common control transaction .....	(5)	(5)	0	0
Legal reserve .....	821	821	23	23
Unappropriated .....	70,378	70,378	2,000	2,000
Other components of equity .....	807	807	22	22
Non-controlling interests .....	57,803	57,803	1,642	1,642
<b>Total equity</b> .....	<u>180,345</u>	<u>180,345</u>	<u>5,124</u>	<u>5,124</u>
<b>Total capitalisation</b> <sup>(2)</sup> .....	<u>430,226</u>	<u>440,782</u>	<u>12,224</u>	<u>12,524</u>

Notes:

- (1) The aggregate principal amount of the Bonds to be issued has not taken into account the effect of transaction costs and expenses.
- (2) Total capitalisation equals the sum of total borrowings and total equity.

On 15 July 2016, CPFTH, a 99.98 per cent. owned subsidiary of the Sponsor, issued unsubordinated and unsecured debentures with the aggregate value of THB13,000 million. Other than the foregoing, there has been no material change to the Sponsor's total capitalisation since 30 June 2016.

## DESCRIPTION OF THE ISSUER

### Formation

The Issuer is a BVI Business Company incorporated under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 1791819). It was incorporated on 23 September 2013. The registered office of the Issuer is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The Issuer is a direct wholly-owned subsidiary of CPF.

### Business Activities

As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than those relating to the issue of the Previous Bonds, the lending of CP ALL Shares in relation to the Previous Bonds and the proposed issue of the Bonds and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party. The Previous Bonds were issued on 15 January 2014 and were fully redeemed on 3 March 2016.

As at the date of this Offering Circular, the Issuer is the registered owner of 180,000,000 CP ALL Shares, which it acquired with a shareholder loan from CPF, the outstanding amount of which is U.S.\$247,000,000. The loan will be repaid after the Closing Date from the net proceeds of the Bonds. The CP ALL Shares owned by the Issuer are held by UBS as custodian for the Issuer pursuant to the Custody Agreement and may be lent to Bondholders via UBS pursuant to the SLA and may be dealt with in accordance with the Terms and Conditions.

Pursuant to the Trust Deed, the Issuer will covenant that so long as any Bond remains outstanding, save with the prior written consent of the Trustee or as approved by an extraordinary resolution of the Bondholders or as expressly contemplated or permitted in any of the Transaction Documents, it will not:

- engage in any business other than purchasing the initial and any future Exchange Property, holding the Exchange Property and exercising all rights relating thereto (including, without limitation, voting any shares comprising the Exchange Property, participating in any corporate actions relating thereto and receiving any distributions or dividends thereon), operating its bank accounts, lending or otherwise dealing with cash dividends received, entering into the Transaction Documents and related agreements and transactions, and performing any act incidental to or necessary in connection with the issue and operation of the Bonds, holding the Exchange Property, the Transaction Documents or any of the foregoing;
- other than with respect to subordinated loans from the Sponsor, directly or indirectly incur any indebtedness for or in respect of moneys borrowed or raised (other than the Bonds and any Shareholder loan, the proceeds of which were used by the Issuer to acquire the initial Exchange Property, to be repaid from the net proceeds of the Bonds) or give any guarantee or indemnity or incur or assume any other liability (except for operational liabilities of a routine or administrative nature);
- other than to the Sponsor, issue any shares (other than such shares as are in issue on the Closing Date or pursuant to a capital increase for the purposes of funding any administrative expenses or any payment in respect of the Bonds or the Trust Deed) or declare any dividend or distribution to its shareholders;
- amend or alter any of the provisions of its articles of association or other constitutional documents as amended and restated other than of a minor or technical nature to reflect an injection of capital by the Sponsor or that will not (in the opinion of the Trustee) be materially prejudicial to the Bondholders;

- waive any rights it may have against the Sponsor pursuant or in connection with the Irrevocable Undertaking;
- have any Subsidiaries or employees (excluding any director);
- consolidate or merge with any other person or convey or transfer its properties or assets to any person substantially as an entirety;
- take any action for its winding-up, dissolution or administration, or anything analogous thereto;
- change its jurisdiction of incorporation from the British Virgin Islands;
- create or permit to subsist any security interest or any arrangement having a like or similar effect upon the Exchange Property; or
- transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the Exchange Property (except pursuant to the SLA or the Terms and Conditions or on exercise of the Exchange Rights).

### **Directors and Officers**

The directors of the Issuer are Mr Montri Suwanposri and Mrs Surang Wongrungrakit. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer. The Issuer does not have any employees and has no subsidiaries.

### **Share Capital**

The Issuer is authorised to issue a maximum of 1,000,000 ordinary shares of a single class with a par value of U.S.\$1.00, of which 10,000 ordinary share is issued and paid-up. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

### **Financial Information**

As at the date of this Offering Circular, save for the issue of the Bonds, the transactions pursuant to the SLA, and other activities incidental thereto, the Issuer had no businesses nor assets (other than 180 million shares in CP ALL).

Save as disclosed in this Offering Circular, there has been no material change in the capitalisation of the Issuer since 30 June 2016.

## DESCRIPTION OF CPF AND THE CPF GROUP

### Overview

Charoen Pokphand Foods Public Company Limited (“CPF”), together with its subsidiaries (the “CPF Group”) is a leading agro-industrial and food conglomerate in the Asia Pacific that specialises in livestock (swine, broilers, layers and ducks) and aquaculture (shrimp and fish) businesses. Headquartered in Thailand, the CPF Group is a prominent participant in the agri-food industry, particularly through its vertically integrated business model in Thailand. This business model combines efficient, high-standard production and processing facilities, genetic research, and systems that facilitate ongoing monitoring and control over the variables of health, diet, environment and hygiene at each stage of the food value chain.

The CPF Group’s businesses are grouped into three categories:

- *The feed business*; involving the manufacture and distribution of livestock and aquatic feed;
- *The farm business*; involving livestock/aquatic breeding, farming and basic meat processing. The livestock business focuses on chickens (mainly broilers, which are specifically raised for meat and, to a lesser extent, layers, which are raised for their eggs), swine, duck and other animals while its aquaculture business focuses on shrimp and fish; and
- *The food business*; involving the manufacture and distribution of partially-cooked and fully-cooked meat, cooked and partially-cooked food products and ready-to-eat food products. The food business also includes the CPF Group’s operation of retail and food outlets.

The CPF Group’s Thai operations involve both domestic sales and exports (together constituting 41 per cent., 40 per cent. and 39 per cent. of consolidated revenues in 2014, 2015 and for the six months ended 30 June 2016, respectively). The CPF Group exports to over 30 countries, including the United States, France, Germany, the Netherlands, Spain, the United Kingdom and Japan. The CPF Group also has a significant international presence which includes operations in 13 countries outside Thailand (constituting 59 per cent., 60 per cent. and 61 per cent. of revenues in 2014, 2015 and for the six months ended 30 June 2016 respectively).

The CPF Group’s feed and farm businesses operate in a cyclical industry and their results are affected by fluctuations in commodity prices for commodities, such as corn, soybean meal and fish meal. Additionally, some of the key factors influencing its feed, farm and food businesses are animal diseases; customer preferences and demand for its products; its ability to maintain and grow relationships with customers; the introduction of new and innovative products to the marketplace; accessibility to international markets for its products including the effects of any trade barriers; and operating efficiencies of its facilities.

As at 26 August 2016, Charoen Pokphand Group Co., Ltd. (“CPG”) and its reporting group to be in compliance with Section 246 and Section 247 of the Securities and Exchange Act of 2535 (as amended) (together with CPG, the “CPG Group”) held 49.98 per cent. of the issued share capital of CPF. See “*Principal Shareholders*”. CPG is a Thai multinational conglomerate with core businesses in the agro-industry and food, retail and telecommunications sectors.



CPF has been listed on the SET since 1987 under the trading symbol “CPF”, and has three listed subsidiaries; C.P. Pokphand Co., Ltd. (“CPP”), a company listed on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) that primarily focuses on the manufacturing and distribution of animal feed in China, and fully integrated livestock and aquaculture business in Vietnam; Chia Tai Enterprises International Limited (“CTEI”), a holding company listed on the Hong Kong Stock Exchange with investment in chlortetracycline and automotive parts business; and Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (“CPE”), a company listed on the Taiwan Stock Exchange that operates a livestock integration business in Taiwan.

As at 30 June 2016, the CPF Group held approximately 3,124,739,400 shares in CP ALL.

As at 30 June 2016, CPF, through C.P. Merchandising Company Limited, its 99.99 per cent. owned subsidiary, and C.P. Food Holdings Limited were the largest shareholders of CP ALL Public Company Limited (“CP ALL”), which operates the “7-Eleven” franchise in Thailand. The CPF Group also held approximately 355 million CPF treasury shares indirectly via CPF (Thailand) PLC, Bangkok Produce Merchandising PLC and Plenty Type Limited representing 4.6 per cent. of CPF’s total outstanding shares.

In May 2015, CPF Investment Limited, a wholly-owned subsidiary of CPF, acquired 75.0 per cent. of C.P. Cambodia Company Limited’s total issued and paid-up share capital. After the transaction, CPC, previously an associate of CPF (CPF indirectly held 25.0 per cent.), became a subsidiary of CPF (CPF indirectly held 100.0 per cent.).

In May 2015, CPF Europe S.A. and CP Foods (UK) Limited, indirect subsidiaries of CPF aggregately acquired 80.0 per cent. of CP Chozen Limited (“CP Chozen”)’s total issued and paid-up share capital. CP Chozen invests in a company engaging in food kiosk business in United Kingdom and a company holding the lease of properties for operating food kiosk business. After the transaction, CP Chozen became a subsidiary of CPF (CPF indirectly held 71.50 per cent. at present).

In November 2015, CPF Netherlands B.V. (“CPF Netherlands”)<sup>4</sup>, 99.99 per cent. subsidiary of CPF, made a 100 per cent. investment in Stesha LLC., which held 80.00 per cent. stake in CJSC Poultry Production Severnaya and CJSC Poultry Parent Stock Production Woyskovitsy (together, “Severnaya and Woyskovitsy”). Severnaya and Woyskovitsy are involved in an integrated poultry business in Russia, including feed production, breeding, hatching, farming and poultry processing. As a result of the transaction, Stesha LLC. and Severnaya and Woyskovitsy became subsidiaries of CPF, which indirectly holds 99.99 per cent., 79.99 per cent. and 79.99 per cent., respectively, of Stesha LLC., Severnaya and Woyskovitsy. Ultimately, CPF Netherlands will also acquire the remaining 20.0 per cent. of the shares of each of Severnaya and Woyskovitsy from the seller (the “Second Acquisition”) and will then own 99.99 per cent. of the shares of each of Severnaya and Woyskovitsy. The Second Acquisition is expected to be completed in August 2018, subject to the occurrence of certain events set forth in the share purchase agreement.

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<sup>(4)</sup> New subsidiary established in Netherlands on 21 July 2015

## Operating Structure and Results

The following chart sets out the simplified operational structure of the CPF Group as at 30 June 2016.



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

\* Based on total issued shares

The following tables set out the breakdown of revenue by business segment, country and category in the years ended 31 December 2014, 2015 and the six months ended 30 June 2015 and 30 June 2016.

### Consolidated Revenue

	For the year ended 31 December		For the six months ended 30 June			
	2014	2015	2015	2015	2016	2016
	(THB million)	(THB million)	(U.S.\$ million)	(THB million)	(THB million)	(U.S.\$ million)
<b>Livestock</b>						
Thailand .....	145,703	140,116	3,981	68,266	71,711	2,037
Domestic .....	125,778	118,869	3,377	58,905	60,447	1,717
Export .....	19,925	21,247	604	9,361	11,264	320
China <sup>(1)</sup> .....	104,676	95,176	2,704	46,494	43,370	1,232
Vietnam .....	53,215	61,453	1,747	28,914	33,264	946
Others .....	54,295	61,772	1,755	27,367	40,959	1,164
<b>Total livestock .....</b>	<b>357,889</b>	<b>358,517</b>	<b>10,187</b>	<b>171,041</b>	<b>189,304</b>	<b>5,379</b>
<b>Aquaculture</b>						
Thailand .....	29,571	26,931	765	11,450	15,363	437
Domestic .....	22,510	21,722	617	9,109	13,158	374
Export .....	7,061	5,209	148	2,341	2,205	63
China <sup>(1)</sup> .....	10,917	9,884	281	4,111	3,872	110
Vietnam .....	11,726	8,843	251	4,378	4,033	114
Others .....	15,936	17,180	488	8,922	9,717	276
<b>Total aquaculture .....</b>	<b>68,150</b>	<b>62,838</b>	<b>1,785</b>	<b>28,861</b>	<b>32,985</b>	<b>937</b>
<b>Total consolidated revenue .....</b>	<b>426,039</b>	<b>421,355</b>	<b>11,972</b>	<b>199,902</b>	<b>222,289</b>	<b>6,316</b>

Note:

(1) Limited to CPP and its subsidiaries' operations in China.

**Consolidated Revenue**

	For the year ended 31 December			For the six months ended 30 June		
	2014	2015	2015	2015	2016	2016
	(THB million)	(THB million)	(U.S.\$ million)	(THB million)	(THB million)	(U.S.\$ million)
<b>Thailand</b> .....	<b>175,274</b>	<b>167,047</b>	<b>4,746</b>	<b>79,716</b>	<b>87,074</b>	<b>2,474</b>
Domestic .....	148,288	140,591	3,995	68,014	73,605	2,091
Feed .....	51,597	50,032	1,422	25,129	23,590	670
Farm .....	74,115	68,583	1,949	31,947	39,117	1,111
Food .....	22,576	21,976	624	10,938	10,898	310
Export .....	26,986	26,456	751	11,702	13,469	383
Feed .....	253	255	7	105	73	2
Farm .....	5,097	6,103	173	2,714	3,507	100
Food .....	21,636	20,098	571	8,883	9,889	281
<b>International</b> .....	<b>250,765</b>	<b>254,308</b>	<b>7,226</b>	<b>120,186</b>	<b>135,215</b>	<b>3,842</b>
China <sup>(1)</sup> .....	115,593	105,060	2,985	50,605	47,242	1,342
Feed .....	115,593	105,000	2,983	50,605	46,539	1,322
Farm.....	—	—	—	—	68	2
Food.....	—	60	2	—	635	18
Vietnam .....	64,941	70,296	1,998	33,292	37,297	1,060
Feed .....	28,227	28,775	818	13,803	14,494	412
Farm.....	34,609	39,457	1,121	18,425	21,902	622
Food.....	2,105	2,064	59	1,064	901	26
Others .....	70,231	78,952	2,243	36,289	50,676	1,440
Feed .....	29,628	33,233	944	15,543	19,148	544
Farm.....	35,427	39,701	1,128	18,072	28,388	807
Food.....	5,176	6,018	171	2,674	3,140	89
<b>Total consolidated revenue.</b>	<b>426,039</b>	<b>421,355</b>	<b>11,972</b>	<b>199,902</b>	<b>222,289</b>	<b>6,316</b>

Note:

(1) Limited to CPP and its subsidiaries' operations in China.

Revenue contributions from CPF Group's Thai and international operations for the years ended 31 December 2014 and 2015 and for the six months ended 30 June 2015 and 2016 are as follows:

	For the year ended 31 December 2014		For the year ended 31 December 2015		For the six months ended 30 June 2015		For the six months ended 30 June 2016	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
<b>1. Thailand Operations</b>								
Feed <sup>(1)</sup> .....	51,850	12	50,287	11	25,234	12	23,663	11
Farm <sup>(2)</sup> .....	79,212	18	74,686	17	34,661	17	42,624	19
Food <sup>(3)</sup> .....	44,212	10	42,074	10	19,821	9	20,787	9
<i>Total Revenues from Thailand Operations</i> .....	175,274	40	167,047	38	79,716	38	87,074	39
<b>2. International Operations</b>								
Feed <sup>(4)</sup> .....	173,448	40	167,008	39	79,951	38	80,181	36
Farm <sup>(5)</sup> .....	70,036	16	79,158	18	36,497	18	50,358	22
Food <sup>(6)</sup> .....	7,281	2	8,142	2	3,738	2	4,676	2
<i>Total Revenues from International Operations</i> ..	250,765	58	254,308	59	120,186	58	135,215	60
<b>Total Revenue from Sale of Goods</b> .....	426,039	98	421,355	97	199,902	96	222,289	99
Other Income .....	7,463	2	12,838	3	7,627	4	2,908	1
<b>Total Income</b> .....	433,502	100	434,193	100	207,529	100	225,197	100

Notes:

- (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 and CPF Canada
- (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 and CPF OVERSEAS
- (4) Operated by CPB, SFM, AA, CPFP, CPE, CPF OVERSEAS, CP LAOS, CP INDIA, CPFTZ, CPS, CPP, CPC (since May 11, 2015), and Severnaya (since November 24, 2015)
- (5) Operated by CPF PRODUCTS, CPB, 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 and Severnaya (since November 24, 2015), 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, CPC (since May 11, 2015), Woyskovitsy and Severnaya (since November 24, 2015)

### **Total Sales**

The CPF Group's total sales for the year ended 31 December 2015 were THB421,355 million (U.S.\$11,972 million) a decrease of approximately 1 per cent. compared to the same period in 2014. The decrease in total sales in 2015 was primarily on account of a reduction in the sales from Thailand operations, in particular in the farm division which declined by approximately 6 per cent. over the relevant period. Sales from international operations increased slightly by approximately 1 per cent. for the year ended 31 December 2015, mainly as a result of an increase in the international farm sales of THB9,122 million.

Total sales for the six months ended 30 June 2016 were THB222,289 million (U.S.\$6,316 million) an increase of approximately 11 per cent. compared to the six months ended 30 June 2015 (THB199,902 million). The increase in sales for this period was driven by an increase in revenues from the livestock business of approximately 11 per cent.

### ***Profits of associates and joint ventures***

Share of profits of associates and joint ventures comprised 46 per cent. and 47 per cent., respectively, of net profit of the CPF Group in 2014 and 2015.

Share of profits of associates and joint ventures comprised 42 per cent. and 41 per cent., respectively, of net profit of the CPF Group for the six month periods ended 30 June 2015 and 2016.

### ***Costs and Net Profit***

During the year ended 31 December 2015 total expenses were THB419,386 million, a slight decrease compared to the same period in 2014 (THB420,492 million). This was primarily due to a decrease in the cost of sale of goods of approximately 1 per cent.

For the six months ended 30 June 2016 total expenses were THB212,256 million, an increase of approximately 6 per cent. compared to the same period in 2015 (THB200,555 million). This was primarily due to an increase in the cost of sale of goods of approximately 7 per cent.

For the year ended 31 December 2015, net profit was at THB11,059 million, which represents an increase by 5 per cent. compared to the same period in 2014 (THB10,562 million). This increase was mainly due to the recovery of aquaculture business in Thailand in the aftermath of the Early Mortality Syndrome (“EMS”) disease outbreak and the improvement of the swine business performance in Vietnam. For the six months ended 30 June 2016, net profit was at THB7,780 million, reflecting an improvement of the livestock business both in Thailand and overseas, especially in Vietnam, as well as the recovery of the shrimp business in Thailand after having encountered the EMS outbreak.

For the six months ended 30 June 2016, operating margins for the livestock segment was at 9 per cent. as compared to 5 per cent. for the year ended 31 December 2015. This improvement in operating margins was mainly due to an increase in meat prices and lower raw material cost.

From the fourth quarter of 2012 to 2015, the Thai shrimp industry (including the CPF Group) was adversely affected by the outbreak of EMS, which resulted in a dramatic fall in the supply of shrimp and shrimp fry to the market. Shrimp prices increased as a result of the much higher market rates of shrimp and shrimp fry. The EMS outbreak put significant pressure on the profit margin of shrimp processing operations and was a key contributor to the dramatic decrease in the operating margins of the aquaculture business in 2013 and 2014. EMS continued to impact the results of operations in 2015. However, results have started to move in a positive direction. In 2015, the quantity of shrimp production in Thailand was approximately 250,000 tons, an increase of 9% when compared to the previous year due to effective solutions to EMS. For the year ended 31 December 2015, sales from aquaculture operations as a percentage of total sales were 15 per cent. and the operating margins of the aquaculture business improved to 1 per cent.. For the six months ended 30 June 2016, sales from aquaculture operations as a percentage of total sales were 15 per cent. and the operating margins of the aquaculture business improved to 3 per cent.. See “*Risk Factors — Risks Relating to the CPF Group — Outbreaks of disease among animals may significantly decrease demand for the CPF Group’s products and severely disrupt the supply and distribution networks for those products*”.

## History

*Please refer to “International Operations” in this section for a description of each of the CPF Group’s country specific operations.*

- 1978
  - Registered under the name “Charoen Pokphand Feedmill Company Limited” to produce and distribute animal feed in southern Thailand
- 1987
  - Listed ordinary shares on the SET with the trading symbol “CPF”
- 1994
  - Converted to a Public Company Limited
- 1998
  - Acquired ordinary shares in three agro-industrial public companies in Thailand
- 1999
  - Acquired ordinary shares in nine agro-industrial and food companies which transformed CPF into a fully integrated and nationwide agro business operating in both livestock and aquaculture
  - Renamed as “Charoen Pokphand Foods Public Company Limited”
- 2002
  - Invested in the United Kingdom and now operates businesses that produce chilled food products for sale within the European Union
  - Invested in China and currently operates businesses in the manufacturing and distribution of animal feed as well as aquatic farming
- 2004
  - Acquired a business in Turkey that operates businesses in the manufacturing and distribution of livestock feed, and a fully-integrated chicken business
- 2005
  - Acquired the “Five Star” food kiosk business which currently operates a chain of food kiosks using a franchise system
  - Increased shareholding in a subsidiary in India from 19.0 per cent. to 71.2 per cent. and currently operates businesses in the manufacturing and distribution of animal feed as well as animal farming in India
  - Invested in Malaysia and currently operates a fully integrated shrimp business
- 2006
  - Started a retail business called “CP Fresh Mart” which retails fresh and cooked meat, as well as ready-to-eat products
  - Invested in Russia and now operates businesses in the manufacturing and distribution of livestock feed and livestock farming
  - Invested in Laos and now operates businesses in the manufacturing and distribution of livestock feed and livestock farming
  - Began production of ready-to-eat products under the “CP” brand for domestic and international distribution
- 2007
  - Invested in the Philippines and now operates businesses in the manufacturing and distribution of livestock feed and livestock farming
- 2009
  - Acquired 32.41 per cent. of issued shares in a company listed on the Taiwan Stock Exchange and now operates businesses in the manufacturing and distribution of livestock feed, as well as livestock farming and food processing

- 2010
  - Reclassified CPF's industry sector from "Agribusiness" to "Food and Beverage" on the SET
- 2011
  - CPF acquired 25 per cent. of issued shares in C.P. Cambodia Company Limited, a company based in Cambodia which currently operates businesses in the manufacturing and distribution of animal feed, as well as animal farming and food processing
  - Started a retail business under the super convenience store concept called "CP Fresh Mart Plus"
  - Started a fast-food serving restaurant business in Thailand called "CP Kitchen"
- 2012
  - Charoen Pokphand Foods (Malaysia) SDN. BHD. acquired 100 per cent. of issued shares of a company based in Malaysia which currently operates businesses in swine farming, a swine abattoir and a retail business in Malaysia
  - CPF and CPFI acquired 76.13 per cent. of the issued shares in a company listed on the Hong Kong Stock Exchange which currently operates businesses in the manufacturing and distribution of animal feed in China, as well as the agro-industrial and food business in Vietnam
  - CPF acquired 99.99 per cent. of issued shares in Chester's Food Co., Ltd. which currently operates a fast-food restaurant business in Thailand
  - Started a food court business called "CP Food World" in Thailand
- 2013
  - Acquired, through CPP, 100 per cent. of the issued shares in a company based in China which is involved in the manufacture and distribution of meat-processing, ready-meals and ready-to-eat products
  - C.P. Merchandising Company Limited acquired 59.99 per cent. of the issued shares in CP-Meiji Company Limited, a company based in Thailand which is involved in the manufacture and distribution of dairy products
  - CPFI acquired 69.70 per cent. of the issued shares in a company based in Norway which currently operates a swine farming business in Russia
  - In the second quarter of 2013, CPP established Zhoukou Chia Tai Co., Ltd. and Guangxi Chia Tai Financing Guarantee Co., Ltd. with combined registered capital of RMB150,000,000 as part of the China feed business
  - CPP established Chia Tai Food Enterprise (Qingdao) Co., Ltd. with registered capital of U.S.\$85,700,000
- 2014
  - C.P. Foods Holdings Limited issued U.S.\$290.4 million exchangeable bonds due 2019
  - CPF Europe S.A. acquired an 80.02 per cent. stake in Tops Foods NV, a company based in Belgium, whose main business is the production and distribution of chilled and ambient ready-to-eat foods
  - CPF Denmark A/S acquired 29 per cent. of the total issued and paid-up shares in BHJ Kalino Food AB, a company based in Sweden

- Chia Tai (China) Investment Co., Ltd. acquired 100 per cent. of the issued shares in Hefei Chia Tai and Kaifeng Chia Tai Co., Ltd., companies based in China, whose main business is the production and sale of animal feed in China
  - CPF and CPF I disposed of 25 per cent. of the total issued and paid-up ordinary shares in CPP
  - CPP disposed of 100 per cent. investment in Rapid Thrive Limited
- 2015
- CPF I acquired 75 per cent. of C.P. Cambodia Company Limited
  - CPF Europe S.A. and CPF UK acquired 80 per cent. of CP Chozen, whose main business is investing in food kiosk business
  - CPF Netherlands acquired 100 per cent. in Stesha LLC. which holds an 80 per cent. stake in CJSC Poultry Production Severnaya and CJSC Poultry Parent Stock Production Woyskovitsy, which mainly operate feed production, breeding, hatching, farming and poultry processing businesses
- 2016
- Chia Tai (China) Investment Company Limited acquired a 100 per cent. stake in Hubei Chia Tai Co., Ltd, whose main businesses are the production and sale of animal feed, animal breeding and food processing
  - Chia Tai (China) Investment Company Limited acquired a 12 per cent. stake in Qingdao Yi Bang Bio-Engineering Co., Ltd., a company engaged in the manufacture and sale of animal vaccines
  - CPF I acquired 80 per cent. of Norfolk Foods (Private) Limited, whose main businesses are the manufacturing and distribution of ready-to-eat food products
  - CPF announced the proposed acquisition of a 30 per cent. stake in Banner Infant Dairy Products Co., Ltd., whose main businesses are the manufacture and sale of formulated infant milk powder

### **Competitive Strengths**

The CPF Group is one of the world's leading agro-industrial and food conglomerate across the industry value chain. CPF's vertically integrated platform allows it to effectively match demand with supply on a global scale and positions it well to capitalise on opportunities to drive revenue growth and expand profitability. CPF Group's well-known brands are underpinned by comprehensive product offerings, innovation capabilities, strong food safety and commitment to sustainability. The management of CPF believes it has the following competitive strengths:

***The CPF Group's continuous investment in production innovation helps it to capture future growth.***

The CPF Group considers its commitment to research and development as one of the key reasons for its success. CPF is working towards improving the efficiency of its production process with the aim of developing safe and high quality products while maintaining cost competitiveness. In addition, the CPF Group is introducing value-added products to the market, which help to improve its profitability and reduce earnings volatility.



### *Feed Business*

The CPF Group strives to produce quality animal feed with a good feed conversion rate which ultimately reduces production costs. The CPF Group has introduced and developed advanced technologies to ensure effective and efficient animal feed production. Some examples include:

- computer controlled systems to monitor the production process that comply with international standards of traceability;
- automated formulation and production processes using raw materials such as corn, soybean meal and broken rice for quality control and to promote production efficiency;
- quality checks to ensure that the animal feed is suitable for farming, resulting in a good feed conversion ratio; and
- a practical and efficient inventory management system using large silos that allow the CPF Group to build up raw material inventory to hedge against price rises to manage and reduce fluctuations in costs.

### *Farming Business*

The CPF Group differentiates its farm business through the application of well-known industry best practices to a wide range of animal production processes. For example, the CPF Group's animal brood stocks are selected from the best breeds and are well-suited to farming conditions in different production areas. By using natural processes that do not involve the use of bio-chemical inputs, the CPF Group is able to obtain quality breeds that are disease-free, suitable to the breeding environment and in line with consumer needs. This allows the CPF Group to introduce new products which suit changing consumer trends, such as Kurobuta pork and Tubtim fish.

Some specific examples of innovative technologies currently being used by the CPF Group include:

- a closed farm, evaporative cooling and bio-secure system where the CPF Group is able to control the farm environment and prevent the spread of disease. This has been highly effective in helping the CPF Group to control the spread of bird flu;
- an automated waste minimisation system which helps control pollutant levels; and
- a green farm management system which is used throughout the production process, including site preparation, feeding, disease prevention, quality control, farm waste recycling, energy saving and the reduction of carbon emissions.

### *Food Business*

The CPF Group places great importance on research and development to add value to its meat products, as well as to create new recipes to satisfy evolving consumer tastes and preferences and expand its market share. The CPF Group adheres to animal welfare standards and modern production technologies that meet international regulations. For example, the CPF's Group's chicken processing plants in Thailand have been certified under the Assured Chicken Production Standard (Red Tractor Assurance), a poultry welfare standard from the United Kingdom and a globally recognised manufacturing standard for the poultry industry. In addition, certain of the CPF Group's products have received awards in recognition of their high quality, taste and safety for consumption. As an example, in 2013, sausages developed using CPF's taste, quality and freshness preservation technology were awarded 3 medals at the International Quality Competition for Sausage Products at the International

Trade Fair for the Meat Industry (IFFA), the world's leading trade fair for the meat-processing industry. More recently, CPF's Frozen Hot and Spicy Chicken Strips products received the Carbon Footprint of the Republic of Korea award from the Korea Environment Industry and Technology Institute in 2014.

***Extensive global network with presence in 14 countries which include high growth emerging markets***

The CPF Group has built an extensive international presence through acquisitions and organic growth since 1999. Currently, the CPF Group's operations and investments span 14 countries, with the majority of operations and investments located in Asia where meat consumption has been on a high growth trajectory, driven by increasing disposable income. Specifically, CPF has a presence in rapidly developing economies such as Thailand, China, Vietnam and India. These countries' relatively large populations and attractive demographics have led to high growth and promising trends in demand. Furthermore, the CPF Group exports to over 30 countries on five continents. The CPF Group's presence in each country varies, ranging from full production businesses to representative offices depending on the suitability of each market. The CPF Group intends to leverage its expertise in research and development and innovation to enter new markets and eventually become vertically-integrated across the feed, farm and food value chain in multiple regions so as to enhance its global presence.

This diverse geographic portfolio leads to global economies of scale, which provide flexibility in production planning and enable CPF to make efficient investments in marketing and innovation, to enjoy efficiencies in sourcing and distribution, and also ensure a natural risk diversification for the CPF Group by allowing it to adjust its strategy and operations and leverage on potential demand-supply mismatch in different regions. CPF is well-positioned to benefit from rapid growth in Asia and other high-growth emerging market.

***A vertically integrated business model***

The vertical integration of CPF's operations represents a key advantage relative to CPF's competitors as it allows CPF to achieve product traceability to better ensure safety and quality. CPF uses synergies within the CPF Group to reduce production costs, such as operations in Thailand that are fully integrated across all feed, farm and food businesses. Centralised production planning provides economies of scale and allows for operational flexibility that ensures CPF can adapt swiftly to changing market dynamics by quickly tailoring its product offerings, including through the introduction of new products. In an industry with rapidly changing regulations and trade barriers relating to food safety, this vertically integrated operation model is one of the key strengths of the CPF Group.

***Experienced and focused management team with proven track record***

The CPF Group's management team has helped the CPF Group to establish its leading position in the farm and food industries in Thailand, across Asia and globally. Over the past 10 years, the CPF Group has grown significantly and has acquired businesses to strengthen its global presence. CPF's market capitalisation also increased significantly from THB40,608 million (U.S.\$1,154 million) as at 30 June 2006 to THB222,610 million (U.S.\$6,325 million) as at 30 June 2016, representing a 18.55 per cent. compound annual growth rate. The CPF Group has experienced periods of economic growth as well as downturns, and the CPF Group's management has helped the CPF Group acquire and develop new businesses, such as retail, with the introduction of more than 600 branches of CP Fresh Mart and the launch of new retail products, including cooked, semi-cooked and ready-to-eat food products. The CPF Group's management has demonstrated its proactive approach by addressing global concerns afflicting its industry, such as EMS, swine flu and bird flu. The CPF Group's management is highly regarded within the industry, with extensive experience and holding a variety of leadership positions in different industry organisations.

## **Business Strategy**

*The CPF Group aims to become the world's leading agri-food company, under the vision of being "The Kitchen of the World". The CPF Group has identified three key business strategies:*

### ***Pursue Sustainable Growth***

The CPF Group firmly believes in the long-term prospects of the global agri-food industry and anticipates rising demand in all phases of the CPF Group's value chain. The CPF Group's strategy is to continue to grow its operations to meet increasing demand, both domestically and internationally. The CPF Group will continue to actively seek out opportunities in fast growing markets and regions to expand its production capacity through setting up new facilities or making related acquisitions. For example, in July 2013, CPF announced the acquisition of RBPI, a high-efficiency piglet farm in Russia with strong management expertise. In March 2014 and August 2014, CPF's Hong-Kong listed subsidiary, CPP, implemented its expansion plans to grow the CPF Group's presence in China by acquiring companies based in China whose main business is the production and sale of animal feed. The CPF Group aims to expand by primarily focusing on value-added products, which can be locally tailored to suit different customer preferences. The CPF Group intends to increase its revenue from sales of food products, which accounted for 12 per cent. of consolidated total sales for year ended 31 December 2015, in order to enhance the stability of the CPF Group's earning profile, improve profit margins in the long-term and diversify the CPF Group's operations to include less-volatile products. The acquisition of 80.02 per cent. of the shareholding in Tops Foods NV is one such example, whereby CPF acquired a chilled and ambient ready-to-eat foods production and distribution base in Belgium to expand further into the downstream food business.

The CPF Group is also expanding into Cambodia, as part of its overall strategy to broaden its footprint in the Greater Mekong Subregion, which comprises Thailand, Vietnam, Laos and Cambodia. This is evidenced by the acquisition of the remaining 75 per cent. stake in C.P. Cambodia Company Limited in May 2015, and the acquisition of an 80 per cent. stake in Norfolk Foods (Private) Limited in July 2016.

### ***Maintain Operational Excellence***

Operational excellence and advanced technological development are important to the continued success of the CPF Group's business. The CPF Group aims to be a global producer of food products by providing safe and high quality products for its customers. The CPF Group intends to enhance the efficiency of its production systems while maintaining cost competitiveness. The CPF Group believes in long-term success and continuous investment in production innovation to capture future growth. The CPF Group's plans for maintaining and improving upon its standards of operational capabilities include investing in research and development, improving farms' efficiency to achieve higher yields, reducing waste, improving disease-resistant varieties of livestock and aquaculture and enhancing product taste to suit local tastes. As a result, the CPF Group has consistently succeeded in introducing new and innovative products to the market over the years. For example, the CPF Group introduced Tubtim fish in 1998 and Kurobuta pork in 2010 to the Thai market, which led to subsequent changes in consumer preferences and interest in related products.

CPF also uses an applied research strategy designed to allow rapid and early implementation of technologies in production, nutrition and processing. This effort is driven by its Thailand-based technical team, some of whom have advanced degrees in nutrition, veterinary science, food science, health assurance and animal welfare. This team also uses an extensive network of outside scientists and other contacts to enable the CPF Group to access the latest technology both within Thailand and abroad.

### ***Focus on fundamentals***

The CPF Group places great importance in its personnel, who contribute greatly to achieving and maintaining certain competitive advantages against competitors. Extensive training and development programmes are provided for both existing and new employees to identify and promote future leaders and encourage professionalism with an aim to create an organisation that can continue to grow at a sustainable rate. The CPF Group's personnel are further provided with technological, linguistic and functional training to ensure that they have the appropriate skill sets for their particular positions.

The CPF Group operates its business closely with local communities with direct interaction throughout the value chain and beyond. The CPF Group emphasises the importance of dispersing economic value to communities through employment and the involvement of local business partners. Knowledge and technology have been passed on to business partners through projects which promote animal farming for independent farmers and farmer groups, creating jobs for small entrepreneurs through franchising arrangements, as well as establishing activities for the benefit of communities together with development bodies such as the Rural Life Development Foundation, state agencies and various independent organisations.

### **Business Description**

#### ***Thailand Operations***

The CPF Group's Thailand operations, comprising domestic sales and exports, are located throughout Thailand and are vertically integrated. For the year ended 31 December 2014, the consolidated sales revenue of Thailand operations was THB175,274 million (U.S.\$4,980 million), and the aggregate value of Thailand exports was THB26,986 million (U.S.\$767 million), or of 15 per cent. of consolidated sales revenue of Thailand operations. For the year ended 31 December 2015, the consolidated sales revenue of Thailand operations was THB167,047 million (U.S.\$4,746 million), and the aggregate value of Thailand exports was THB26,456 million (U.S.\$752 million), or of 16 per cent. of consolidated sales revenue of Thailand operations. For the six months ended 30 June 2016, the consolidated sales revenue of Thailand operations was THB87,074 million (U.S.\$2,474 million), and the aggregate value of Thailand exports was THB13,469 (U.S.\$383 million), or of 15 per cent. of consolidated sales revenue of Thailand operations.

There are two main businesses of the CPF Group in Thailand: livestock and aquaculture. The livestock business contributed 82 per cent., 83 per cent. and 84 per cent. to consolidated sales revenue of Thailand operations for the years ended 31 December 2013, 2014 and 2015, respectively. For the six months ended 30 June 2016, the livestock business contributed 82 per cent. to the consolidated sales revenue of Thailand operations. The aquaculture business contributed 18 per cent., 17 per cent. and 16 per cent. to the consolidated sales revenue of the Thailand operations for the years ended 31 December 2013, 2014 and 2015, respectively. For the six months ended 30 June 2016, the aquaculture business contributed 18 per cent. to the consolidated sales revenue of the Thailand operations.

The CPF Group's two main business segments, livestock and aquaculture, are each vertically integrated in Thailand across the three categories of feed, farm and food.

The following diagram summarises CPF's vertically integrated operating platform in Thailand:



### **Feed**

The CPF Group manufactures and distributes animal feed products for a range of animals including swine, chicken, duck, shrimp and fish. For the year ended 31 December 2014, gross revenue of the Thailand feed business was stable at THB51,850 million (U.S.\$1,473 million), constituting 30 per cent. of consolidated gross revenue from Thailand operations for the relevant period and representing growth of 1 per cent. over the same period in 2013.

For the year ended 31 December 2015, gross revenue of the Thailand feed business amounted to THB50,287 million (U.S.\$1,429 million), constituting 30 per cent. of consolidated gross revenue from Thailand operations for the relevant period.

For the six months ended 30 June 2016, gross revenue of the Thailand feed business amounted to THB23,663 million (U.S.\$672 million), constituting 27 per cent. of consolidated gross revenue from Thailand operations for the relevant period.

### **Products, Marketing and Customers**

The CPF Group's feed formulae are specifically developed for each animal type and its stage of growth. CPF's livestock feed products are distributed under CP-owned brands such as CP, Hypovite, Hi-Gro, Star Feed, Novo, Safe Feed, Erawan, Hogtonal, C.F., Hilac and Anvipro; and its aquaculture feed products are distributed under CP, Starfeed, Hi-Grade, Blanca, Stargate, Safe Fo and Safe Fish brands. The CPF Group's customer base is small independent farmers as well as larger industrial farming operations. The CPF Group sells its feed products both directly and via appointed agents or distributors across Thailand.

The CPF Group has a team of qualified staff which provide post-sales services and support to customers, providing customers with technical information on animal and aquaculture nutrition and advice on animal husbandry. These teams deliver their services through seminars and academic service centres, as well as distributing information via printed mailshots and electronic media, including the internet.

## **Raw Materials, Processing and Production**

The CPF Group operates a central purchasing unit based in Bangkok, Thailand, which provides pricing and other information to CPF's operations in Thailand and other countries and helps certain operations in Thailand and abroad to negotiate prices and the supply of raw materials in markets in which the CPF Group operates. The main raw materials for feed production are materials such as corn, soybean meal, fishmeal and wheat flour. These materials are purchased in bulk from domestic producers, particularly those situated in close proximity to its feed-mill plants. This is to support local farmers, as well as to minimise transport costs. When domestic supply is insufficient, or is of inferior quality, the CPF Group uses imported materials.

The CPF Group's procurement policy ensures diverse sources of raw material procurement and ensures no over-reliance on any particular trader. Additionally, purchases must be conducted with strict adherence to standards regarding (a) the source and quality of raw materials, (b) the CPF Group's corporate social responsibility policy and environmental policy, and (c) at costs that are competitive in the industry. Feed prices are adjusted according to production costs, where changes are approved by the Department of Internal Trade of Thailand, thereby ensuring stable profit margins.

The CPF Group operates feed-mill plants in Thailand, which are located in close proximity to farming areas and integrated farms to minimise transportation costs. Construction sites are surveyed before construction of the feed-mill plants to minimise the risk from natural disasters such as flooding. The feed products manufactured by the CPF Group are produced in several different forms, such as concentrate, powder and pellets.

All feed production processes are computer controlled to ensure the uniformity of quality and compliance with international standards. The CPF Group's feed-mill plants in Thailand are also each equipped with a laboratory and testing facilities to check the quality of raw materials before they are utilised in the manufacturing process. As a result, the CPF Group is able to produce feed with a low feed conversion ratio (the amount of feed required to produce a certain weight in meat, with low feed conversion ratios indicating a better feed product) to help farmers reduce farming costs.

### ***Farm***

The CPF Group's farming businesses engage in the breeding, farming and sale of livestock, shrimp and fish, and the production of meat, shrimp and fish products for sale to third party processors or for its own further processing. The CPF Group operates farms for swine, broilers, layers, ducks, shrimp and fish in a number of provinces in Thailand.

For the year ended 31 December 2014, gross revenue of the Thailand farming business was THB79,212 million (U.S.\$2,250 million), constituting 45 per cent. of consolidated gross revenue from Thailand operations for the relevant period, and representing growth of 13 per cent. over the same period in 2013. The increase in gross revenue in 2013 and 2014 was a result of higher livestock prices.

For the year ended 31 December 2015, gross revenue of the Thailand farming business was THB74,686 million (U.S.\$2,122 million), constituting 45 per cent. of consolidated gross revenue from Thailand operations for the relevant period.

For six months ended 30 June 2016, gross revenue of the Thailand farming business was THB42,624 million (U.S.\$1,211 million), constituting 49 per cent. of consolidated gross revenue from Thailand operations for the relevant period.

## **Products, Marketing and Customers**

The CPF Group's farm products from its farm operations range from live animals, for example, day-old chicks, to partially-cut meat products.

- Chicken operations include breeding and raising chickens such as the provision of day-old chicks, harvesting eggs from layers as well as processing live broiler chickens into fresh and frozen partially-cut chicken meat products.
- Pork operations include breeding and raising piglets and fattening hogs, and processing live market hogs to produce partially-cut pork.
- Shrimp and fish operations include breeding and farming shrimp and fish and processing shrimp into head-on shell-on shrimps, headless shell-on shrimps, peeled tail-on shrimps, peeled and deveined shrimps, and peeled and un-deveined shrimps, and fish into whole frozen fish, gutted and scaled fish, and boneless-skinless fillets.

Basic meat and shrimp/fish finished products are marketed both in Thailand and abroad. Within Thailand, basic meat, shrimp and fish finished products are marketed domestically to a wide range of customers including food retailers, food service distributors, restaurant operators, hotel chains and non-commercial food service establishments such as schools, healthcare facilities, the military and other food processors, as well as to international markets.

## **Raw Materials, Processing and Production**

The CPF Group's farms have the capacity to produce pigs, broilers, layers, ducks, shrimp and fish.

The primary raw materials used in the CPF Group's livestock and aquaculture farming operations are feed and breeding stock. The CPF Group engages in the research and development of natural breeding techniques, with the aim of obtaining quality breeds that are healthy, sturdy and suitable for farming conditions in their respective countries. The CPF Group produces parent stock of animals as well as piglets, broiler chicks, layer chicks, table ducklings, egg-laying ducklings, shrimp fry and fish fry. Some animal breeds are imported from abroad to attempt to introduce more desirable characteristics in the CPF Group's breeds. The CPF Group breeds and raises animals for its own use as well as for sales to independent livestock farmers and agents/distributors in Thailand. The CPF Group uses an animal farming management system to ensure its farm products are healthy and of a high quality. The research and development of animal breeds and the implementation of farm management technology for a standard farming system are of strategic importance. The CPF Group aims to improve standard farming systems in order to meet the market's requirements and local environmental conditions, and consequently to achieve higher quality and greater efficiency in production.

CPF has vertically-integrated broiler, shrimp and swine processes in Thailand, where all three begin with grandparent brood stocks and end with ready to process broiler, shrimp and fattening hogs, respectively. CPF has teams of nutritionists that develop breeding formulae for each animal at each stage of its life cycle. Chickens and hogs are raised in fully-equipped closed system housing units that operate according to the CPF Group's scientific operating procedures to achieve biosecurity. Adult chickens and hogs are transported to processing plants where they are slaughtered and made into finished products. Shrimp are harvested and transported to processing plants where they are made into finished products.

In addition to its company-owned farms, the CPF Group promotes broiler and swine farming by providing animals, feed and technical knowledge to independent farmers who have passed the CPF Group's screening processes. In addition, the CPF Group has representative offices throughout Thailand that serve as academic service centres that provide technical knowledge about farming, farm management, marketing and sales to independent farmers.

The CPF Group has implemented strict procedures and standards for animal welfare during the farming period and throughout the transport phase and processing stage. The CPF Group does not use antibiotics to stimulate growth in its farming processes. The aquaculture business employs probiotic farming technologies, where the utilisation of chemicals is minimised and friendly bacteria are used to create immunities to disease and to promote health. The CPF Group has also implemented a closed re-circulating water system for shrimp farming in order to save water, reduce the incidence of disease, and operate in a more environmentally friendly way, as it lessens emissions of polluted water into surrounding water bodies. In addition, the CPF Group does not use hormones, which are prohibited by the United States Agricultural Standards Act and the Food and Drug Administration in the United States, or antibiotics to stimulate growth in its farming processes.

The CPF Group continually seeks to improve the genetics of its livestock and aquaculture stock. Female and male breeding stock are purchased from several of the world's leading suppliers, which employ extensive research efforts in molecular genetics, biosecurity, food safety and meat quality to help ensure a strong genetic lineage.

Alternate genotypes are routinely reviewed to validate and compare them to existing products. In addition, the CPF Group conducts research trials to develop existing genotypes further to meet economic and customer demands for composition and quality. These arrangements enhance the quality of genetics, diversify genetic sources and improve production ratios and yields. The CPF Group also incorporates careful monitoring of the breeding performance of all its bloodstock to improve breeding patterns, remove sub-optimal parents from livestock and as a means of early detection of changes to the quality of animals.

The CPF Group also employs scientific operating procedures to achieve biosecurity, which is an industry term for the protection of agricultural animals from any type of infectious agent, including viral, bacterial, fungal or parasitic agents. The CPF Group seeks to reduce the risk of disease transmission through a number of methods, including geographic separation of, and restricted access to, production facilities, strict sanitation procedures, high health genetic stock and constant monitoring. A closed and evaporative cooling system with computer-controlled feeding has been installed in CPF's livestock farms in Thailand. The ventilation and lighting of housing units are properly adjusted to provide appropriate conditions for each type of animal, and the closed system is bio-secure to prevent the possible entry of potential carriers of disease. All of these elements are computer-controlled throughout the farming process. Animal populations in each unit are also controlled to prevent overcrowding. There are also preventive and handling measures to minimise animal injury and diseases. On-site veterinarians conduct health checks on the animals both during the farming period and prior to transportation. When disease is found, treatment is implemented to lessen its impact on facility performance and to prevent its spread to other facilities. See "*Risk Factors — Outbreaks of disease among animals may significantly decrease demand for the CPF Group's products and severely disrupt the supply and distribution networks for those products*" for a discussion regarding the risks posed by animal diseases to the CPF Group's operations. Animal transportation is completed using specialised vehicles, which minimises the discomfort of the animals involved.

### ***Foods***

The CPF Group adds value to its basic processed meat with additional processing to produce cooked, partially-cooked and ready-to-eat food products. The products are then packed, chilled or frozen, and distributed. For the year ended 31 December 2014, gross revenue of the Thailand food business was THB44,212 million (U.S.\$1,256 million), constituting 25 per cent. of consolidated gross revenue from Thailand operations for the relevant period and representing a growth of 2 per cent. over the same period in 2013.

For the year ended 31 December 2015, gross revenue of the Thailand food business was THB42,074 million (U.S.\$1,195 million), constituting 25 per cent. of consolidated gross revenue from Thailand operations for the relevant period.



For the six months ended 30 June 2016, gross revenue of the Thailand food business was THB20,787 million (U.S.\$591 million), constituting 24 per cent. of consolidated gross revenue from Thailand operations for the relevant period.

### **Products, Marketing and Customers**

The CPF Group increasingly emphasises value-added products such as whole shrimp wonton, frozen karaage chicken, Kakuni pork and sausages.

The CPF Group markets its processed products either under private brands or the CP, Kitchen Joy, Five Stars, Taste Inc, Bucher, BK and Bangkok Produce Merchandising Public Company Limited (“BKP”) brands. Its product lines include CP-Kurobuta Pork, Chick Mixes, CP Ready Meal and Thai Cube. The CPF Group’s branding strategy seeks to capitalise on the quality of the CPF Group’s products and its adherence to food safety standards. As part of its marketing strategy, the CPF Group innovates products to satisfy consumer preferences and capture new market opportunities.

The CPF Group’s customers include retailers, retail distributors, wholesalers, food services and food dealers, in the form of supermarkets, convenient stores, hotels, restaurants and so on.

### **Raw Materials, Processing and Production**

Many of the CPF Group’s key raw material inputs for its food division are sourced from other divisions within the CPF Group. The CPF Group’s processing plants in Thailand are located in Bangkok, Samutsakorn, Saraburi, Nakhon Nayok, Nakhon Ratchasima, Chacheongsao, Rayong, Suratthani, Songkla and Chiang Mai.

The CPF Group has the ability to produce fresh, frozen and refrigerated products for the domestic market and for worldwide shipment. Domestically, its distribution network extends to a broad network of food distributors and is supported by its owned or leased cold storage warehouses, customer storage facilities, public cold storage facilities and transportation system. The CPF Group’s access to this distribution system enables it to supply both large or small quantities of products to meet customer requirements anywhere in Thailand.

### **Restaurants and Retail Outlets**

CPF is investing in expansion of its food outlets and retail shops (which falls under CPF’s food business division) in order to expand its distribution channels. CPF operates five types of food retail and outlets as described below.

Five Star Business — “Five Star” operates as a franchise business. There are six types of Five Star kiosk, namely the roasted-chicken kiosk, the fried-chicken kiosk and the Hainan chicken rice kiosk; the noodle soup with shrimp wonton kiosk, the ready-meal kiosk and the sausage kiosk. CPF also expanded its Five Star Business into Vietnam, India, Laos and Cambodia.

Chester’s — Chester’s is a fast-food restaurant business operated by CPF and franchisees.

CP Kitchen — CP Kitchen is a fast-serve restaurant operated under the concept of a “fresh, full and fair”.

CP Fresh Mart — CP Fresh Mart is a food retail business, selling fresh food, cooked food and ready-to-eat products under the “CP” and “CP Fresh Mart” brands. CPF is committed to making CP Fresh Mart a centre of fresh, clean, safe and quality foods. CP Fresh Mart has two key operations, namely its retail store and its community refrigerator.

CP Food World — is a food court business that provides consumers with diverse food shops.

## **Competition**

The food industry is highly competitive and, given the breadth of the CPF Group's operations, it competes with many different players in each of the segments it operates in. The principal competitive elements are price, product safety and quality, brand positioning, variety of product offerings, availability of products and customer service. The CPF Group seeks to achieve a leading market position for its products by focusing its marketing and competitive strategy on these competitive elements.

## **Management Towards Product Sustainability**

The CPF Group's business strategy is underpinned by the awareness of its corporate social responsibility to customers and consumers in producing and selling food products that are safe for consumption. This awareness translates to the "Management towards Product Sustainability" programme, which has three major components.

## **Quality**

The CPF Group's management team attaches great importance to product quality. Products must be safe, nutritious, hygienic and manufactured according to production processes that meet established standards, ranging from the raw materials for animal feed that are required to pass quality control and are traceable from the sources to in-process controls for each step of a production line. The CPF Group is committed to improving production processes to meet efficiency levels recommended by international standards. Various internationally recognised management systems have been implemented, such as ISO 9002, Good Manufacturing Practices, Good Agricultural Practice, British Retail Consortium and Assured Chicken Production. CPF is certified with the "Thailand Trust Mark", a certification which recognises CPF as a reliable manufacturer and exporter of quality products that conforms to internationally accepted production standards.

In 2015, CPF established "CPF Standard" to create a unified standard system for food quality and safety chains.

## **Consumer Health and Safety**

The CPF Group's management is dedicated to the development of products that are in line with consumers' increasingly stringent demands for reassurance regarding the safety of food products. Technology has been introduced throughout production to increase the efficiency of the evaluation and diagnosis of possible health risks that each food product carries. This analysis is conducted at every stage, ranging from raw materials selection to the production process, transportation and when the product is in the hands of the final consumer. Moreover, a control system is in place to eliminate or minimise the causes of food safety hazards.

## **Environment**

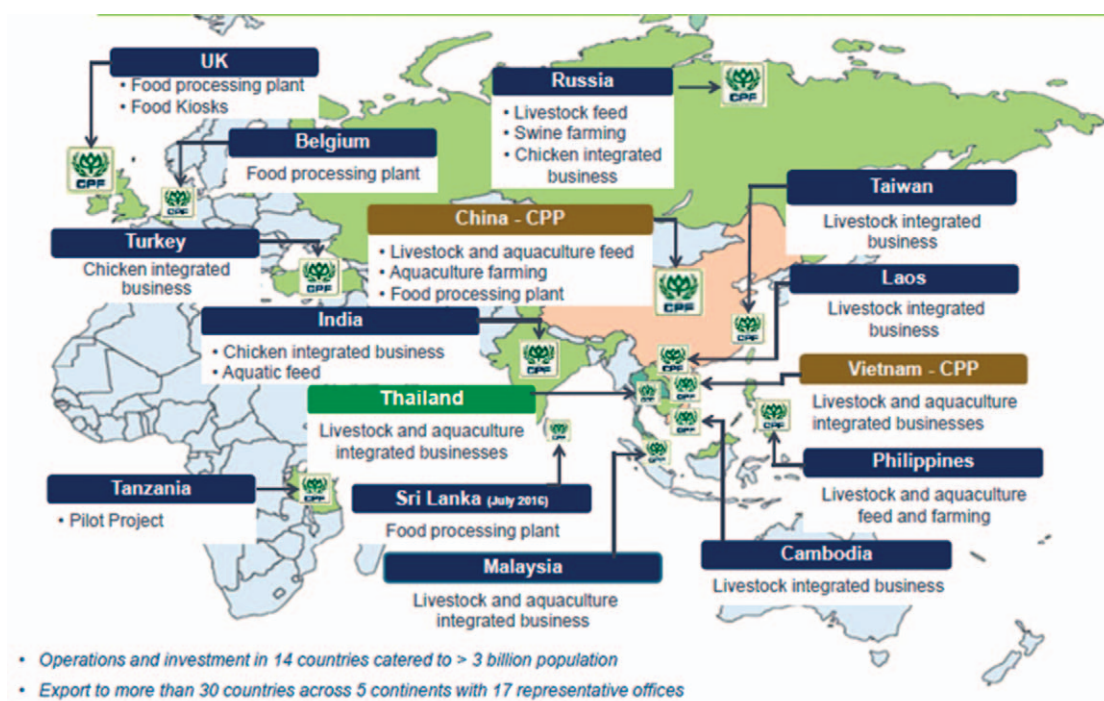
The CPF Group's facilities for breeding, farming and processing livestock, aquaculture and prepared foods, are subject to a variety of provincial, national and international environmental laws and regulations, which include provisions relating to the discharge of materials into the environment and for the general protection of the environment. The CPF Group believes that it is in substantial compliance with applicable laws and regulations and is not aware of any violations of such laws and regulations that are likely to result in material penalties or material increases in compliance costs.

In addition to product quality factors such as nutritional value, taste and food safety, the CPF Group is also focused on minimising the environmental impact of its production processes. In an effort to reduce its environmental impact, the CPF Group endeavours to reduce its energy and resource

consumption and recycles where possible. The CPF Group’s production process adheres to the environment management standard (ISO 14001). In addition, information about a product’s carbon footprint is included on some product labelling to provide consumers with greenhouse gas emission details for such products. During 2015, the CPF Group was able to add carbon footprint information to the labels of 146 products. In August 2013, CPF was granted the “ProSustain Standard” certification, a standard which reflects the environmental, social and economic aspects of products, by Det Norske Veritas, an independent certification body based in Norway that certifies that products are sustainably and responsibly sourced.

With its awareness of “sustainability management in value chains” as an important mission and urgent agenda of 2015, CPF has upgraded the standard of sustainable management of the supply chain of fish meal, such as announcement of stricter requirements of purchasing of fish meal, reduction of use of fish meal in aquaculture feed formula, and campaigns for reviving of abundance of the Gulf of Thailand and the Andaman Sea, in order to eliminate problems of illegal, unreported and unregulated fishing.

### *International Operations*



The CPF Group’s international operations include investments in agro-industrial and food businesses in 13 countries including subsidiaries in China, Vietnam, Taiwan, Turkey, the Philippines, Malaysia, Russia, Laos, India, United Kingdom, Belgium, Tanzania, and Cambodia.

For the years ended 31 December 2014 and 2015, CPF’s international operations contributed 59 per cent. and 60 per cent., respectively, of the CPF Group’s total consolidated sales. For the six months ended 30 June 2016, CPF’s international operations contributed 61 per cent. of the CPF Group’s total consolidated sales.

Operations in China contributed 46 per cent. and 41 per cent. to the total consolidated international sales in the in the years ended 31 December 2014 and 2015, respectively. This was followed by operations in Vietnam, which contributed 26 per cent. and 28 per cent. to the total consolidated international sales in the years ended 31 December 2014 and 2015, respectively. For the six months ended 30 June 2016, operations in China and Vietnam contributed to 35 per cent. and 28 per cent. to the total consolidated international sales respectively.

A more detailed break-downs of the revenue, based on the location of customers and product category, is shown in the table below:

	Consolidated revenue from international operations by country					
	For the year ended 31 December			For the six months ended 30 June		
	2014	2015	2015	2015	2016	2016
	(THB million)	(THB million)	(U.S.\$ million)	(THB million)	(THB million)	(U.S.\$ million)
<b>China<sup>(1)</sup></b> .....	<b>115,593</b>	<b>105,060</b>	<b>2,985</b>	<b>50,605</b>	<b>47,242</b>	<b>1,342</b>
Feed .....	115,593	105,000	2,983	50,605	46,539	1,322
Farm.....	—	—	—	—	68	2
Food.....	—	60	2	—	635	18
<b>Vietnam</b> .....	<b>64,941</b>	<b>70,296</b>	<b>1,998</b>	<b>33,292</b>	<b>37,297</b>	<b>1,060</b>
Feed .....	28,227	28,775	818	13,803	14,494	412
Farm.....	34,609	39,457	1,121	18,425	21,902	622
Food.....	2,105	2,064	59	1,064	901	26
<b>Others</b> .....	<b>70,231</b>	<b>78,952</b>	<b>2,243</b>	<b>36,289</b>	<b>50,676</b>	<b>1,440</b>
Feed .....	29,628	33,233	944	15,543	19,148	544
Farm.....	35,427	39,701	1,128	18,072	28,388	807
Food.....	5,176	6,018	171	2,674	3,140	89
<b>Total consolidated International Revenue.....</b>	<b>250,765</b>	<b>254,308</b>	<b>7,226</b>	<b>120,186</b>	<b>135,215</b>	<b>3,842</b>
<b>Total consolidated revenue.</b>	<b>426,039</b>	<b>421,355</b>	<b>11,972</b>	<b>199,902</b>	<b>222,289</b>	<b>6,316</b>

Note:

(1) Limited to CPP and its subsidiaries' operations in China.

CPF's key international operations outside Thailand are as follows:

### *China*

CPF's business in China is mainly operated by CPP and CTEI, which are both listed on the Hong Kong Stock Exchange. CPP's business is the manufacture and distribution of livestock and aquatic feed for the domestic market in China. CTEI is a holding company with investments in chlortetracycline and automotive parts businesses.

### *Vietnam*

The CPF Group's business in Vietnam is operated by C.P. Vietnam Corporation ("CPV"), which operates fully-integrated livestock and aquaculture businesses. The livestock business mainly involves the manufacture and distribution of swine and chicken feed. CPV also operates a farming business, which includes basic meat processing and further food processing for domestic distribution within Vietnam. The main animals involved in the farming business are swine, broilers and layers. The aquaculture business involves the manufacturing and distribution of mainly shrimp and fish feeds. CPV also operates farming and processing businesses for fish and shrimp, with products sold to the domestic Vietnamese market and export markets such as Japan, South Korea, Australia and European Union.

### ***Taiwan***

The CPF Group's operations in Taiwan are run by its Taiwanese subsidiary Charoen Pokphand Enterprise (Taiwan) Co., Ltd ("CPE"). CPE is listed on the Stock Exchange of Taiwan. CPE runs a fully integrated livestock business, where it manufactures and distributes livestock feed, with swine feed and chicken feed as its main products. CPE also operates an animal farm, and is engaged in basic meat processing and food processing for domestic distribution within Taiwan. The farming business deals mainly in broilers and swine.

### ***Turkey***

The CPF Group operates a fully-integrated chicken business in Turkey through C.P. Standart Gıda Sanayi ve Ticaret A.Ş ("CPS"). This company manufactures and distributes chicken and cattle feed and operates a broiler and layer farming and processing business, with products sold to the domestic Turkish market and exported to the Middle East.

### ***The Philippines***

The CPF Group's business in the Philippines is operated by Charoen Pokphand Foods Philippines Corporation, which operates both livestock and aquaculture businesses. The livestock business mainly involves the manufacturing and distribution of chicken and swine feeds, as well as swine and broiler chicken farming businesses, the products of which are intended for domestic distribution. The aquaculture business comprises the manufacturing and distribution of feed, shrimp and fish farming.

### ***Malaysia***

The livestock business in Malaysia focuses on swine farming, food processing and food retail for the domestic market.

The aquaculture business includes the manufacture and distribution of shrimp and fish feeds, shrimp farming and processing of shrimp products for the domestic Malaysian market as well as export markets in Japan, the United States, Australia, Taiwan and Singapore.

### ***Russia***

The livestock business in Russia is operated by Charoen Pokphand Foods (Overseas), LLC., which manufactures and distributes mainly chicken and swine feed. It is also engaged in the production of swine. Another subsidiary, CPF Agro LLC, is also engaged in swine farming. The products are mainly intended for domestic distribution. Severnaya and Woyskovitsy are engaged in integrated poultry business, which comprises of the production of feed, breeding, hatching, farming and the processing of poultry.

### ***Laos***

A fully-integrated livestock business is operated by C.P. Laos Co., Ltd. ("CPL"), operating in the manufacturing and distribution of chicken and swine feeds. CPL also operates an animal farm, and is engaged in basic meat processing and further food processing, with products intended for domestic distribution. The main animals in this business are swine, broilers and layers.

### ***India***

The CPF Group's business in India is operated by CPF (INDIA) Private Limited, which manufactures and distributes chicken, shrimp and fish feed and farming of broilers, layers and shrimp, for distribution in the domestic market. The CPF Group has also launched the "Five Stars" fast-food kiosk business in India, operated under a franchise system.

### ***United Kingdom***

CP Foods (UK) Limited (“CPF UK”) operates a trading business, which mainly involves the production of chilled food and importation of meat products and frozen food which are to be distributed throughout the UK and the European Union. In addition, CPF UK has also invested in the food kiosk business in the UK under the brand “Chozen Noodle”.

### ***Belgium***

The CPF Group’s business in Belgium is operated by Tops Foods NV, which operates a business in the production of and distribution of chilled and ambient ready-to-eat foods.

### ***Tanzania***

CPF’s business in Tanzania is the manufacture and distribution of livestock feed and livestock farming.

### ***Cambodia***

CPF’s business in Cambodia includes the livestock business operated by C.P. Cambodia Co., Ltd., consisting of (1) production and distribution of animal feeds with swine and poultry feed as the main products; (2) animal farming, including mainly day-old-chick, piglets, broiler, native broiler, swine and eggs; and (3) food business, including mainly ready-to-eat products and Five Stars fried chicken.

### **Associates and Joint Ventures**

The CPF Group also has investments in associates and joint ventures in Thailand, Malaysia, India and China. Investments in associates and joint ventures include the following as at 31 December 2015:

#### ***Associates***



- CP ALL Public Company Limited — a company that operates the “7-Eleven” franchise in Thailand;
- Arbor Acres Thailand Company Limited — a company involved in chicken breeding and distribution in Thailand;
- Ross Breeders Siam Company Limited — a company involved in chicken breeding and distribution in Thailand;
- Nava 84 Company Limited — an investment holding company with an economic investment in crop plantation companies in Thailand;
- Charoen Pokphand Holdings (Malaysia) SDN. BHD. — an investment holding company with an investment in livestock feedmills and livestock farming companies in Malaysia;
- C.P. Aquaculture (India) Private Limited — a company involved in the operation of an aquatic feedmill and shrimp hatchery in India;
- Conti Chia Tai International Limited — a company involved in the production and sale of animal feed in China;
- Zhan Jiang Deni Carburetor Company Limited — a company involved in the manufacture and sale of automotive parts and carburetors in China;
- BHJ Kalino Food AB — a company involved in supplying food products to wholesalers, meat processors and the retail sector;

## ***Joint Ventures***

- Beijing Chia Tai Feedmill Company Limited — a company involved in the manufacturing and distribution of animal feed in China;
- Handan Chia Tai Feed Company Limited — a company involved in the manufacturing and distribution of animal feed in China;
- Jilin Chia Tai Enterprise Company Limited — a company involved in the manufacturing and distribution of animal feed in China;
- Henan East Chia Tai Company Limited — a company involved in the manufacturing and distribution of animal feed in China;
- ECI Metro Investment Company Limited — a company involved in investment and trade of machinery and spare parts; and
- CP-Meiji Company Limited — a company involved in manufacturing and distribution of dairy products in Thailand.

Share of profits of associated companies and joint ventures comprised 46 per cent. and 47 per cent. of total net profit of the CPF Group in 2014 and 2015, respectively. For the six months ended 30 June 2016, share of profits of associated companies and joint ventures amounted to 41 per cent. of total net profit of the GPF Group.

## **Intellectual Property**

The CPF Group holds several trademarks and other intellectual property rights including trade secrets regarding technology know-how and formulae in connection with its products and the processing thereof. In addition to trademark registrations, the CPF Group attempts to protect its other proprietary information under trade secret laws, employee and third-party non-disclosure agreements and other laws and methods of protection. The CPF Group has also entered into agreements with CPG for the right to use the  and the  and other trademarks, as further described in “*Related Party Transactions*” below.

## **Legal Proceedings**

As at 31 December 2015, the CPF Group did not have any current or pending litigation that would have material adverse impact on its business.

## **Employees**

As at 31 December 2015, the CPF Group had a total of 110,594 employees and CPF had a total of 11,855 employees, of which 643 employees were devoted to central unit. For the year ended 31 December 2015, total monetary remuneration to CPF employees amounted to THB6,250 million (U.S.\$178 million).

## **RELATED PARTY TRANSACTIONS**

In relation to related party transactions that occur during the normal course of business, CPF applies the same approval procedure for related parties as it would for any third party, and seeks to ensure that transactions are conducted on an “arm’s length” basis and serve CPF’s commercial interests. In the case of related transactions that are not in the ordinary course of business, the Audit Committee is required to review whether they have been conducted on an “arm’s length” basis. In this regard, the Audit Committee may seek an opinion from an independent appraiser, prior to making its recommendation to the Board for further consideration and approval. To enter into related party transactions, CPF must comply with relevant laws and regulations including, but not limited to, notification to the Capital Market Supervisory Board.

For the year ended 31 December 2015, CPF entered into transactions with related persons, most of which were in the normal course of business, or supporting transactions related to the normal course of business and conducted on an “arm’s length” basis.

Related transactions can be summarised as follows:

### **Accounts Receivable**

As at 31 December 2015, the CPF Group had accounts receivable, arising from transactions with associates, joint ventures and related companies, amounting to THB7,338 million (U.S.\$208 million), or 28 per cent. of total consolidated accounts receivable.

As at 30 June 2016, the CPF Group had accounts receivable, arising from transactions with associates, joint ventures and related companies amounting to THB7,673 million (U.S.\$218 million), or 30 per cent. of total consolidated accounts receivable.

### **Accounts Payable**

As at 31 December 2015, the CPF Group had accounts payable, arising from transactions with associates, joint ventures and related companies, which totalled THB3,537 million (U.S.\$100 million), or 13 per cent. of total consolidated accounts payable.

As at 30 June 2016, the CPF Group had accounts payable, arising from transactions with associates, joint ventures and related companies amounting to THB3,211 million (U.S.\$91 million), or 12 per cent. of total consolidated accounts payable.

### **Sales**

In 2015, the CPF Group sold products to associates, joint ventures and related companies that were based on the ordinary course of business price list. For the year ended 31 December 2015, the value of these transactions was THB34,350 million (U.S.\$976 million), or 8 per cent. of total consolidated sales.

For the six months ended 30 June 2016, the value of these transactions amounted to THB18,801 million (U.S.\$534 million), or 8 per cent. of total consolidated sales.

### **Purchase of Raw Materials**

In 2015, the CPF Group purchased raw materials from associate, joint ventures and related companies that were also based on the ordinary course of business price list. For the year ended 31 December 2015, the value of these transactions was THB59,595 million (U.S.\$1,693 million), or 16 per cent. of the total consolidated cost of goods sold.



For the six months ended 30 June 2016, the value of these transactions amounted to THB27,416 million (U.S.\$779 million), or 15 per cent. of the total consolidated cost of goods sold.

### **Other Income**

For the year ended 31 December 2015, the CPF Group received other income from dividends, interest, as well as training and seminar fees, system service fees, rental and service fees and others from associate, joint ventures and related companies, that amounted to THB374 million (U.S.\$11 million).

For the six months ended 30 June 2016, the value of other income received from dividends, interest, as well as training and seminar fees, system services fees, rental and service fees and others from associate, joint ventures and related companies amounted to THB146 million (U.S.\$4 million).

### **Rental and Services Fees**

The CPF Group has lease agreements covering office premises, including facilities, land, livestock farms and vehicles with certain related companies, for periods of one to ten years, which will expire in the period between 2016 and 2024. As at 31 December 2015 and 30 June 2016, the CPF Group had commitments, amounting to THB2,839 million (U.S.\$81 million) and THB2,506 million (U.S.\$71 million) respectively.

The CPF Group rented assets from associate, joint ventures and related companies according to the rates set by their owners. For the year ended 31 December 2015, the value of these transactions was THB1,582 million (U.S.\$45 million). For the six months ended 30 June 2016, the value of these transactions was THB758 million (U.S.\$22 million).

### **Technical Service Fees**

The CPF Group has technical service agreements with its major shareholder, Charoen Pokphand Group Company Limited (“CPG”). Under the terms of these agreements, CPG agrees to research and develop the raw material ingredients for the production of animal feed for CPF 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 and is dependent upon the types of feed, as stipulated in the agreements, to CPG. The minimum service fee ranges from THB0.1 million (less than U.S.\$0.003 million) to THB1.3 million (U.S.\$0.037 million) per month.

In addition, certain foreign subsidiaries have agreements to obtain technical service assistance, relating to animal feed manufacturing, 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.

For the year ended 31 December 2015, CPF paid CPG for technical services concerning animal feed production that amounted to THB1,624 million (U.S.\$46 million). For the six months ended 30 June 2016, these fees amounted to THB920 million (U.S.\$26 million).

### **Insurance Premium**

The CPF Group pays the insurance premiums to Allianz C.P. Insurance Public Company Limited (“AZCP”), which is a CPF related company. The insurance premium rates were paid according to the independent commercial standards set by the insurers.

For the year ended 31 December 2015, CPF paid insurance premiums to AZCP which amounted to THB243 million (U.S.\$7 million). For the six months ended 30 June 2016, these premiums amounted to THB106 million (U.S.\$3 million).



## Other Expenses

For the year ended 31 December 2015, the CPF Group paid software application service fees, and other fees, to related companies which amounted to THB1,238 million (U.S.\$35 million). For the six months ended 30 June 2016, these fees amounted to THB505 million (U.S.\$14 million).

## Others

The CPF Group has hire-of-work agreements to construct buildings, structures and other agreements, including equipment and other purchase with certain related companies. For the year ended 31 December 2015, the payments in respect of these agreements amounted to a total of THB1,948 million (U.S.\$55 million). For the six months ended 30 June 2016, these payments amounted to a total of THB726 million (U.S.\$21 million).

A subsidiary of CPF entered into an agreement with a related company, Star Marketing Company Limited (“STAR”), for the right to use all current trademarks of STAR. In this regard, the subsidiary is committed to pay the trademark licence fee to STAR, which is calculated according to the value of sales under the trademark, at the rates that were stipulated in the agreement. The fees paid by the subsidiary for the year ended 31 December 2015 amounted to THB34 million (U.S.\$1 million). For the six months ended 30 June 2016, these fees amounted to THB17 million (U.S.\$0.5 million).

Furthermore, the CPF Group has entered into agreements with CPG for the right to use the  and  trademark. In this regard, CPF has to pay the trademark licence fee to CPG at rates of between 0.2 per cent. and 0.4 per cent. of the sale value of each product, as stipulated in the agreements. The fees for the year ended 31 December 2015 came to a total of THB85 million (U.S.\$2 million). For the six months ended 30 June 2016, these fees amounted to a total of THB44 million (U.S.\$1 million).

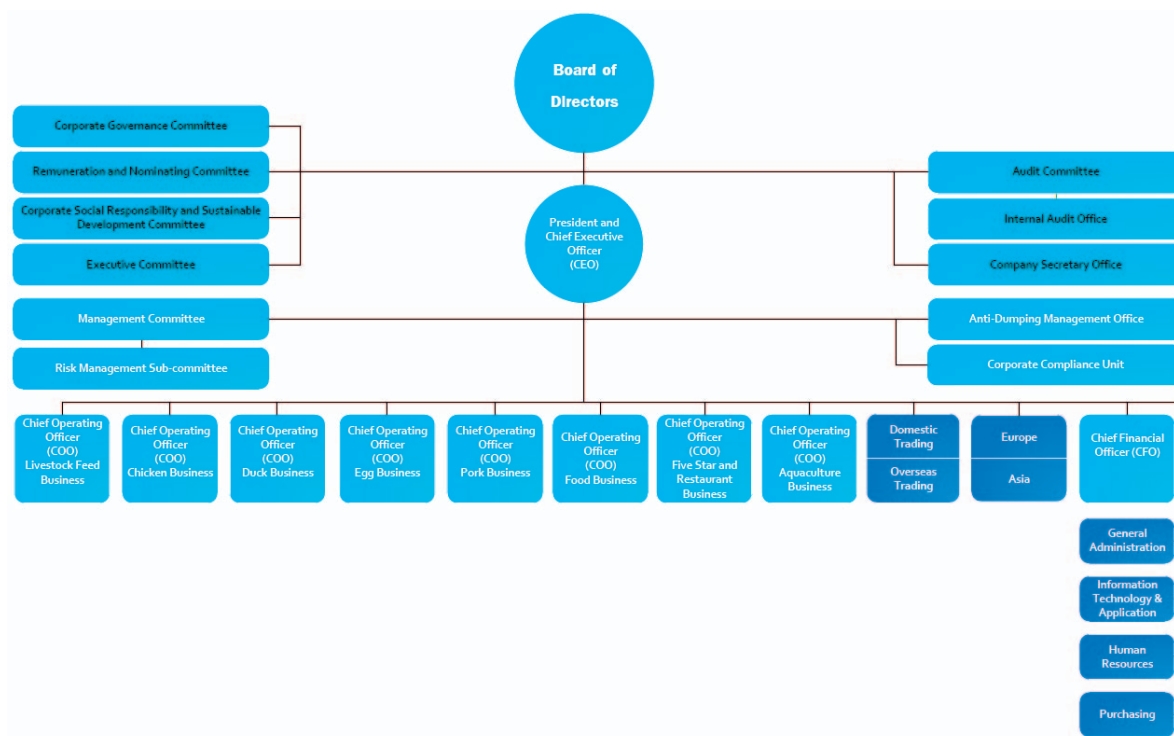
In May 2015, CPF acquired an additional 75 per cent. stake in C.P. Cambodia Company Limited from Orient Success International Limited, a subsidiary of CPG and a related company, at the total consideration of THB2,850 million, increasing its stake to 100 per cent.

In November 2015, the Board of Directors’ Meeting approved CPFTH to sell its land located at Kumpran sub-district, Wang Muang district, Saraburi province to Charoen Pokphand Produce Co., Ltd at a consideration of THB5 million and land located at Nong Hiang sub-district Phanat Nikhom district, Chonburi province and Nong Pan Chan sub-district, Suan Phueng district, Ratchaburi province to Charoen Pokphand Agriculture Co., Ltd at a consideration of THB62 million and THB56 million. These transactions were completed during the fourth quarter of 2015.

In May 2016, the Board of Directors’ meeting approved the acquisition of 100 per cent. stake in Hubei Chia Tai Co., Ltd (“Hubei”) by CTCI, CTCI acquired this interest from Chia Tai Food Investment Company Limited, a related company, for a total consideration of approximately THB560 million. The transaction was completed during the second quarter of 2016.

## Management and Corporate Governance

CPF’s management structure consists of the Board of Directors and five committees of the board, namely the audit committee, the corporate governance committee, the executive committee, the remuneration and nominating committee and the corporate social responsibility and sustainable development committee. The chart below illustrates CPF’s management structure as at 31 August 2016.



As at 31 August 2016, the upper management of CPF is as follows:

Name	Position
1 Mr Adirek Sripratak .....	President and CEO
2 Mr Teerasak Urunanon .....	COO — Livestock Feed Business
3 DVM Sujint Thammasart.....	COO — Aquaculture Business
4 Mr Virachai Ratanabanchuen .....	COO — Chicken Business
5 Mr Pisit Ohmpornnuwat .....	COO — Duck Business
6 Mr Sompop Mongkolpitaksuk.....	COO — Egg Business
7 Mr Somkuan Choowatanapakorn .....	COO — Pork Business
8 Mr Sukhawat Dansermasuk .....	COO — Food Business
9 Mr Sathit Sangkanarubordee .....	COO — Five Star and Restaurant Business
10 Mr Paisan Chirakitcharern .....	CFO

### CPF’s Board of Directors

The Board of Directors has ultimate responsibility for the administration of the affairs of CPF. The Board of Directors consists of 15 members, out of those members, five are independent directors (equal to 1/3 of the total number of directors), five are executive directors and five are non-executive directors.

Every independent director is qualified as an independent director under the laws and regulations of Thailand, namely 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). This means that each independent director does not hold more than 1 per cent. of the voting shares of CPF, its subsidiaries, or any entity having a conflict of interest with CPF; does not have any involvement with CPF in terms of employment, management and/or as a provider of professional services (other than as a director); does not have any business relationship with CPF, does not represent any specific shareholder group and does not operate any business which is of the same nature as CPF.

CPF's Articles of Association provide for a Board of Directors of at least five directors and at least half of the directors must be resident in Thailand. Every board member of CPF currently has residence status in Thailand.

In addition, CPF's Articles of Association provides that at every annual general shareholder's meeting, at least one-third of the directors shall retire from office. However, if the number of directors retiring is not one third of the total number of directors, then the number nearest to that figure will be required to retire from office and directors who have served the longest shall retire first. Directors who retire by rotation maybe re-appointed, if so approved by the shareholders.

If there is a vacancy for a director and/or independent director, for reasons other than retirement by rotation, and where the remaining term is in excess of two months, the Board of Directors is required to elect a replacement director. Any resolution for the election of a director to a vacant position must be passed by at least three-quarters of the remaining number of directors. The newly-appointed director shall assume the position for the period that would have been served by the director they are replacing.

As at 31 August 2016, the directors of CPF are as follows:

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

*Ms. Patchara Chartbunchachai is CPF's Company Secretary.*

Notes:

(1) Independent Director

Certain information with respect to the directors is set out below:

- Mr Dhanin Chearavanont** ..... has served as Chairman of CPF and also served as a director of CPF since 1994, the conversion of the private company to public company limited. He is also the Chairman of C.P. Pokphand Co., Ltd. and a director of Chia Tai (China) Investment Co., Ltd, two subsidiaries of CPF. Mr Dhanin Chearavanont is also the chairman of Charoen Pokphand Group Co., Ltd, CP ALL Public Company Limited and True Corporation Plc, an honorary chairman of True Move Co., Ltd., a director of Bangkok Inter Teletech Plc., C.P. Land Plc. and C.P. Intertrade Co., Ltd.
- Mr Prasert Poongkumarn** ..... has served as a Vice Chairman of CPF and also served as a director of CPF since 1994, the conversion of the private company to public company limited. In addition, he has served as a director of CPF's subsidiaries, Charoen Pokphand Enterprise (Taiwan) Co., Ltd., Charoen Pokphand (India) Pte Ltd., C.P. Vietnam Corp. and CPF Food Trading Co., Ltd. Mr Prasert Poongkumarn is also a vice chairman of Charoen Pokphand Group Co., Ltd., chairman of CPPC Plc., and a director of C.P. Land Plc. and C.P. Intertrade Co., Ltd.
- Mr Min Tieworn** ..... has served as a Vice Chairman of CPF and also served as a director of CPF since 1994, the conversion of the private company to public company limited. In addition, he has served as a director of CPF Investment Ltd, a subsidiary of CPF. Mr Min Tieworn is also a vice chairman of Charoen Pokphand Group Co., Ltd. and a director of C.P. Land Plc. and C.P. Intertrade Co., Ltd.
- Mr Chingchai Lohawatanakul** ..... has served as a Vice Chairman of CPF and also served as a director of CPF since 1994, the conversion of the private company to public company limited. In addition, he is also a director of CPF Investment Ltd., C.P. Aquaculture (Beihei) Co., Ltd., C.P. Aquaculture (Dongfang) Co., Ltd., C.P. Aquaculture (Hainan) Co., Ltd and Chia Tai (China) Investment Co., Ltd. all subsidiaries of CPF. In addition, Mr Chingchai Lohawatanakul is also a vice chairman of Charoen Pokphand Group Co., Ltd.

- Mr Adirek Sripratak** ..... has served as a Vice Chairman of CPF since 2013 and also served as a director of CPF since 1998. In addition, he has served on the board of subsidiaries of CPF, including chairman of CPF (Thailand) Plc, vice chairman of C.P. Pokphand Co., Ltd., a director of each of C.P. Merchandising Co., Ltd., CPF Training Center Co., Ltd., CPF IT Center Co., Ltd., Bright Excel Investments Ltd., Charoen Pokphand (India) Pte Ltd., Charoen Pokphand (Taiwan) Investment Ltd., Charoen Pokphand Foods Kenya Co., Ltd., Chia Tai (China) Investment Co., Ltd., Coinaton Investments Ltd., and CPF Investment Ltd., CPF Tanzania Ltd., C.P. Vietnam Corp., CPVN Ltd., C.P. Laos Co., Ltd., Forward Pass Ltd. and New Splendid Holdings Ltd. Mr Adirek Sripratak is also the honorary chairman of the Thai Broiler Processing Exporters Association, a director of CP ALL Public Company Limited and Siam Makro Plc..
- Dr Chaiyawat Wibulswasdi** ..... has served as a director of CPF since 2010. In addition, he has served as chairman of the Stock Exchange of Thailand, advisor to Deputy Prime Minister on Economy, Honorary Advisor of the Fiscal Policy Research Institute Foundation, including director of Siam Makro Plc. He was the chairman of the Board of Executive Directors of Krung Thai Bank Plc. from 2004 to 2010 and a vice chairman of Securities and Exchange Commission from 2007 to 2008.
- Emeritus Professor Supapun Ruttanaporn** ... has served as a director of CPF since 2009. In addition, she has served as a Treasurer of Wat Yannasangwararam Foundation, a director of the Audit Committee of Glow Energy Plc. She was a member of Etiquette Committee and a member of Investigation, Sub-committee of the Federation of Accounting Professionals from 2010 to 2012.
- Professor Dr Pongsak Angkasith** ..... has served as a director of CPF since August 2013. In addition, he holds an honorary doctorate from Chiang Mai University and has served as an advisor to Boon Rawd Brewery Co., Ltd. Professor Dr Pongsak is also the executive director of the Royal Project Foundation and president of the Agricultural Extension Association of Thailand.
- Mr. Rungson Sriworasat** ..... has served as a director of CPF since February 2016. In addition, he has served as chairman of TMB Bank Plc. and director of Berli Jucker Plc. He was a permanent secretary of Ministry of Finance from 2013 to 2015.

- Pol. Gen. Phatcharavat Wongsuwan** ..... has served as a director of CPF since August 2016. In addition, he has served as an independent director of CP All Plc. and Energy Absolute Plc., as well as a member of the National Legislative Assembly. He was a commissioner general of Royal Thai Police from 2008 to 2009.
- Mr Phongthep Chiaravanont** ..... has served as a director of CPF since 1994, the conversion of the private company to public company limited. In addition, he has served as a vice chairman of Charoen Pokphand Group Co., Ltd., a chairman and chief executive officer of Perfect Companion Group Co., Ltd.
- Dr Veeravat Kanchanadul** ..... has served as a director of CPF since 1994, the conversion of the private company to public company limited. In addition, he has served as a director of CPF's subsidiary, CPF Investment Ltd. Dr Veeravat Kanchanadul is an advisor to the President of Association of Thai Listed Companies, a senior director of National Institute of Development Administration, Thailand and a senior director of Thammasat University Council, a director for Program for Joint Doctorate in Business Administration (JDBA) and a director of C.P. Land Plc.
- Mr Pong Visedpaitoon** ..... has served as a director of CPF since 1994, the conversion of the private company to public company limited. In addition, he has served as a director of a number of CPF's subsidiaries, namely, Asia Aquaculture (M) Sdn. Bhd., Charoen Pokphand Foods (Malaysia) SDN. BHD., Charoen Pokphand Foods Philippines Corporation and Star Feedmills (M) Sdn. Bhd.
- Mr Sunthorn Arunanondchai** ..... has served as a director of CPF since 2000. In addition, he has served as a director of CPF's subsidiary, C.P. Enterprises Ltd. Mr Sunthorn Arunanondchai is also a director and president of C.P. Land Plc., a director and chairman of Ek-Chai Distribution System Co., Ltd., a director and chairman of the Audit Committee of Bangkok Life Insurance Plc., a director of Bangkok Inter Teletech Plc. and a director of True Move Co., Ltd.
- Mrs Arunee Watcharananan** ..... has served as a director of CPF since 2000. In addition, she has served as a director of a number of CPF's subsidiaries, namely, CPF (Thailand) Plc., C.P. Merchandising Co., Ltd. and CPF Investment Ltd. She is also an executive director of CPF's subsidiary, C.P. Pokphand Co., Ltd. Mrs Arunee Watcharananan is a deputy CFO of Charoen Pokphand Group Co., Ltd.

## **Audit Committee**

CPF's Audit Committee and its chairman were appointed by the Board of Directors. The current Audit Committee term is for a period of three years which expires on 23 December 2017. As at 31 August 2016, the members of the Audit Committee are Dr Chaiyawat Wibulswasdi (chairman), Emeritus Professor Supapun Ruttanaporn, Professor Dr Pongsak Angkasith and Mr. Rungson Sriworasat. Mr Chalermchon Koonthonwan is the Secretary of the Audit Committee.

The roles and responsibilities of the Audit Committee comply with the Notification of the Stock Exchange of Thailand Re: Qualification and Scopes of Duties of the Audit Committee 2008 dated 9 June 2008, as follows:

- (1) To review CPF's financial reporting process to ensure that it is accurate and adequate;
- (2) To review CPF's internal control system, internal audit system and risk management system to ensure that they are suitable and efficient;
- (3) To review CPF's compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand and the laws relating to CPF'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 CPF's external auditors, to dismiss CPF'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 CPF;
- (7) To prepare a report of the Audit Committee which is signed by the Chairman of the Audit Committee and published in CPF's annual report. This report must contain at least the following information:
  - (7.1) a commentary on the accuracy, completeness and creditability of CPF's financial report;
  - (7.2) a commentary on the adequacy of CPF'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 CPF'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.



- (8) To perform any other acts as assigned by the Board of Directors with the approval of the Audit Committee.

In the performance of its duties according to the roles and responsibilities above, the Audit Committee must be directly responsible to CPF's Board of Directors, with the Board of Directors being responsible to third parties for the actions of CPF.

### **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 expires on 30 March 2018. As at 31 August 2016, the member of the Remuneration and Nominating Committee are Mr Prasert Poongkumarn and Professor Dr Pongsak Angkasith.

The roles and responsibilities of the Remuneration and Nominating Committee are as follows:

- (1) To establish the rules and process for nominating individuals qualified to be CPF'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 CPF'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.

### **Corporate Governance Committee**

CPF's Corporate Governance Committee was appointed by the Board of Directors. The Corporate Governance Committee term is for a period of three years which expires on 15 January 2019. As at 31 August 2016, the member of the Corporate Governance Committee are Dr Chaiyawat Wibulswasdi (chairman), Dr Veeravat Kanchanadul and Mr. Rungson Sriworasat. The CPF Company Secretary serves as Ex Officio Secretary of the Corporate Governance Committee.

The roles and responsibilities of the Corporate Governance Committee are as follows:

- (1) To establish and propose the corporate governance scope and policy to the Board of Directors for its approval;
- (2) To propose the guideline 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;
- (5) To report the results of assessment of the compliance with corporate governance policy to the Board of Directors at least once a year.

CPF's current 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. This Corporate Governance Policy has been amended three times. The amendments were approved by the Board of Directors on 17 December 2008, 8 November 2013 and 15 March 2016, respectively. The 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.

### **Corporate Social Responsibility and Sustainable Development Committee**

CPF's Corporate Social Responsibility and Sustainable Development Committee was appointed by the Board of Directors. The Corporate Social Responsibility and Sustainable Development Committee term is for a period of three years which expires on 15 November 2018. As at 31 August 2016, the members of Social Responsibility and Sustainable Development Committee are Dr Chaiyawat Wibulswasdi (chairman), Mr Adirek Sripratak and Professor Dr Pongsak Angkasith. Mr Wuthichai Sithipreedanant is the Secretary of the Corporate Social Responsibility and Sustainable Development Committee.

The roles and responsibilities of the Corporate Social Responsibility and Sustainable Development Committee are as follows:

- (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 appropriate.

### **Executive Committee**

The Board of Directors appoints the Executive Committee by considering individuals with the qualifications, knowledge, competency and experience related to CPF'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 at 31 August 2016, the members of CPF's Executive Committee are Mr Chingchai Lohawatanakul (chairman), Mr Adirek Sripratak, Mr Pong Visedpaitoon, Mr Phongthep Chiaravanont, Mrs Arunee Watcharananan, Mr Voravit Janthanakul, Mr Teerasak Urunanon, Mr Vitit Pootanasap, Ms. Patchara Chartbunchachai and Mr Paisan Chirakitcharern. Mr Paisan Chirakitcharern is the Secretary of the Executive Committee.

The primary responsibilities of the Executive Committee are as follows:

- (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 CPF's succession plan, manpower plan, remuneration criteria and performance assessment criteria for the management, provided that the remuneration in the form 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 CPF'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.

#### **Remuneration of Directors and Executives**

The Board of Directors requires the Remuneration and Nominating Committee to determine directors' remuneration each year, and to propose this to the Board of Directors for approval by the shareholders. In addition, the Board of Directors requires the Executive Committee to determine the remuneration of CPF's Executives in accordance with their responsibilities and performance, in relation to CPF's operating performance, and compared to the industry average.

#### **Remuneration of the Board of Directors**

Monetary remuneration in 2015 of the Board of Directors amounted to a total of THB57.04 million, which included (1) monthly remuneration and (2) special remuneration in accordance with the resolution of the Annual General Shareholders' Meeting.

In addition, some directors also received remuneration as directors of subsidiaries, and this amounted to THB1.4 million. Remuneration of the Audit Committee for 2015 amounted to a total of THB15 million.

#### **Remuneration for the Executives**

Monetary Remuneration in the 2015 financial year for executives of CPF amounted to a total of THB142 million.

## Interests in Shares

As at 31 August 2016, the directors and executives have the following shareholdings in CPF.

	Shareholding in CPF	Family Relationship
<b>Directors</b>		
Mr Dhanin Chearavanont .....	—	Cousin of Mr Phongthep Chiaravanont
Mr Prasert Poongkumarn.....	1,335,983 shares, equivalent to 0.0173%	Brother-in-law of Mr Phongthep Chiaravanont
Mr Min Tieworn .....	—	—
Mr Chingchai Lohawatanakul .....	24,195,131 shares, equivalent to 0.3125%	—
Mr Adirek Sripratak .....	3,844,778 shares, equivalent to 0.0497%	Older brother of Mrs Arunee Watcharananan
Dr Chaiyawat Wibulswasdi .....	—	—
Emeritus Professor Supapun Ruttanaporn .....	20,000 shares, equivalent to 0.0003%	—
Professor Dr Pongsak Angkasith ...	50,000 shares, equivalent to 0.0006%	—
Mr. Rungson Sriworasat .....	—	—
Pol. Gen. Phatcharavat Wongsuwan .....	—	—
Mr Phongthep Chiaravanont .....	1,990,000 shares, equivalent to 0.0257%	Cousin of Mr Dhanin Chearavanont and brother-in-law of Mr Prasert Poongkumarn
Dr Veeravat Kanchanadul .....	11,175,070 shares, equivalent to 0.1443%	—
Mr Pong Visedpaitoon .....	—	—
Mr Sunthorn Arunanondchai .....	15,048,299 shares, equivalent to 0.1943%	—
Mrs Arunee Watcharananan .....	8,108,928 shares, equivalent to 0.1047%	Younger sister of Mr Adirek Sripratak
<b>Other Executives</b>		
DVM Sujint Thammasart .....	138,348 shares, equivalent to 0.0018%	—
Mr Teerasak Urunanon .....	136,288 shares, equivalent to 0.0018%	—
Mr Virachai Ratanabanchuen .....	281,000 shares, equivalent to 0.0036%	—

	Shareholding in CPF	Family Relationship
Mr Pisit Ohmpornnuwat .....	2,000 shares, equivalent to 0.0000%	—
Mr Sompop Mongkolpitaksuk .....	103,334 shares, equivalent to 0.0013%	—
Mr Somkuan Choowatanapakorn ...	200,000 shares, equivalent to 0.0026%	—
Mr Sukhawat Dansermasuk .....	630,433 shares, equivalent to 0.0081%	—
Mr Sathit Sangkanarubordee .....	189,533 shares, equivalent to 0.0024%	—
Mr Paisan Chirakitcharern .....	99,417 shares, equivalent to 0.0000%	—

### Principal Shareholders

(as at 26 August 2016)

Names	No. of Shares	% Shareholding
1. CPG Group* comprises:.....	3,870,000,000	49.98%
1.1 CPG.....	2,092,316,740	27.02%
1.2 Charoen Pokphand Holding Co., Ltd.....	854,225,460	11.03%
1.3 Worth Access Trading Limited.....	195,662,200	2.53%
1.4 Creative Light Investments Limited .....	144,555,000	1.87%
1.5 Orient Success International Limited .....	205,000,000	2.65%
1.6 C.P. Holding (Thailand) Co., Ltd. ....	23,420,000	0.30%
1.7 CPF (Thailand) Plc. ....	207,935,600	2.68%
1.8 Bangkok Produce Merchandising Plc.....	82,885,000	1.07%
1.9 Plenty Type Ltd.....	64,000,000	0.83%
2. Thai NVDR Co., Ltd.....	698,383,373	9.02%
3. Social Security Office (2 cases) .....	188,479,600	2.43%
4. STATE STREET BANK EUROPE LIMITED.....	164,193,902	2.12%
5. GIC PRIVATE LIMITED.....	111,587,378	1.44%
6. CHASE NOMINEES LTD. ....	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 .....	81,711,028	1.06%
10. THE BANK OF NEW YORK (NOMINEES) LIMITED.....	58,003,550	0.75%

\* A reporting group in compliance with Section 246 and 247 of the Securities and Exchange Act 2535 (as amended)

## Foreign Holding Limit

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

Foreigners may acquire ordinary shares of CPF in excess of the restricted ratio prescribed in preceding paragraph by means of subscription of newly issued ordinary shares or exercising their rights of convertible debenture holders or warrant holders or subscription of newly issued ordinary shares (including dividend shares or ordinary shares issued to the holders of ordinary shares who have acquired the shares under conditions in this paragraph); issued and offered for sale by CPF; provided that the holding of new ordinary shares in such case, when added to the ordinary shares held by foreigners according to previous paragraph, shall not cause the total number of ordinary shares held by foreigners to exceed 49 per cent. of the total numbers of ordinary shares then issued by CPF. This 49 per cent. restriction on shareholding by foreigners shall apply to the case of transfer of ordinary shares from the foreigners who have acquired the new ordinary shares by means of exercising their conversion rights or subscription of capital increase shares issued and offered for sale by CPF under conditions in this paragraph (including dividend shares or new ordinary shares issued to the holders of ordinary shares who have acquired shares under conditions in this paragraph) to foreigners in every stage of transfer until such shares are transferred to the non-foreigners.

As at 26 August 2016, 22.81 per cent. of CPF's issued shares were held by foreign investors.

<b>Type</b>	<b>% Holding</b>
1 Thai Individuals .....	16.73%
2 Foreign Individuals .....	0.04%
3 Thai Juristic Persons .....	60.46%
4 Foreign Juristic Persons .....	<u>22.77%</u>
<b>Total</b> .....	<u><u>100.00%</u></u>

## DESCRIPTION OF CP ALL

*Each of the Issuer, the Sponsor and the Sole Bookrunner does not accept any responsibility for the accuracy, completeness or sufficiency of the information relating to CP ALL and the CP ALL Group. The information relating to CP ALL and the CP ALL Group has not been prepared in connection with the offering of the Bonds but has been derived from public sources and none of the Issuer, the Sponsor and the Sole Bookrunner has made any investigation or enquiry with respect to such public sources or such information. None of the Issuer, the Sponsor, or the Sole Bookrunner makes any representation that such publicly available sources of the information relating to CP ALL and the CP ALL Group are accurate or complete and each of the Issuer, the Sponsor, and the Sole Bookrunner disclaims any liability with respect to the accuracy, completeness or sufficiency of any such information. Any public information related to the CP ALL Group is not incorporated by reference and does not form a part of this Offering Circular.*

### Overview

CP ALL was established in 1988 by the Charoen Pokphand Group to operate a convenience store business in Thailand under the “7-Eleven” trademark under licence from 7-Eleven, Inc., USA. In 1989, the first 7-Eleven outlet in Thailand was opened on Patpong Road. CP ALL also operates related businesses such as bill payment collection services (“Counter Service Co., Ltd.”), manufacturing and sale of convenience food and bakery products (“CPRAM Co., Ltd.”), sale and maintenance of retail equipment (“CP Retailink Co., Ltd.”) payment for products and services through smart cards (“Thai Smart Card Co., Ltd.”), information technology services (“Gosoft (Thailand) Co., Ltd.”), logistics services (“Dynamic Management Co., Ltd.”), marketing services (“MAM Heart Co., Ltd.”), educational institution (“Suksapiwat Co., Ltd.”), and training and business seminar services (“Panyatara Co., Ltd.” And “All Training Co., Ltd.”), including catalog sales and e-commerce business (Twenty Four Shopping Co., Ltd.). In 2013, CP ALL acquired Siam Makro Public Company Limited (“Makro”) which operates membership-based Cash and Carry trade centres in Thailand.

By 30 June 2016, CP ALL had a total of 9,252 7-Eleven stores across Thailand. In addition, CP ALL has invested in other businesses which support its core convenience store business in Thailand. By 31 December 2015, Makro had a total of 91 stores, an increase of 14 stores for the year, located across the country. In addition, Makro opened 2 new “Siam Frozen” shops which sell mainly frozen food, adding up to a total of 7 Siam Frozen shops. As at 31 December 2015, CP ALL’s registered capital with the Ministry of Commerce was THB8,986,296,048 of which THB8,983,101,348 had been paid up. The paid up capital comprises 8,983,101,348 ordinary shares with a par value of THB 1 per share.

### Recent Developments

In 2015, further to the Securities and Exchange Commission, Thailand (“SEC”) announcement on 2 December 2015, three executives of CP ALL were found guilty of insider trading offences in relation to trading of the common share of Makro and fined a total amount of THB31.9 million. The three executives have accepted the ruling and paid the fines.

As further set out in the CP All company announcement dated 5 February 2016, after carefully reviewing the facts and taking into consideration the SEC fines and the prior behaviour and performance of the individuals and their skills and experience, the Board of CP ALL decided that it was appropriate for the three executives to continue in the CP ALL business. The CP ALL Board determined that while the three executives in question acted with imprudence and with limited understanding of the SEC rules, there was no intention to violate such rules. The executives’ previous track records of ethical practice and compliance and settlement with the SEC were also taken into consideration. The CP ALL Board also announced a review of CP ALL’s governance and compliance guidelines and procedures. A Corporate Governance Committee has been established to review and revise corporate governance guidelines on an ongoing basis to ensure alignment with international standards. They have also announced that EY Corporate Services Limited has been appointed as an

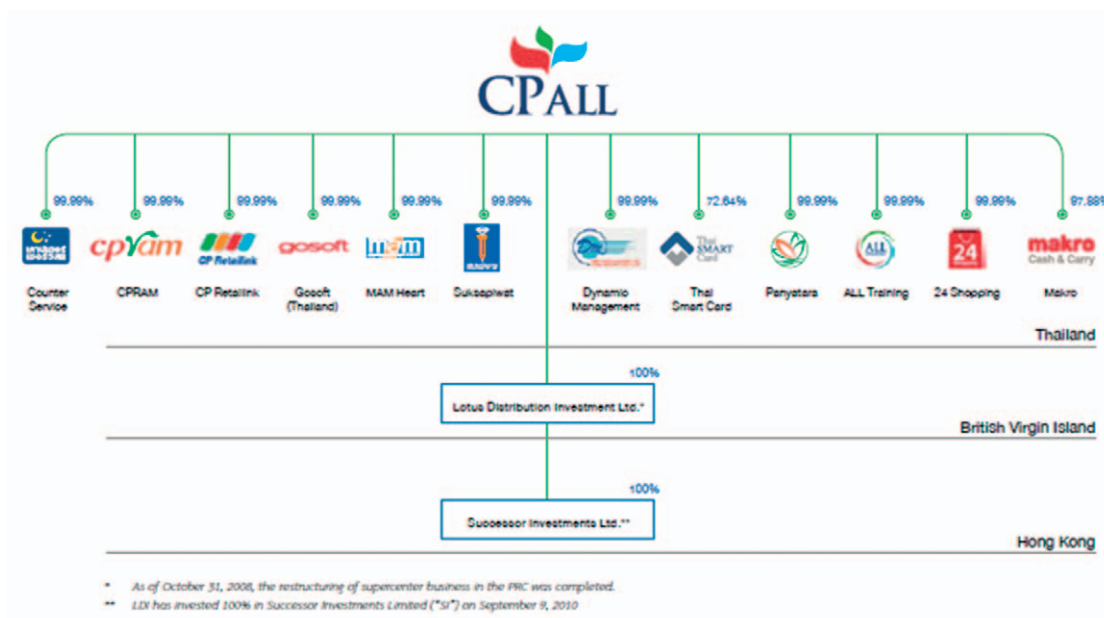
external consultant to the Corporate Governance Committee. The consultant will help review and make recommendations regarding corporate governance practice and procedures, including compliance procedures in dealing with material inside information, and will report to the Corporate Governance Committee. At a 10 August 2016 meeting of the CP ALL Board, in order to build up the confidence of shareholders and investors on CP ALL as well as to affirm their intention to operate the business with good corporate governance, the three executives notified the CP ALL Board of their intention not to receive regular monthly remuneration of directors for a period of one year starting from August 2016.

### Foreign Holding Limit

According to CP ALL’s articles of association, no more than 49 per cent. of the total issued CP ALL Shares may be held by non-Thai shareholders/foreign investors. As at 13 September 2016, 37.80 per cent. of the total issued CP ALL Shares were held by non-Thai shareholders/foreign investors.

### Corporate Structure

The following is the corporate structure of the CP ALL Group as at 31 December 2015.





## MARKET PRICE INFORMATION

The CP ALL Shares have been listed on the SET since 14 October 2003. The following table shows the high/low market prices and the total trading volume of the CP ALL Shares on the SET during the indicated periods.

Period	Share Price (THB per share)			Average Daily	Average Daily
	Closing	Maximum	Minimum	Trading Value	Trading Volume
				(THB million)	(million shares)
2012 <sup>(1)</sup> .....	46.00	47.00	26.13	768.9	21.4
2013 .....	42.00	52.00	32.75	1,396.3	34.0
2014 .....	42.50	48.25	38.00	618.1	14.3
2015 .....	39.25	51.25	37.50	775.4	17.3
2016 (up to 13 September 2016) .....	58.75	62.25	39.00	1,234.0	25.4

Note:

(1) Adjusted for the stock dividend declared in 2012.

As at 13 September 2016, the closing price of the CP ALL Shares was THB58.75.

There is no public market outside Thailand for the CP ALL Shares. As at 13 September 2016, there were 8,983,101,348 outstanding and fully subscribed CP ALL Shares.

The SET has experienced significant fluctuations in the prices of listed securities and there are currently limits on the range of daily price movements. For more information, see “*Risk Factors — Risks Relating to Thailand — The Thai securities market is relatively small and may be subject the market price of the Bonds and the CP ALL Shares to greater volatility*”.

## DESCRIPTION OF THE SHARES AND THE NVDRS

Set forth below is certain general information relating to CP ALL Shares extracted from publicly available sources including brief summaries of certain provisions of its Articles of Association, the Public Limited Companies Act B.E. 2535 (1992), as amended (the “PLCA”) and the Securities and Exchanges Act B.E. 2535 (1992), as amended (the “SEC Act”), all as currently in effect.

### General

CP ALL is governed by its Articles of Association, the SEC Act and the provisions of the PLCA. CP ALL was converted from a private limited company into a public limited company on 12 March 1999.

### Share Capital

As at 30 June 2016, CP ALL’s paid-up share capital was THB8,983,101,348, consisting of 8,983,101,348 shares of THB1.00 par value each, while the registered share capital was THB8,986,296,048, consisting of 8,986,296,048 shares of THB1.00 par value each. All issued Shares are fully paid and in registered form, and are recorded in share register book maintained by the Thailand Securities Depository Co., Ltd. (the “TSD”).

### Transfer of Shares

Under the PLCA, which applies to shares issued by public companies, a transfer of listed shares in scrip form is valid between the transferor and the transferee by an endorsement on the back of the share certificate representing the shares transferred, execution by the transferor and the transferee, and the delivery of the endorsed certificate to the purchaser or his broker. For a transfer to be valid against the issuer company, a request for an entry of the transfer into a share register book must be received by CP ALL. To be valid against a third party the entry of the transfer must actually be made into the share register book.

See “*Taxation — Thai Taxation*” for a description of Thai stamp duty on transfers and “*The Thai Securities Market*” for a description of transfer procedures for trades on the SET.

### Limitation on Foreign Ownership of Shares

Under the PLCA, CP ALL is not allowed to set up share transfer restrictions, unless the purpose of the restriction is to preserve its lawful rights and benefits or to maintain the ratio of shareholding between Thai shareholders and non-Thai shareholders.

Under CP ALL’s Articles of Association, no more than 49 per cent. of the total issued CP ALL Shares may be held by non-Thai shareholders.

The Articles of Association of CP ALL do not provide sanctions for the transfer of shares in violation of the limitations contained in the Articles of Association, or a method for requiring the divestiture of such Shares. Nonetheless, if a non-Thai person acquires Shares which results in the aggregate percentage of Shares owned by non-Thai persons exceeding 49 per cent. of the issued CP ALL Shares, there can be no assurance that such person will not lose the benefit of such investment (i.e. he will not be entitled to attend and vote at any shareholders’ meeting and/or receive any dividends) either because CP ALL’s registrar may refuse to register the ownership of such Shares or because divestment may be required by applicable Thai law and regulations. It is not always possible for a non-Thai person acquiring shares to know in advance whether the Shares being acquired will fall within legal limits and be eligible to be registered in such person’s name.

As at 13 September 2016, the total foreign shareholdings of CP ALL Shares was 37.80 per cent.

## **Dividends**

Annual dividends are recommended by CP ALL's board of directors, and are subject to shareholders' approval at the annual general meeting of the shareholders. The board of directors by resolution may decide to pay to the shareholders such interim dividends as appear to the directors to be justified by CP ALL profits. After such interim dividends have been paid, such dividend payment shall be reported to the shareholders at the next shareholders meeting. Dividends (annual or interim) are distributed equally on each outstanding share. Dividends may be distributed either in cash or, if approved by the shareholders in a general meeting, in the form of shares.

Pursuant to the PLCA and the Articles of Association, CP ALL cannot make any distribution of dividends otherwise than out of its net profit. CP ALL is also not permitted to pay dividends if its retained earnings are not positive, even if CP ALL records a positive net profit for the year. In addition, in any year in which CP ALL has a net profit, CP ALL is required by the PLCA and by its Articles of Association to set aside as a reserve an amount not less than 5 per cent. of annual net profit less any accumulated losses carried forward until the total reserve is not less than 10 per cent. of CP ALL's registered capital.

Any claim made against CP ALL with respect to the payment of dividends will be valid only within 10 years from the relevant payment date.

## **General Meetings of the Shareholders**

CP ALL's board of directors is required to convene an annual general meeting of shareholders within four months from the last day of its fiscal year. CP ALL's board of directors may call an extraordinary general meeting whenever the board of directors deems it appropriate, and is required to call such a meeting upon the written request of the holders of at least 20 per cent. of its total issued shares, or not less than 25 shareholders holding, in aggregate, not less than 10 per cent. of its total issued shares. Notice of any general meeting must be given to all shareholders and the Registrar, Department of Business Development, MOC at least seven days in advance. Publication of said notice must be made for three consecutive days in a local newspaper not less than three days prior to the meeting.

A quorum for any shareholders' meeting is constituted by the presence, either in person or by proxy, of not less than the lesser of 25 shareholders or one half of the total number of shareholders, in either case holding in aggregate not less than one third of the total number of issued shares. If a quorum is not present within one hour, a general meeting shall be dissolved in the case where the meeting was requested by shareholders and in every other case shall be adjourned to another date prior to which notice must be sent to shareholders at least seven days in advance. A quorum is not required for the adjourned meeting to be properly constituted.

CP ALL's Articles of Association provides that at the annual general meetings of shareholders, shareholders shall:

- review the report of the board of directors regarding the operating results in the preceding year;
- consider and approve CP ALL's financial statements for the past year;
- consider and approve profit allocation;
- consider and elect new directors in place of those who are retiring by rotation;
- appoint and fix the remuneration of its auditor; and
- consider any other business.

## **Voting Rights**

A shareholder is entitled to one vote per share. A resolution can be adopted at a general meeting of shareholders by a simple majority of the votes of the shareholders who attend the meeting, except, among others, in the following matters, which require at least three fourths of all shareholders present and entitled to vote:

- the sale or transfer of all or a substantial part of its business to other persons;
- the purchase by CP ALL or acceptance of transfer of the businesses of other companies to CP ALL;
- the making, amendment or termination of contracts relating to the leasing out of all or a substantial part of CP ALL business, the assignment of any other persons to manage CP ALL business or the consolidation of the business with other persons with an objective towards profit and loss sharing; and
- the increase or reduction of registered capital, issuance of bonds, amalgamation with another company, its dissolution and the amendment to CP ALL's Memorandum of Association and Articles of Association.

The election of directors requires a resolution of a general meeting of shareholders. The persons who receive the highest number of votes ranked in descending order that corresponds to the number of directors to be elected during the meeting will be elected as directors. The removal of a director before his/her term requires a resolution of a general meeting of shareholders of not less than three fourths of all shareholders present and entitled to vote, holding shares in aggregate of not less than one half of the total number of shares present and entitled to vote.

In addition, to fix the remuneration of directors requires a resolution of a general meeting of shareholders of not less than two thirds of all votes present.

## **Issuance of Additional Shares**

The PLCA provides that all or some of any new shares issued may, by a resolution of shareholders adopted at a general meeting, be offered to existing shareholders in proportion to their respective shareholding or offered to the public or other persons. Such resolution must be registered with the Registrar, Department of Business Development, MOC. Every increase of the registered and paid-up share capital must be registered with the MOC and no share certificate can be issued without such prior registration.

## **Financial Statements**

The PLCA provides that CP ALL's board of directors must prepare a non-consolidated statement of financial position and income statement annually, at the end of each fiscal year. The statement of financial position and income statement must be certified by the auditor and approved by the shareholders at the annual general meeting of shareholders. A copy of the statement of financial position, income statement, auditor's report and the annual report of the board of directors, together with the notice of the annual general meeting of shareholders, will be sent to all shareholders at their respective addresses as listed in the share register book.

In addition to the PLCA requirements set out above, as a SET-listed company and in compliance with the regulations of the Thai SEC, CP ALL will be required to prepare and submit to the SET and the Thai SEC annual audited non-consolidated and consolidated financial statements within three months, as the case may be, from the end of each accounting year and quarterly reviewed non-consolidated and consolidated financial statements within 45 days from the end of each quarter.

## **Liquidation Rights**

The PLCA provides that in the event of liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among the shareholders in proportion to the number of shares held.

## **Acquisition by CP ALL of Its Own Shares**

Pursuant to the PLCA and the Articles of Association, CP ALL may not own its own shares, or take them in pledge, provided that:

- CP ALL may repurchase its shares from dissenting shareholders who vote against a shareholders' resolution at a shareholders' meeting approving an amendment to the Articles of Association in respect of voting rights and the right to receive dividends which such shareholders view to be unfair to them; or
- CP ALL may repurchase its shares for financial management purposes when CP ALL has accumulated profits and excess liquidity, provided that the share repurchase will not cause CP ALL financial difficulty.

In order to repurchase shares, CP ALL must obtain approval from its shareholders. However, if the share repurchase is not more than 10.0 per cent. of the paid-up capital, CP ALL's board of directors is authorised to approve such share repurchase without shareholder approval.

Shares purchased and held by CP ALL may not be counted towards forming a quorum for meeting of its shareholders, and do not carry any voting rights or the right to receive any dividend. Under Thai law, CP ALL is required to sell these shares within the period prescribed by the shares repurchase scheme but not exceeding three years from the completion of the share repurchase. If CP ALL fails to dispose of the shares within this prescribed period, it is required to reduce paid-up capital by writing off the unsold shares. Where any person, on his own or with his related person, acquires or disposes of the CP ALL Shares and thereby increases or decreases the number of the shares by any multiple of 5 per cent. of the total number of voting rights of such business, such person shall report to the Office of Securities and Exchange Commission within three business days following the date of such acquisition or disposition.

## **Non-Voting Depositary Receipts**

Investment in Thai companies or in certain Thai securities by "non-Thai persons" may be limited by the Foreign Business Act B.E. 2542 (1999), by a Board of Investment Promotion certificate issued under the Investment Promotion Act B.E. 2520 (1977), as amended, or by restrictions contained in a company's articles of association. A new class of securities in Thai companies, non-voting depositary receipts, or "NVDRs" issued by Thai NVDR Company Limited represents an investment alternative that allows foreign investors to receive financial benefits (but not voting rights) associated with the ownership of securities in a company whose securities are listed on the Stock Exchange without being concerned about the foreign shareholding limitation. The creation of NVDRs was authorised by the SEC in accordance with the SEC notification No. TorJor. 31/2552 re: Offering of Non Voting Depositary Receipt by the Subsidiary of the Stock Exchange of Thailand, dated 3 August 2009. The NVDRs are a SET-listed security issued by the Thai NVDR Company Limited, a wholly owned subsidiary of the SET, representing underlying shares registered in the name of Thai NVDR Company Limited, enabling non-Thais to receive the underlying economic benefits of shares that may otherwise only be held by Thai persons. The Thai NVDR Company Limited may issue additional NVDRs from time to time upon receipt of NVDR purchase orders from investors and after the purchase of the underlying shares. Holders of NVDRs are not considered shareholders of the underlying issuer, and, in general, do not have any rights as shareholders of the underlying issuer. Thai NVDR Company Limited, as the shareholder of the underlying issuer, reserves the right to attend the meeting of the shareholders of the underlying issuer but shall not vote unless the meeting has been called specifically

to consider delisting of the underlying securities. No person may hold NVDRs and shares in a Thai listed company that reaches or exceeds 25 per cent. of the total number of voting rights of such company. Where any person, on his own or with his related person, acquires or disposes of the NVDRs and the underlying shares and thereby (treating each NVDR as the equivalent of one underlying share) increases or decreases the number of the shares by any multiple of 5 per cent. of the total number of voting rights of such business, such person shall report to the Thai NVDR Company Limited within three business days following the date of such acquisition or disposition.

NVDRs are an alternative option for investment in Thai companies by foreign investors. Both Thai and foreign investors can invest in NVDRs. NVDR holders receive many of the same benefits as they would have received had they invested directly in CP ALL Shares (i.e., dividends and the ability to participate in right issues). However, the key difference between investing in NVDR and CP ALL Shares is in regard to voting rights because NVDRs, unlike ordinary CP ALL Shares, have no voting rights. Consequently, unlike CP ALL shareholders, NVDR holders cannot be involved in company decision-making. Trading NVDRs is similar to trading other securities on the SET.

For a summary of the terms and conditions of the NVDRs and other information relating to the NVDR status and rights of holders of NVDRs, please see [www.set.or.th/nvdr/en/about/about.html](http://www.set.or.th/nvdr/en/about/about.html).

## EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the average buying (telex transfer) and selling exchange rate of commercial banks in Bangkok announced by the Bank of Thailand, which are referred to as the reference rate. Any translation made in this Offering Circular is for the sole purpose of convenience and has not been audited. No representation is made that the THB amounts referred to herein could have been or could be converted into U.S. dollars at any particular rate or at all.

	<u>At Period End</u>	<u>Average<sup>(1)</sup></u>	<u>Low</u>	<u>High</u>
2012 .....	30.63	31.09	30.25	31.91
2013 .....	32.82	30.74	28.66	32.82
2014 .....	32.96	32.49	31.77	33.11
2015 .....	36.08	34.28	32.35	36.59
2016 (through 13 September 2016) .....	34.95	35.28	34.55	36.36

*Source: Bank of Thailand*

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Note:

(1) Averages are based on daily reference rates.

On 13 September 2016, the reference rate was THB34.95 = U.S.\$1.00.

## THE THAI SECURITIES MARKET

### History

The first organised stock exchange in Thailand was formed as a limited partnership in 1962 which later became a limited liability company and changed its name to the Bangkok Stock Exchange Co., Ltd in 1963. Approximately 35 securities were listed on the Bangkok Stock Exchange but trading remained low by comparison with present volumes. Following a Government initiative in 1969, plans were drawn up for an official stock exchange, and in May 1974 the Securities Exchange of Thailand Act B.E. 2517 (1974) (the “SET Act”) was enacted, leading to the replacement of the Bangkok Stock Exchange with the Securities Exchange of Thailand. In January 1991, the Securities Exchange of Thailand was renamed the Stock Exchange of Thailand. The SET Act provided the basis for regulation of the primary and secondary securities markets in quoted securities in Thailand and placed responsibility for control of the SET with the Ministry of Finance.

Dealings at the SET commenced on 30 April 1975, with a total of 16 quoted securities. The SET Index was also established on this date. The SET Index was established to show the market price movement of the traded securities. The SET Index includes all listed shares. It was set at 100 on the SET’s opening day. The SET Index uses the most recent transacted price for a security when no transaction in that security occurs on a particular day and is adjusted for new listings, de-listings and capitalisation changes.

The SET is the principal stock exchange in Thailand. Public limited companies, state enterprises, juristic persons established under special purpose legislation or investment projects or foreign listed company having the appropriate qualifications may file applications with the SET to have their securities listed.

In February 1992, the National Legislative Assembly passed the Securities and Exchange Act B.E. 2535 (1992), or the SEC Act, which replaced the SET Act and came into force in May 1992. The SEC Act had provided for the establishment of the Securities and Exchange Commission, or the Thai SEC, and empowered it to introduce policies for the development and supervision of the securities markets and related activities in Thailand. The PLCA, which came into force in June 1992, repealing the Public Limited Companies Act B.E. 2521 (1978), provides that only companies incorporated (or which have converted their incorporation status) under the PLCA are permitted to issue shares or other equity-linked securities to the public. A public offering of newly issued securities is permitted only where the issuer of such securities has received approval from the Thai SEC to offer such securities and a registration statement in the prescribed form together with a draft prospectus submitted to the Thai SEC by the issuer of the securities have become effective.

While primary responsibility for the regulation of new securities issues has shifted to the Thai SEC, the SET continues to operate the stock exchange and is responsible for listing application approvals once the Thai SEC registration, prospectus and related requirements have been met for Thai public offerings.

In July 1992, the SET expanded its Securities Depository Centre, or SDC, by allowing, in addition to brokers, local custodians, sub-brokers and any juristic person who is allowed to be an eligible depositor as stipulated by the SET to become members of the settlement system. At the same time, the SET introduced regulations to facilitate the establishment of the scripless trading system. In the past several years, due in part to the economic situation in Thailand and Southeast Asia as well as the depreciation in the value of the Baht, the SET has experienced significant volatility. Between 3 January 1996 and 27 December 2002, the SET Index fell from 1,323.43 to 356.48, a decline of 73.1 per cent. See “*Risk Factors — Risks Relating to Thailand — The Thai securities market is relatively small and may be subject the market price of the Bonds and the CP ALL Shares to greater volatility*” for a discussion of the risks relating to the trading and prices of CP ALL Shares on the SET.



## The Stock Exchange of Thailand

The SET is the principal stock exchange in Thailand and is organised as a non-profit entity, composed of members which are securities companies. The SET is responsible, *inter alia*, for processing all listing applications, for ensuring that disclosure requirements for listed companies are met and for monitoring all trading activities in respect of listed securities. TSD now acts as securities depository, dividend paying agent, transfer agent, and registrar for the great majority of all listed Thai companies and Thai Clearing House Company Limited or TCH acts as clearing house.

There are four separate boards on the SET on which trading takes place on computerised systems: the main board for regular trading of shares, preference shares, warrants, NVDRs, investment units and investment units of Thai Trust Funds; the odd-lot board for dealings in odd lots; and the big lot board for dealings in large lots of securities; the foreign board for trading in foreign registered shares which are available to be registered in the name of non-Thai nationals. In September 1987, the SET established a “foreign board” on the exchange for dealings only in securities registered in the name of non-Thai persons. Trading in this foreign board has so far been sporadic although on occasions the volumes traded have been material in relation to those traded on the “main” (or “domestic”) board. The prices at which shares have been dealt on the foreign board have at times been at a premium to those then being quoted on the main board.

On 16 July 2012, the SET promulgated a new regulation regarding the trading, clearing, and settlement of securities on the SET, which revokes the trading boards. This new regulation came into effect on 3 September 2012. Subsequently, the trading of securities will depend on the type of securities and the trading methods performed, which include the Automated Order Matching and Trade Report methods. The Automated Order Matching is for the trading of securities, both Thai and foreign registered securities, in board lots and odd lots. The Trade Report (previously known as Put-Through) is for the trading of securities in big lots, foreign-registered securities, off-hour trading and buy-in whereby the brokerage firms negotiate and agree on the price and then send the result through the trading system of the SET.

Shares are traded in one board lot (100 shares) or multiples of board lots except that, in the case of shares for which the closing price on each trading day has been in excess of THB500 for six consecutive months, the SET may consider changing the board lot to 50 shares. Trading hours are divided into two sessions. In the first session, trading commences between 9.55 a.m. and 10.00 a.m. and ceases at 12.30 p.m., and in the second session trading commences at any time from 2.25 p.m. to 2.30 p.m. and ceases between 4.35 p.m. and 4.40 p.m., except that trading on the odd-lot board ceases at 4.30 p.m. Trading days are Monday through Friday, except for Thai public holidays and holidays as prescribed by the SET in each year.

The SET requires that bid and offer quotations for shares be within prescribed spreads, depending on the market price per share and in accordance with a table of values. Subject to certain exceptions, the SET also limits upward and downward price movements for shares during a trading session to 30 per cent. of the previous business day’s closing price.

Effective from 1 January 2012 onwards brokers are permitted to charge brokerage or agent’s fees at the rate as agreed with their customers.

Under the disclosure regulations of the SET, listed companies are required to report the following, among other things, to the Thai SEC and the SET for public disclosure:

- corporate resolution or other event which will have a material effect on the rights of a company’s shareholders or that might materially affect the value of the shares; in principle, such events are required to be reported on the day such an event occurs or on the next trading day at least one hour before the commencement of trading;

- audited annual financial statements for each accounting period, conforming to prescribed disclosure standards, which must be filed within three months of the end of the relevant accounting period;
- annual registration form (Form 56-1), which must be filed within three months of the end of the relevant accounting period;
- an annual report, which must be filed within 4 months of the end of the relevant accounting period; and
- quarterly unaudited financial statements reviewed by a licenced auditor, which must be filed within 45 days of the end of each quarter.

### **Thailand Securities Depository Company Limited**

In November 1994, the SET established a private limited company, Thailand Securities Depository Co., Ltd., or TSD, pursuant to the Thai SEC Act to undertake four main functions: registrar, securities depository centre, clearing house and broker operation services. Since the commencement of its operations in January 1995, TSD operates a clearing and settlement system for scripless shares of Thai public companies and has transferred this function to Thai Clearing House Co., Ltd. (“TCH”), a subsidiary of the SET, since 2010. The TSD is 99.9 per cent. owned by the SET and has a registered capital of THB200.0 million. Under the SEC Act, TSD may operate without a licence from the Thai SEC as long as the SET owns a minimum of 75 per cent. of the total shares of TSD. The following persons may become members of TSD: (1) securities companies; (2) commercial banks; (3) finance companies; (4) life or non-life insurance companies; (5) financial institutions established by specified legislation; and (6) other persons as prescribed by the SET.

### **Short Selling**

The Thai SEC issued a notification in August 2009 (effective from September 2009) allowing securities companies to conduct short selling activities, either for their own account or for the account of their customers. Before undertaking short selling for its own account, a securities company is required to procure its source for borrowing securities so that it is able to deliver the securities pursuant to the short selling transaction in the time period prescribed by clearing house, TSD or as agreed between the parties.

In case of short selling to the order of a customer, a securities company is required to ensure the availability of securities or the availability of a source of securities for the purpose of lending those securities to the customer, except where a customer has shown that it has already borrowed the securities and is able to deliver the securities for the settlement purpose pursuant to the short selling transaction within the time prescribed by the clearing house, TSD or as agreed between the parties. Under the SET notification issued in January 2001 and amended, a securities company which is a member of the SET may carry out short selling only with respect to securities specified by the SET. This is however not the case where a securities company is short selling securities for which it is allowed to be a market maker.

### **Securities Lending and Borrowing**

The Thai SEC issued notifications allowing a person wanting to conduct the business of securities lending and borrowing to apply for a licence from the Minister of Finance through the Thai SEC.

In the borrowing or lending of securities, both the licenced securities borrower and securities lender are required, among other things, to prescribe the procedures for accepting the customers, arrange for having risk management system and arrange for a securities lending agreement to be executed.

Pursuant to Thai regulations, the securities borrower may be required to provide security, to the lender thereof. The security may be given which includes in the form of cash, treasury bills, Government bonds, bonds of the Bank of Thailand, listed securities, units of daily redemption fund or other instruments specified by the Thai SEC.

### **Market Making**

Market makers are responsible for creating liquidity in securities listed on the SET. The SET, pursuant to its notification issued in July 2012, allows a member of the SET to be registered as a market maker for the securities that it is registered for. A non-SET member certified by a SET member can also be registered as a market maker if it qualifies under the notification. The SET notification also clarifies the duties and function of the market maker.

### **MAI**

In June 1999, the SET established, with the Thai SEC's approval, the Market for Alternative Investment renamed as MAI, to facilitate access to capital markets by small and medium-sized enterprises, or SMEs. The MAI's principal objectives include providing alternative financing for, and encouraging venture capital investment in, SMEs and providing additional investment alternatives to public investors. CP ALL is not listed on the MAI.

### **Independent Directors and Audit Committee Requirements**

All companies applying for a public offering with the Thai SEC are required to:

- have at least one third of the Board composing of independent directors who possess the qualifications as required by the Thai SEC's regulations, and in any case, the number of the independent directors shall not be less than three; and
- set up an audit committee, which must include not less than three independent directors appointed by the shareholders or by the board of directors in accordance with the rules of the SET and the Thai SEC. The SET and the Thai SEC both require at least one member of the audit committee to have sufficient knowledge and experience to review the reliability of the financial statements.

The SET and the Thai SEC specifically require the audit committee to carry out the following duties:

- to review the company's financial reporting process to ensure that it is accurate and adequate;
- to review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
- to review the company's compliance with the law on securities and exchange, the regulations of the SET, and the laws relating to the company's business;
- to consider, select and nominate an independent person to be the company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
- to review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SET, and are reasonable and for the highest benefit of the company;

- to prepare, and to disclose in the company’s annual report, an audit committee’s report which must be signed by the Chairman of the audit committee and consist of at least the following information:
  - an opinion on the accuracy, completeness and credibility of the company’s financial report;
  - an opinion on the adequacy of the company’s internal control system;
  - an opinion on the compliance with the law on securities and exchange, the regulations of the SET, or the laws relating to the company’s business;
  - an opinion on the suitability of an auditor;
  - an opinion on the transactions that may lead to conflicts of interests;
  - the number of the audit committee meetings, and the attendance at such meetings by each committee member;
  - an opinion or overview of comments received by the audit committee from its performance of duties in accordance with the charter; and
  - other transactions which, according to the audit committee’s opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the company’s board of directors.
- to perform any other act as assigned by the company’s board of directors, with the approval of the audit committee.

### **Thai SEC Reporting and Tender Offer Requirements**

Under the SEC Act, the Thai SEC and the Capital Market Supervisory Board notifications issued thereunder, an acquisition or disposition of shares or convertible securities of a listed company (either on his own or acting in concert with others or through related companies under section 258 of the SEC Act) such that the holder holds any multiple of 5 per cent. of the total number of voting rights of such company must be reported to the Thai SEC within three business days. Notwithstanding the above, a disposition of convertible securities in a listed company is not required to be reported to the Thai SEC.

A mandatory tender offer must be made when a person (either on his own or acting in concert with others) acquires shares in a listed company resulting in such person holding shares which are equal to or in excess of the following threshold amounts:

- 25 per cent. of the total number of voting rights of such company;
- 50 per cent. of the total number of voting rights of such company; or
- 75 per cent. of the total number of voting rights of such company.

In the case where a listed company buys back its own shares, a mandatory tender offer is also required to be made if a person acquires any additional shares in the company resulting in such person’s shareholding becoming equal to or in excess of the foregoing thresholds.

In addition, a mandatory bid is required to be made if a person (either on his own or acting in concert with others) acquires significant controlling power in a juristic person that is an existing shareholder of a listed company (“chain principle”), regardless of whether such controlling power is direct or indirect through shareholding or control in any juristic persons down through the juristic person that is the existing shareholder of the listed company.

However, a mandatory bid is exempted in any of the following circumstances:

- where shares are acquired by inheritance or from the exercise of rights to purchase shares or of conversion rights attaching to convertible securities acquired by inheritance;
- where the acquisition of shares takes place following a stock dividend or the exercise of pre-emptive rights to purchase new shares in proportion to the number of existing shares already held (“rights offering”);
- where shares are acquired in the course of a separate tender offer for all of the securities of the company or from the exercise of rights to purchase shares or conversion rights attaching to convertible securities acquired in the course of a separate tender offer for all of the securities of the company, in accordance with the relevant Thai SEC notifications;
- the acquisition of shares by the following persons who, according to relevant regulations, do not normally exercise voting rights at a shareholders’ meeting of a listed company: (i) the Thai Trust Fund (which is a passive open-ended mutual fund established and managed by Thai Trust Fund Management Company Limited, 99.0 per cent. of whose shares are controlled by the SET); and (ii) Thai NVDR Company Limited, as a result of its sale of non-voting depository receipts;
- where the acquirer reduces his shareholding or controlling power, in a manner prescribed by the notifications of the Thai SEC;
- where the Thai SEC has granted approval for a partial tender offer; and
- where a waiver is obtained from the Thai SEC or from the Take-over Panel in one of the following circumstances:
  - a waiver of the mandatory tender offer may be obtained from the Thai SEC in the following cases:
    - the acquisition of shares triggering the mandatory bid obligation causes no change in the control of the company;
    - the acquisition was made with a purpose of assisting or rehabilitating the company;
    - the acquisition of new shares and the shareholders’ meeting approves the issue of such shares to such person without need to make the tender offer for all securities of the company (whitewash), in accordance with criteria prescribed by the Thai SEC;
    - the acquisition in a circumstance where the Take-over Panel has established a precedent; and
    - in any other circumstances in which the Thai SEC deems necessary and otherwise appropriate;
  - a waiver of the mandatory tender offer may be obtained from the Take-over Panel in the following cases:
    - the acquisition of significant controlling power over a juristic person which is a shareholder of a listed company (“chain principle”) without an intention to take over such listed company; and
    - in any other circumstances where the Thai SEC deems a waiver should be considered by the Take-over Panel.

## **Foreign Ownership**

The Thai Government has generally allowed foreign investment, but on a controlled basis in certain sectors of the economy. Investment in Thai companies or in certain Thai securities by “non-Thai persons” (as defined in relevant laws or in a company’s articles of association) may be limited by the Foreign Business Act B.E. 2542 (1999), by a Board of Investment Promotion Certificate issued under the Investment Promotion Act B.E. 2520 (1977), as amended, or by restrictions contained in a company’s articles of association. The articles of association of many Thai companies, including CP ALL, contain such restriction. See “*Description of Shares — Limitation on Foreign Ownership of Shares*”. The TSD, as CP ALL registrar, may refuse to register transfers of Shares to a non-Thai person, or divestment may otherwise be required, if as a result of such transfer the percentage of issued and outstanding Shares registered in the name of non-Thai persons would exceed the then applicable limitation on foreign ownership of the Shares. Ownership of the Shares by non-Thai persons as such is not otherwise restricted by Thai law.

Where a foreign investor acquires CP ALL Shares that would exceed the applicable limit, the investor is exposed to the risk of losing the benefit of such investment because ownership may not be registered in such foreign person’s name unless the investor holds NVDRs with respect to CP ALL Shares.

It is not always possible for a foreign purchaser of Thai securities (that are subject to such limits) to know in advance whether shares purchased by him will fall within the limits and be eligible to be registered in his name, or whether the company or the TSD, as share registrar, will have to decline to effect registration of the transfer. It is a criminal offence in Thailand for a Thai national to hold shares as a nominee for a foreign person if it is done to avoid any applicable maximum limit on foreign ownership imposed by Thai law.

## **Settlement**

### ***General***

All settlement and clearance of transactions effected on the SET must be handled by the TCH on the third business day following the day of the contract date. The TCH offsets sales and purchases of each member and only the net balance of securities and cash delivered or received by the member through the TCH is credited.

### ***Shares in Certificated Form***

As between sellers and their brokers, sellers must deliver the relevant share certificates duly endorsed to their brokers by no later than midday on the next business day following the date of the contract subject to the internal regulation of the brokers. The respective brokers for the seller and buyer receive the payment or, as the case may be, the securities certificates on or before the third business day after the contract date. On or before the fourth business day after the contract date, the broker for the seller must deliver the duly endorsed securities certificates to or for the order of the buyer. Delivery is made in the form of certificate(s) or certificate receipt(s). The latter is an acknowledgement by the registrar for the shares in question that the shares are in the course of registration and must be exchanged for share certificates before the new owner can have them registered in his name.

### ***Shares in Scripless Form***

In July 1992, the SET introduced regulations to facilitate the establishment of a scripless trading system. Under this scripless system, a member broker, sub-broker or local custodian may deposit certificates in respect of securities with the TSD. Any person becoming a TSD participant is required to open at least one account with the TSD for the deposit, withdrawal or transfer of securities. After the TSD has accepted a deposit of securities, it will hold such securities on behalf of its participants or its participants’ clients. In addition, each TSD participant is obliged to maintain a list of owners

of the securities deposited with it for establishing ownership rights to the securities and any other shareholder rights. Sales and purchases of securities are settled by off-setting the relevant securities deposit accounts via computers and at the end of each trading day the TSD delivers a statement showing the balance of securities held for each participant.

### ***Transfer of Shares***

Transfers of listed shares, whether effected on or off the SET are governed by the PLCA, and the SEC Act. Under the PLCA, and the SEC Act, a transfer of listed shares in certificated form is valid as between the transferor and the transferee by an endorsement on the back of a share certificate representing the shares transferred, execution by the transferor and the transferee, and the delivery of the endorsed certificate to the purchaser. To be valid as against the company, a request for an entry of the transfer into a share register must be received by the company; and to be valid against a third party, the entry of the transfer must actually be made into the share register.

Under the SEC Act, transfers of scripless shares are made by way of appropriate instruction to the relevant brokers, sub-brokers or custodians with whom the transferor and the transferee involved maintain securities accounts in accordance with individual arrangements with such brokers, sub-brokers or custodians. Upon receipt of such instructions, the relevant brokers, sub-brokers or custodians will, in accordance with such arrangements, effect the relevant changes in the list of owners of the securities they are required to maintain for rights and entitlement purposes.

### ***Share Transfer Registration***

A public listed company (or TSD if acting as its registrar) must record in the share register the transfer of its shares within 14 days of receipt of a written request for an entry of the transfer. If the transferee requires a new share certificate, the company (or TSD if acting as its registrar) must issue a new share certificate to the transferee within one month from the date that the transferee delivers to it the request, duly signed by the transferee (with at least one witness signing in attestation to the signature), and the previous share certificate or other relevant evidence must be properly returned by the transferee. In such cases, the company must record the transfer in the share register within seven days of receipt of a written request for an entry of transfer.

### ***Listing of Newly Issued Shares***

Although a company whose shares are listed on the SET is required to maintain a listing on the SET for all its issued shares of that class, it must make a separate application for the listing of new shares of that class when they are issued. The SET is entitled to consider a listing application for up to seven days from the date of submission of the completed listing application. Unless and until listing approval is given and listing has become effective, the shares may not be dealt in on the SET but purchasers and sellers may be matched through brokers in off-exchange transactions.

### ***Internet Trading***

In January 2000, the SET allowed the trading of securities through the internet. A member broker wishing to offer internet trading services is required to apply for permission from the SET and the broker's computer and security systems must meet the regulations of the SET.

## THAI FOREIGN EXCHANGE REGULATIONS

Thai foreign exchange controls are administered by the Bank of Thailand on behalf of the Ministry of Finance, pursuant to the Exchange Control Act B.E. 2485 (1942), as amended. The Bank of Thailand has granted commercial banks and certain other entities the authority to conduct foreign exchange transactions as authorised agents of the Bank of Thailand. The Bank of Thailand instituted the Rules and Practices on the Measures to Prevent Thai Baht Speculation (the “Baht Speculation Measures”) since 1998 to restrict certain foreign exchange related transactions by domestic financial institutions with non-residents of Thailand and to safeguard against instability and speculation in the domestic currency market. However, the easing of exchange controls may be granted from time to time as the Bank of Thailand considers appropriate to the financial circumstance. These measures, which were amended on 29 February 2008 and 30 April 2015 among other things, (i) limit the value of foreign exchange related transactions for underlying trade or investment activities in Thailand not exceeding the actual value of the underlying trade or investment activity and, for transactions without any underlying trade or investment activity in Thailand, not exceeding THB600 million per non-resident and its related parties as a group; and (ii) regulate direct loans granted to non-residents.

The inward remittance of money into Thailand for investment in securities does not require registration with the exchange control authorities. The Bank of Thailand issued significant Notification of the Exchange Control Officer on Rules and Practices Regarding Currency Exchange No. 15 (as amended by the Notifications of the Exchange Control Officer on Rules and Practices Regarding Currency Exchange No. 21 in June 2013) (collectively, the “Notification”) which amended the criteria for depositing foreign currency into a foreign currency account. The Notification required that any person (excluding non-residents, short-term foreign residents staying in Thailand for not more than three months, foreign embassy staff, persons with diplomatic immunity and staff of certain international organisations, Thai emigrants having permanent residence or working overseas and other types of investors as prescribed by the Exchange Control Officer) bringing foreign currency into Thailand must, within 360 days, either (i) sell such foreign currency to an authorised agent or (ii) deposit it into a foreign currency account opened with a commercial bank in Thailand for which a specified form must be submitted to such authorised agent if the amount sold or deposited is at least of U.S.\$50,000 or its equivalent.

The outward remittance from Thailand of dividends or the proceeds of sale (including capital gain) from the transfer of shares after payment of the applicable Thai taxes, if any, may be made without the requirement to file a specified form to the relevant authorised agent if the amount does not exceed U.S.\$50,000 or the equivalent amount in relevant currency per remittance. Because the Bank of Thailand has a policy not to allow any person to bring Baht currency out of Thailand, dividends paid to a non-resident must be converted into foreign currency prior to the outward remittance from Thailand. If the amount is at least U.S.\$50,000 or its equivalent in the relevant currency, a specified form must be submitted to the authorised commercial bank together with documents or evidence as to the particular transaction (such as evidence of the disposal of shares).

Export of share certificates or other securities certificates from Thailand does not require prior approval from an exchange control officer appointed by the Bank of Thailand. The exporter may either dispatch the certificates by mail or carry them when travelling abroad.

On 29 February 2008, the Bank of Thailand issued Notification of the Exchange Control Officer on Rules and Practices Regarding Currency Exchange No. 17, which establishes the criteria for the withdrawal and deposit of the Baht into (i) non-resident Baht accounts for the purpose of investing in equity instruments, debt instruments and mutual fund units (“NRBS”), and (ii) non-resident Baht accounts for other purposes, including an investment in at least 10.0 per cent. or more of the total share capital of companies in Thailand.



The Baht funds depositing in the NRBS must be from one of the permitted sources as follows:

- conversion of a foreign currency remitted into Thailand or withdrawal from a non-resident's foreign currency account;
- transfer from another NRBS;
- repatriation of investments in securities or other financial instruments, returns (e.g. sale proceeds or dividend) and payments relating to such investments including payments under derivative contracts traded on Thailand Futures Exchange or the Agricultural Futures Exchange of Thailand; or
- Baht loans from a domestic bank which have a foreign exchange licence ("Resident Bank").

Withdrawal from an NRBS must be made for the following purposes:

- investments in securities (e.g. the Investment Units) or other type of financial instrument and payments related to such investments;
- transfer to another NRBS;
- payment related to a derivatives transaction;
- repayment of a loan to a Resident Bank; or
- purchase of foreign currency from a Resident Bank.

Due to the above restrictions, once Baht funds are deposited into an NRBS, the Non-resident may not change the purpose of the deposit by transferring the Baht funds into a different type of account, unless BOT approval is obtained.

Further to the Notification of the Exchange Control Officer on Rules and Practices Regarding Currency Exchange No. 17 above, the Baht Speculation Measures as amended on 29 February 2008 establish rules and practices for domestic financial institutions to undertake transactions involving Baht with non-residents in order to reduce volatility of the Baht resulting from speculative activities or from non-residents' financial transactions without underlying trade or investment in Thailand. One of the measures relates to non-resident Baht accounts and non-resident Baht accounts for securities. Where a non-resident wishes to open an NRBS, such account is to be a current or savings account only and must be a non-interest-bearing account (unless the account owner is a central bank of a foreign country or prior approval of the BOT is obtained on a case by case basis), and the financial institution is required to monitor the outstanding balances of all NRBSs at the end of each day to ensure that such accounts do not exceed the limit of THB300.0 million per non-resident. Such limitation includes balances of all NRBSs opened by each non-resident with all financial institutions in Thailand, except for those approved by the Bank of Thailand on a case-by-case basis.

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of this document and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers or certain professional investors) may be subject to special rules, nor does this summary consider any prospective investor's particular circumstances. Each prospective investor is strongly urged to consult its tax adviser about the tax consequences to it of an investment in the Bonds.*

### **British Virgin Islands**

The Issuer is incorporated pursuant to the BVI Business Companies Act, 2004 of the British Virgin Islands as such, (i) payment of principal and interest (if any) in respect of the Bonds will not be subject to taxation in the British Virgin Islands, (ii) no withholding tax will be required to be deducted by the Issuer on such payments to any holder of a Bond and (iii) the Bonds will not be liable to stamp duty in the British Virgin Islands. Gains derived from the sale of Bonds by persons who are not otherwise liable to British Virgin Islands income tax will not be subject to British Virgin Islands income tax. A holder of a Bond who is a non-resident of the British Virgin Islands will not be subject to estate or gift taxes with respect to the Bonds.

However, the BVI has implemented the EC Council Directive 2003/48/EC on the taxation of saving income. A British Virgin Islands-based paying agent would be obliged to disclose tax information to the British Virgin Islands International Tax Authority on behalf of the Financial Secretary who will in turn comply with the information exchange policy under the Directive.

### **Thailand**

#### *Taxation in relation to the Shares*

This summary contains a description of the principal Thai income tax consequences of the purchase, ownership and disposition of the Shares into which the Bonds are exchangeable by an individual or corporate investor who is not resident in Thailand for tax purposes (referred to herein as “non-resident individual holders” and “non-resident corporate holders,” respectively, and together as “non-resident holders”). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase ordinary shares. The summary is based upon the tax laws of Thailand in effect on the date of this Offering Circular.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS CONCERNING THE ACQUISITION, OWNERSHIP AND DISPOSITION OF ORDINARY SHARES, INCLUDING THE CONSEQUENCES UNDER THAI LAW, THE LAWS OF THE JURISDICTION OF WHICH THEY ARE RESIDENT AND ANY TAX TREATY BETWEEN THAILAND AND THEIR COUNTRY OF RESIDENCE FOR TAX PURPOSES.

In general, the registered owner of ordinary shares will be treated as the owner of such ordinary shares for Thai tax purposes. In the case of ordinary shares that settle through the TSD's scripless system, the holder whose name appears on the list of owners with respect to the ordinary shares maintained by each TSD-member broker, sub-broker, or custodian will be treated as the owner for Thai tax purposes. See “*The Thai Securities Market — Settlement.*”

#### *Taxation of Dividends*

Dividends in respect of ordinary shares are generally subject to Thai withholding tax at a rate of 10 per cent., whether paid to non-resident corporate investors or to non-resident individual investors.

### *Taxation of Capital Gains*

Gains realised by a non-resident corporate holder from the sale or other disposition of ordinary shares outside Thailand in connection with which payment is made neither from nor within Thailand and neither the purchaser nor the seller reside or do business in Thailand, are not subject to Thai tax. A non-resident corporate holder will be subject to a withholding tax of 15 per cent. on gains realised on any sale or other disposition of ordinary shares in Thailand (including a sale through the SET) unless such holder is entitled to an exemption under an applicable tax treaty.

Gains realised by a non-resident individual holder from the sale or other disposition of ordinary shares outside Thailand and neither the purchaser nor the seller resides or does business in Thailand whether payment is made from or within Thailand, are subject to Thai tax. Gains realised by a non-resident individual holder on a sale of ordinary shares through the SET are exempt from Thai income tax. Unless exempt under an applicable tax treaty, gains realised by a non-resident individual holder from a sale or other disposition of ordinary shares made otherwise than through the SET is subject to Thai withholding tax at a rate of 15 per cent.

In the foregoing cases, where withholding tax applies, the purchaser of such ordinary shares (or in the case of a sale through the SET, the broker executing such sale on behalf of the purchaser) is required under Thai law to withhold the applicable amount of Thai withholding tax from the sales price and make payment thereof to the relevant Thai tax authority.

### *Personal Income Tax*

Non-resident individual holders are required under certain circumstances to file a Thai personal income tax return and may be subject to Thai personal income tax at marginal rates between 5 per cent. and 35 per cent. on income earned in Thailand, pursuant to Section 41 of Thai Revenue Code and the Royal Decree No. 600 B.E. 2559 (A.D. 2016) published in the Government Gazette on 24 February 2016, including any cash dividends and other distributions paid by CP ALL and any gains on sale or other dispositions of the ordinary shares realised during any calendar year. Unless the Thai government issues a Royal Decree for a further tax reduction, the maximum tax rate will be 37 per cent. after the 2016 fiscal year. Tax withheld by CP ALL in respect of such dividends and other distributions, and by purchasers in respect of any such gains, may be credited against any Thai personal income tax payable at year end by such non-resident individual holders, who may be entitled to a refund with respect to such taxes withheld.

### *Tax Treaties*

Each non-resident holder should inquire for himself or herself whether he or she is entitled to the benefit of a tax treaty between Thailand and his or her resident country. Where an applicable tax treaty so provides, any otherwise taxable gain on the sale or other disposition of ordinary shares may be exempt from or subject to reduced Thai income tax. Thailand currently has tax treaties for the avoidance of double taxation within the following countries: Armenia, Australia, Austria, Bahrain, Bangladesh, Republic of Belarus, Belgium, Republic of Bulgaria, Canada, Chile, China, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Republic of Ireland, Israel, Italy, Japan, Republic of Korea, Kuwait, Laos, Luxembourg, Malaysia, Republic of Mauritius, Myanmar, Nepal, The Netherlands, New Zealand, Norway, Oman, Pakistan, the Philippines, Poland, Romania, Russia, Seychelles, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Chinese Taipei, Tajikistan, Republic of Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan and Vietnam.

## *Stamp Duty*

Generally, a stamp duty of THB1 per every THB1,000 (or a fraction thereof) of the greater of the paid-up value of shares and the selling price of the shares is payable within 15 days from the date of execution of a share transfer instrument, or within 30 days from the date the share transfer instrument is brought into Thailand if executed outside Thailand. No stamp duty is payable on a transfer of listed securities where TSD, as a person appointed by the SET, is acting as a registrar of such securities.

## ***Thai Taxation Considerations for Non-Thai Investors***

Please refer to Annex A to this Offering Circular for a summary of Thai taxation for non-resident investors as extracted from the prospectus for the issuance of NVDRs available at [www.set.or.th/nvdr/en/info/prospectus.html](http://www.set.or.th/nvdr/en/info/prospectus.html).

## ***Taxation in relation to the Irrevocable Undertaking***

To the extent the payment of CPF's indemnity under the Irrevocable Undertaking to the Trustee (for itself and on behalf of the Bondholders) is deemed to constitute a payment of interest and/or any benefits under the Exchangeable Bonds (other than the principal amount of the Exchangeable Bonds), the payment may be subject to a withholding tax of 15 per cent., unless the Trustee or other relevant recipient is entitled to an exemption under an applicable tax treaty. However, where a tax treaty between Thailand and the country of the Trustee or other relevant recipient is available, such payment may be exempt from or subject to reduced Thai withholding tax.

## **Certain European Union Tax Considerations**

### **The Proposed Financial Transactions Tax (the "FTT")**

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "Participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Sole Bookrunner has, pursuant to a Subscription Agreement dated 15 September 2016, agreed with the Issuer and the Sponsor, subject to the satisfaction of certain conditions, to subscribe for the Bonds.

The Subscription Agreement provides that the Issuer and the Sponsor will indemnify the Sole Bookrunner against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Sole Bookrunner are subject to certain conditions precedent and entitles the Sole Bookrunner to terminate it in certain circumstances prior to payment being made to the Issuer. After the initial offering, the offer price and other selling terms may be varied from time to time by the Sole Bookrunner.

UBS has been engaged as custodian for the CP ALL Shares pursuant to the Custody Agreement dated 8 September 2016, agreed among the Issuer and UBS.

The Issuer has entered into a Securities Lending Agreement with UBS (the “Borrower”), under which the Issuer will loan to the Borrower up to the lower of (i) 75,000,000 CP ALL Shares and (ii) the number of CP ALL Shares required to be delivered if all outstanding Bonds were exchanged. The purpose of the Securities Lending Agreement is to facilitate the hedging of transactions by investors in the Bonds. The Securities Lending Agreement may only be terminated by the Borrower giving not less than seven business days’ notice in writing or upon the expiry date of the Securities Lending Agreement, which is 30 business days after 22 September 2021. The Borrower shall pay customary fees in connection with its role under the Securities Lending Agreement.

In connection with the offering, the Sole Bookrunner (or its affiliates) may, for its own account, enter into asset swaps, credit derivatives or other derivative transactions relating to the Bonds and/or the Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. As a result of such transactions, the Sole Bookrunner may hold long or short positions in such Bonds or derivatives or in the Shares. These transactions may comprise a substantial portion of the offering and no disclosure will be made of such positions. The Sole Bookrunner (or its affiliates) may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes.

The Sole Bookrunner and its affiliates have performed, and may in the future perform, investment banking and advisory services for the Sponsor from time to time, for which it has received, or will receive, customary fees and expenses. The Sole Bookrunner may, from time to time, engage in transactions with and perform services for the Issuer, the Sponsor or CP ALL in the ordinary course of its business, including holding shares of the Sponsor and/or CP ALL Shares, whether on proprietary basis, on behalf of its customers or otherwise.

The Bonds are a new issue of securities with no established trading market. Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. No assurance, however, can be given as to the liquidity of any trading market for the Bonds.

No action has been or will be taken in any jurisdiction by the Issuer, the Sponsor or the Sole Bookrunner that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular in any country or jurisdiction where action for that purpose is required. The Sole Bookrunner will comply, to the best of its knowledge and belief and in all material respects, with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular.

No one has been or will be authorised to make any representation or use any information in connection with the offer, sale or distribution of the Bonds other than as contained in this Offering Circular.

## **United States**

The Bonds, the Irrevocable Undertaking and the CP ALL Shares to be delivered upon exchange of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds, the Irrevocable Undertaking or CP ALL Shares to be delivered upon exchange of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## **United Kingdom**

The Sole Bookrunner has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Sponsor; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

## **Hong Kong**

The Sole Bookrunner has represented, warranted and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Thailand**

The Sole Bookrunner has represented, warranted and agreed that it has not offered or sold and will not offer or sell in Thailand, whether directly or indirectly, any Bonds, that it has not made and will not make, whether directly or indirectly, any invitation in Thailand to subscribe for the Bonds and that it has not circulated or distributed and will not circulate or distribute this Offering Circular or any other document or material in connection with the offering or sale, or invitation for subscription of purchase of the Bonds, whether directly or indirectly, to any person in Thailand.

## **Singapore**

The Sole Bookrunner has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Bookrunner has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **Japan**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, the Sole Bookrunner has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **British Virgin Islands**

The Sole Bookrunner has represented, warranted and agreed that it has not made and will not make any invitation directly or indirectly to the public in the British Virgin Islands to subscribe for any of the Bonds.

## **Switzerland**

The Sole Bookrunner has agreed that this Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Bonds described herein. The Bonds may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Bonds constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Circular nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the Offering, the Issuer or the Bonds has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the Bonds will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Bonds has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (the “CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Bonds.



## GENERAL INFORMATION

### Clearing Systems

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Bonds is XS1491998297. The Common Code for the Bonds is 149199829.

### Authorisations:

The Issuer and the Sponsor have obtained all necessary consents, approvals and authorisations in the British Virgin Islands and Thailand in connection with the issue and performance of the Bonds and the Irrevocable Undertaking. The issue of the Bonds was authorised by a resolution of the Board of Directors of the Issuer passed on 12 September 2016. The Irrevocable Undertaking was authorised by a resolution of the Board of Directors of the Sponsor passed on 12 September 2016.

### No Material Adverse Change

There has been no material adverse change in the financial or trading position or prospects of the Sponsor or the CPF Group since 31 December 2015 and no material adverse change in the financial or trading position or prospects of the Issuer since its incorporation on 14 March 2014.

### Litigation

Neither the Issuer nor the Sponsor is involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Bonds nor so far as the Issuer or the Sponsor is aware is any such litigation or arbitration pending or threatened.

### Financial Statements

The consolidated and separate financial statements of the Sponsor for the years ended 31 December 2014 and 2015 which are included elsewhere in this Offering Circular have been audited by KPMG Phoomchai Audit Ltd., independent auditors, as stated in their reports appearing herein.

With respect to the unaudited interim financial information of the Sponsor for the three months and six months ended 30 June 2015 and 2016 included elsewhere in the Offering Circular, the independent auditors have reported that they applied limited procedures in accordance with professional standards for the review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on the interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Also, their report includes an Emphasis of Matter paragraph drawing attention to note 14 to the interim financial information, which describes the CPF Group and the Sponsor having recorded adjustments due to a change in the corporate income tax calculation for the relevant Company entities as a result of promotional privileges relating to the Separate Project Calculation Method and the Combine All Projects Method for the accounting period 2010 to 2015. The change required the CPF Group and the Sponsor to pay additional income tax amounting to THB1,245 million and THB1,087 million respectively. The CPF Group and the Sponsor have already recorded the additional income tax paid in the interim financial statements for the three-month and six-month period ended 30 June 2016.

## **Listing of Bonds**

Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificate is exchanged for definitive Certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the paying agent in Singapore. The Bonds will be traded on the SGX-ST in a board lot size of at least U.S.\$200,000 (or its equivalent in other currencies) for so long as any of the Bonds remain listed on the SGX-ST and the rules of the SGX-ST so requires.

## **Available Documents**

Copies of the latest annual report and consolidated review report of the Issuer (if produced) and the Sponsor may be obtained from the Issuer's principal office at 283 Sriboonrueng Building 1, Silom Road, Silom Sub-district, Bangrak District, Bangkok 10500 and the Sponsor's principal office at 313 C.P. Tower, Silom Road, Bangrak, Bangkok 10500, Thailand and copies of the Trust Deed, the Agency Agreement, the Irrevocable Undertaking and the Custody Agreement will be available for inspection from the Closing Date, at the specified office of the Trustee at 39th Floor, Champion Tower, Citibank Plaza, 3 Garden Road, Hong Kong during normal business hours, so long as any of the Bonds is outstanding.

## **Issuer's Accounts**

Under the British Virgin Islands law, the Issuer is not required to publish interim or annual accounts. The Issuer has not published, and does not propose to publish, any of its accounts. The Issuer is, however, required to keep proper books of account as are necessary to enable the Issuer's financial position to be determined with reasonable accuracy and to explain its transactions.

## **Reliance by the Trustee**

The Trustee may rely without liability to the holders of the Bonds (i) on any certificate signed by any authorised signatory of the Issuer and (ii) on, among other things, a report, confirmation or certificate or any advice of any accountants, financial advisers, investment bank, or other expert pursuant to the Terms and Conditions and/or the Trust Deed whether or not addressed to the Trustee and whether or not such accountant's, financial adviser's, investment bank's or other expert's liability in relation thereto is limited by a monetary cap, methodology or otherwise limited or excluded. Any such report, confirmation or certificate or advice relied on by the Trustee (where the Trust Deed and/or the Terms and Conditions so provide) shall be conclusive and binding on the holders of the Bonds.

## **SUMMARY OF THE SIGNIFICANT DIFFERENCES BETWEEN TFRS AND IFRS**

### **Summary of Principal Differences between TFRS and IFRS**

The following is a general summary of certain principal differences between TFRS and IFRS as applicable to the CPF Group.

The financial statements comprise the consolidated financial statements of the CPF Group and the separate financial statements of CPF.

For the purposes of this Offering Circular, a summary of certain significant differences between TFRS and IFRS which are relevant to the CPF Group's financial statements is provided below. The differences identified below are limited to those significant differences that are appropriate to the CPF Group's financial statements for the years ended 31 December 2014, 2015 and the six months ended 30 June 2015 and 2016. However, they should not be construed as being exhaustive. The International Accounting Standard Board ("IASB") and the Federation of Accounting Professions ("FAP") in Thailand have issued new pronouncements that may impact subsequent periods and have significant on-going projects that could affect the differences between TFRS and IFRS described below and the impact of these differences relative to the CPF Group's financial statements in the future. Accordingly, no attempt has been made to identify future differences between TFRS and IFRS as a result of prescribed changes in accounting standards or to identify all future differences that may affect the CPF Group's financial statements as a result of transactions or events that may occur in the future.

TFRS and accounting interpretations are issued by the FAP and endorsed by the Supervisory Board on Audit Profession of the Business Development Department, the Ministry of Commerce. These standards and interpretations are supplemented by the Stock Exchange of Thailand's requirements and the Thai Securities and Exchange commission's requirements and announcements of the FAP. If TFRSs does not address a particular accounting issue, IFRS and U.S. GAAP may be used as guidance.

TFRS were renumbered with effect from 26 June 2009 following the endorsement in the Government Gazette and the announcement by the FAP in order to conform to the numbers used in the IFRS. Unless otherwise stated, references to TFRSs below are based on the renumbered TFRSs. TFRS was subsequently updated and become effective from 1 January 2011.

In making an investment decision, investors must rely on their own examination of the CPF Group, the terms of the offering and the financial information. Potential investors should consult their own professional advisers for an understanding of the differences between TFRS and IFRS and how these differences might affect the financial information in this Offering Circular.

### **Financial Instruments: Recognition and Measurement**

Currently, there is no specific guidance for the presentation and measurements of derivatives under TFRSs. The CPF Group has adopted a policy to recognise forward exchange contracts using amortisation method and to recognise interest rate swap contracts using the accrual method. The accounting applications of these two accounting policies are discussed in the respective sections below. In addition, the CPF Group has not recognised other derivatives in the statement of financial position at fair value and only disclosed outstanding derivatives in the notes to financial statements.

While there is no one single TAS covering accounting for all types of financial instruments similar to IFRS, there are a number of TAS standards which provide guidance on accounting for financial instruments such as TAS 105 Accounting for Investment in Debt and Equity Securities ("TAS 105") and TAS 101 Doubtful Accounts and Bad Debts ("TAS 101").

Under IFRS, IAS 39 *Financial Instruments: Recognition and Measurement* has extensive guidance on the recognition and measurement of financial instruments, including the categorisation of financial assets and liabilities, accounting for derivatives and hedging activities and impairment. The IASB has also issued IFRS 9 *Financial Instruments* (“IFRS 9”) which will eventually supersede IAS 39. IFRS 9 is effective for the annual period beginning on or after 1 January 2018.

Significant differences between TFRS and IAS 39 as applicable to the CPF Group are as follows:

#### ***Categorisation of Financial Assets and Liabilities***

Categorisation of financial assets and liabilities under TFRS follows the general guidance in the Framework and in each respective standard. In contrast, IAS 39 requires financial assets to be categorised into (1) financial asset at fair value through profit or loss, (2) held to maturity investments, (3) loan and receivables and (4) available for sale financial assets. The categorisation depends on the purpose for which the financial assets were acquired. Financial liabilities are either categorised into financial liability at fair value through profit or loss or financial liability carried at amortised cost. All financial assets and liabilities are initially recognised at fair value net of transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent accounting depends on their respective categories.

#### ***Derivative Financial Instruments***

Under IFRS, derivative financial instruments are required to be marked to market at fair value and recognised in the statement of financial position. Changes to fair value are recognised through the statement of comprehensive income. If hedge accounting is elected and appropriate based upon the specific criteria of IAS 39, the impact of recording the derivative instrument is offset to the extent the hedging relationship is effective. If a hedge is designated as a fair value hedge, changes in the derivative’s fair value are recorded in the statement of comprehensive income and the hedged item is marked to market for changes in fair value associated with the hedged risk. If designated as a cash flow hedge, the effective portion of the hedge is recorded in equity as a component of other comprehensive income, and released from other comprehensive income into earnings as the hedged item affects earnings. All ineffectiveness in the hedging relationship, as well as derivative instruments not qualifying for hedge accounting, is reflected in the statement of income immediately.

The CPF 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 Thai Baht 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 losses or gains on the foreign currency monetary transactions being hedged.

The CPF Group has entered into the number of interest rate swap contracts where 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.

#### ***Financial guarantee contract***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a debtor fails to make payment when due. Under current TFRS, there is no specific requirement for the accounting treatment for financial guarantee contract. Under current TFRS, the guarantor normally treats the financial guarantee contract as contingent liability where the disclosure of the contingent liability is made and the liability is recognised when the trigger event occurs.

IAS 39 specifies the accounting in respect of the issuer of that financial guarantee:

- a contract which meets the definition of a financial guarantee contract may be accounted for under IAS 39. Under IAS 39, such contracts are generally recognised initially at fair value, and subsequently at the higher of the amount determined under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation under IAS 18 Revenue; and
- if the entity has asserted that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts then the issuer may elect to apply the insurance standard IFRS 4 instead. This election can be made on a contract by contract basis.

If separate financial statements (such as parent entity individual financial statements) are prepared under IFRS, then depending on their terms, guarantees provided by one entity over borrowings of another group entity may meet the definition of a financial guarantee contract. There is no exemption for guarantees in respect of related party borrowings. In such cases, it is imperative to assess the fair value of the guarantee at the inception date.

### **Financial Instruments: Presentation and Disclosure**

TFRS requires the disclosure of significant transactions related to financial instruments but these requirements are not as extensive as those required by IFRS 7 *Financial Instruments: Disclosures*. IFRS 7 requires that the entity disclose qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and the exposures to risks they create.

## ANNEX A

### THAI TAXATION CONSIDERATIONS FOR NON-RESIDENT INVESTORS

*This summary is only intended to address the Thai taxation considerations of non-resident Investors intending to purchase the NVDRs. Also, this summary is only a guideline and does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase NVDRs. Investors considering the purchase, ownership or disposition of NVDRs should consult their own tax advisors concerning the taxation consequences in Thailand in light of their particular situation as well as any consequences arising under the laws of any other taxing jurisdiction and any tax treaty between Thailand and their country of residence. The following summary is based upon the applicable tax laws of Thailand and their interpretations in effect on the date of this Prospectus.*

#### **General**

In general, the registered owner of securities will be entitled to receive dividends, capital gains or benefits arising from those securities under the laws of Thailand. In the case of the Shares, the Issuer will be regarded as the owner of the Shares and will be entitled to receive dividends and capital gains arising from the Shares. The Issuer is exempt from income tax on dividends derived from holding the Shares and from capital gains derived from the sale of the Shares pursuant to Royal Decree No. 377 B.E. 2544 (A.D. 2001) (the “Royal Decree”).

Interest or other similar income derived from the NVDRs will be treated as income under Section 40(4)(a) of the Thai Revenue Code B.E. 2481 (A.D. 1938). Capital gains on the transfer of the NVDRs will also be treated as income under Section 40(4)(g).

#### **Non-Resident Individual Investors**

In considering whether an Investor is a resident in Thailand, Thai law does not look at the nationality of the Investor but will determine whether the Investor has been in Thailand for an aggregate of more than 180 days during the tax (calendar) year. If so, the Investor will be deemed to be a resident in Thailand for tax purposes.

Under Thai tax law, payments that the Issuer has made to the holders of the NVDRs as a result of the Issuer’s receipt of dividends from the underlying Shares is considered a payment equivalent to the payment of dividends (the “Substituted Payment for Dividends”).

*Substituted Payment for Dividends.* Substituted Payment for Dividends received by the Investor is subject to 15 per cent. withholding tax, which will be withheld by the Issuer. In response to the intention to apply the same treatments as if the Investor holds the Shares in its own name, the withholding tax rate will be reduced from 15 per cent. to 10 per cent. in accordance with the Royal Decree.

*Capital Gains.* A capital gain derived from the sale of the NVDRs is exempt from Thai tax.

#### **Non-Resident Corporate Investors**

A non-resident company and registered partnership is a company or registered partnership established pursuant to a foreign law and not doing or deemed to be doing business in Thailand or have a permanent establishment in Thailand.

*Substituted Payment for Dividends.* Same as those described for Non-Resident Individual Investors.

*Capital Gains.* A capital gain from the sale of the NVDRs by a non-resident company or registered partnership is subject to withholding tax of 15 per cent., which may be exempted under the terms and conditions of the relevant double taxation treaty between Thailand and the country of the Investor's residence.

### **Stamp Duty**

There is no stamp duty payable on the sale of the NVDRs.

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**KPMG Phoomchai Audit Ltd.**  
50<sup>th</sup>-51<sup>st</sup> Floors, Empire Tower  
1 South Sathorn Road  
Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูเก็ต สอนบัญชี จำกัด  
ชั้น 50-51 เซ็นทรัลพลาซ่า  
1 ถนนสาทรใต้  
กรุงเทพฯ 10120

Tel: +66 2677 2000  
Fax: +66 2677 2222  
www.kpmg.co.th

## Independent Auditor's Report

### To the Shareholders of Charoen Pokphand Foods Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Charoen Pokphand Foods Public Company Limited and its subsidiaries (the "Group"), and of Charoen Pokphand Foods Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2014, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, 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.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

KPMG Phoomchai Audit Ltd., a Thai limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



*Opinion*

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Munchupa S.' with a stylized flourish at the end.

(Munchupa Singuksawat)  
Certified Public Accountant  
Registration No. 6112

KPMG Phoomchai Audit Ltd.  
Bangkok  
26 February 2015

**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		2014	2013	2014	2013
<b>Current assets</b>					
Cash and cash equivalents	7	33,551,551	19,457,298	13,696,266	1,395,703
Current investments		5,768,762	3,143,140	-	-
Accounts receivable - trade and others	8	24,953,330	24,240,434	4,339,602	4,719,747
Short-term loans to subsidiaries	6	-	-	19,733,432	17,970,430
Short-term loans to jointly-controlled entities	6	-	147,440	-	-
Current portion of long-term loans to subsidiaries	6	-	-	119,623	1,443,372
Inventories	6, 9	49,036,020	48,469,148	4,201,329	4,278,322
Current biological assets	10	24,377,595	22,425,173	1,371,710	1,265,708
Advance payments for purchase of goods		1,996,721	766,444	-	-
Prepaid expenses		1,357,809	1,240,526	223,239	229,140
Accrued dividend income	6	95,110	46,229	3,901,983	1,125,000
Restricted deposits at financial institutions	20	1,347,495	1,043,699	-	-
Other current assets	6	3,769,056	3,263,976	137,962	272,779
<b>Total current assets</b>		<b>146,253,449</b>	<b>124,243,507</b>	<b>47,725,146</b>	<b>32,700,201</b>

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)		2014	2013	2014	2013
<b>Non-current assets</b>					
Available-for-sale investments	11	3,924,202	1,909,294	-	-
Investments in subsidiaries	12	-	-	68,442,882	87,565,367
Investments in associates	13	52,055,045	40,832,599	334,809	334,809
Investments in jointly-controlled entities	14	4,194,145	5,265,865	-	-
Investments in related companies	15	1,548,709	1,545,922	678,170	678,170
Investments in other companies		290,448	44,054	-	-
Long-term loans to subsidiaries	6	-	-	16,837,241	17,410,310
Investment properties	16	1,168,713	1,929,957	199,614	203,715
Property, plant and equipment	6, 17	124,460,811	110,930,836	17,862,117	17,787,009
Non-current biological assets	10	5,595,036	5,179,725	-	-
Goodwill	18	60,698,539	59,293,471	-	-
Other intangible assets	19	4,715,071	3,895,169	49,968	52,769
Restricted deposits at financial institutions	20	706,579	157,984	-	-
Deferred tax assets	21	3,815,344	2,895,881	2,604,449	1,703,576
Leasehold rights prepayment	22	5,039,177	4,866,359	-	-
Other non-current assets		2,298,592	2,012,493	179,417	175,857
<b>Total non-current assets</b>		<b>270,510,411</b>	<b>240,759,609</b>	<b>107,188,667</b>	<b>125,911,582</b>
<b>Total assets</b>		<b>416,763,860</b>	<b>365,003,116</b>	<b>154,913,813</b>	<b>158,611,783</b>

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	
		2014	2013	2014	2013
<b>Liabilities and equity</b>					
<i>Current liabilities</i>					
Overdrafts and short-term borrowings					
from financial institutions	23	63,686,589	61,861,180	5,098	9,331
Bills of exchange	23	1,988,760	3,477,483	1,988,760	3,477,483
Accounts payable - trade and others	24	25,632,138	21,887,690	1,596,611	1,905,323
Short-term borrowings from jointly-controlled entities and related company	6, 23	395,405	232,833	-	-
Short-term borrowings from other companies	23	-	141,065	-	-
Current portion of long-term debts	23	13,432,366	11,494,225	5,616,400	6,700,000
Current portion of long-term borrowings from related company	6, 23	-	22,935	-	-
Accrued expenses		7,950,594	7,366,328	264,815	241,754
Income tax payable		1,920,958	1,249,211	-	-
Other current liabilities		8,277,878	7,268,518	1,465,960	1,505,523
<b>Total current liabilities</b>		<b>123,284,688</b>	<b>115,001,468</b>	<b>10,937,644</b>	<b>13,839,414</b>
<i>Non-current liabilities</i>					
Long-term debts	23	116,425,489	109,175,571	60,522,406	66,127,469
Provisions and others		725,581	470,628	-	-
Deferred tax liabilities	21	5,677,034	4,517,398	-	-
Employee benefit obligations	25	6,684,818	6,265,481	1,893,607	1,761,932
<b>Total non-current liabilities</b>		<b>129,512,922</b>	<b>120,429,078</b>	<b>62,416,013</b>	<b>67,889,401</b>
<b>Total liabilities</b>		<b>252,797,610</b>	<b>235,430,546</b>	<b>73,353,657</b>	<b>81,728,815</b>

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	
		2014	2013	2014	2013
<b>Liabilities and equity (Continued)</b>					
<i>Equity</i>					
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		4,042,933	(68,794)	-	-
Surplus on common control transactions		-	-	428,671	428,671
Retained earnings					
Appropriated	28				
Legal reserve		820,666	820,666	820,666	820,666
Unappropriated		60,130,818	53,492,657	32,244,832	27,566,867
Other components of equity		5,997,143	9,009,371	1,280,169	1,280,946
<b>Total equity attributable to equity</b>					
<b>holders of the Company</b>		<b>117,532,260</b>	<b>109,794,600</b>	<b>81,560,156</b>	<b>76,882,968</b>
Non-controlling interests		46,433,990	19,777,970	-	-
<b>Total equity</b>		<b>163,966,250</b>	<b>129,572,570</b>	<b>81,560,156</b>	<b>76,882,968</b>
<b>Total liabilities and equity</b>		<b>416,763,860</b>	<b>365,003,116</b>	<b>154,913,813</b>	<b>158,611,783</b>

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	
		31 December		31 December	
		2014	2013	2014	2013
<b>Income</b>	6				
Revenue from sale of goods		426,039,447	389,251,030	26,898,321	26,120,959
Interest income		585,713	405,189	2,453,488	2,815,629
Dividend income		60,866	32,643	13,427,954	13,566,243
Net foreign exchange gains		-	-	90,841	72,037
Gains on sale of investments	13	4,662,284	8,218,523	1,883,824	67
Gains on liquidation of subsidiary		-	-	-	4,000
Other income		2,153,689	1,669,705	44,295	82,324
<b>Total income</b>		<b>433,501,999</b>	<b>399,577,090</b>	<b>44,798,723</b>	<b>42,661,259</b>
<b>Expenses</b>	6				
Cost of sale of goods	9, 33	368,759,673	350,393,921	28,749,233	29,021,615
Gains on changes in fair value of biological assets	10	(337,921)	(523,710)	-	-
Selling expenses	30, 33	18,752,605	16,375,369	965,084	955,736
Administrative expenses	31, 33	24,084,581	20,587,562	3,650,916	4,055,182
Net foreign exchange losses		352,866	218,707	-	-
Finance costs	34	8,880,135	7,937,354	3,361,976	3,442,547
<b>Total expenses</b>		<b>420,491,939</b>	<b>394,989,203</b>	<b>36,727,209</b>	<b>37,475,080</b>
Share of profits of associates and jointly-controlled entities	13, 14	4,868,734	4,947,488	-	-
<b>Profit before income tax expense (income)</b>		<b>17,878,794</b>	<b>9,535,375</b>	<b>8,071,514</b>	<b>5,186,179</b>
Income tax expense (income)	35	3,649,402	133,429	(864,293)	(1,687,619)
<b>Profit for the year</b>		<b>14,229,392</b>	<b>9,401,946</b>	<b>8,935,807</b>	<b>6,873,798</b>
<b>Profit for the year attributable to:</b>					
Equity holders of the Company		10,561,703	7,065,249	8,935,807	6,873,798
Non-controlling interests		3,667,689	2,336,697	-	-
<b>Profit for the year</b>		<b>14,229,392</b>	<b>9,401,946</b>	<b>8,935,807</b>	<b>6,873,798</b>
<b>Basic earnings per share (in Baht)</b>	37	<b>1.43</b>	<b>0.96</b>	<b>1.15</b>	<b>0.89</b>

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)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31 December		31 December	
<i>Note</i>	2014	2013	2014	2013
<b>Profit for the year</b>	<b>14,229,392</b>	<b>9,401,946</b>	<b>8,935,807</b>	<b>6,873,798</b>
<b>Other comprehensive income</b>				
Net change in fair value of available-for-sale investments	1,376,621	1,339,175	-	-
Net change in fair value of available-for-sale investment transferred to profit or loss	-	(1,875,090)	-	-
Currency translation differences	(2,390,309)	6,587,476	-	-
Defined benefit plan actuarial gains (losses)	35,991	(1,002,702)	-	(294,864)
<b>Other comprehensive income before income tax expense (income)</b>	<b>(977,697)</b>	<b>5,048,859</b>	<b>-</b>	<b>(294,864)</b>
Income tax expense (income) of other comprehensive income	35 280,467	(243,736)	-	(58,973)
<b>Other comprehensive income for the year, net of income tax expense (income)</b>	<b>(1,258,164)</b>	<b>5,292,595</b>	<b>-</b>	<b>(235,891)</b>
<b>Total comprehensive income for the year</b>	<b>12,971,228</b>	<b>14,694,541</b>	<b>8,935,807</b>	<b>6,637,907</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	8,869,195	11,098,618	8,935,807	6,637,907
Non-controlling interests	4,102,033	3,595,923	-	-
<b>Total comprehensive income for the year</b>	<b>12,971,228</b>	<b>14,694,541</b>	<b>8,935,807</b>	<b>6,637,907</b>

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	Legal reserve	Unappropriated retained earnings	Revaluation differences on assets	Fair value changes on available-for-sale investments	Currency translation differences	Other components of equity			
											Total other components of equity	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
<b>Year ended at 31 December 2013</b>	<b>7,742,942</b>	<b>(1,135,146)</b>	<b>36,462,883</b>	<b>3,470,021</b>	<b>215,944</b>	<b>820,666</b>	<b>52,770,259</b>	<b>7,855,428</b>	<b>777,227</b>	<b>(4,458,413)</b>	<b>4,174,242</b>	<b>104,521,811</b>	<b>16,258,989</b>	<b>120,780,800</b>
<b>Balance at 1 January 2013</b>	-	-	-	-	-	-	(5,541,091)	-	-	-	-	(5,541,091)	(1,338,833)	(6,879,924)
<b>Transactions with equity holders, recorded directly in equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Contributions by and distributions to owners</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(5,541,091)	-	-	-	-	(5,541,091)	(1,338,833)	(6,879,924)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	-	(5,541,091)	-	-	-	-	(5,541,091)	(1,338,833)	(6,879,924)
<b>Changes in ownership interests in subsidiaries and associates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	771,805
Changes in ownership interests in associates	-	-	-	-	(387,282)	-	-	-	-	-	-	(387,282)	-	(387,282)
New shares issued by subsidiary	-	-	-	-	102,544	-	-	-	-	-	-	102,544	490,086	592,630
<b>Total changes in ownership interests in subsidiaries and associates</b>	-	-	-	-	(284,738)	-	-	-	-	-	-	(284,738)	1,261,891	977,153
<b>Total transactions with equity holders, recorded directly in equity</b>	-	-	-	-	(284,738)	-	(5,541,091)	-	-	-	-	(5,825,829)	(76,942)	(5,902,771)
<b>Comprehensive income for the year</b>	-	-	-	-	-	-	7,065,249	-	-	-	-	7,065,249	2,336,697	9,401,946
Profit	-	-	-	-	-	-	7,065,249	-	-	-	-	7,065,249	2,336,697	9,401,946
Other comprehensive income	-	-	-	-	-	-	(804,768)	-	-	-	-	(804,768)	1,249	(803,519)
- Actuarial gains (losses)	-	-	-	-	-	-	(804,768)	-	-	-	-	(804,768)	1,249	(803,519)
- Other	-	-	-	-	-	-	-	(492,529)	5,330,666	4,838,137	4,838,137	1,257,977	6,096,114	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	6,260,481	(492,529)	5,330,666	4,838,137	4,838,137	11,098,618	3,595,923	14,694,541
Transferred to retained earnings	-	-	-	-	-	-	3,008	(3,008)	-	(3,008)	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>7,742,942</b>	<b>(1,135,146)</b>	<b>36,462,883</b>	<b>3,470,021</b>	<b>(68,794)</b>	<b>820,666</b>	<b>53,492,657</b>	<b>7,852,420</b>	<b>284,698</b>	<b>872,253</b>	<b>9,009,371</b>	<b>109,794,600</b>	<b>19,777,970</b>	<b>129,572,570</b>

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	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 investments available-for-sale	Currency translation differences	Total other components of equity			
<b>Year ended at 31 December 2014</b>	7,742,942	(1,135,146)	36,462,883	3,470,021	(68,794)	820,666	53,492,457	7,852,420	284,098	872,253	9,009,371	109,794,600	19,777,970	129,572,570
<b>Balance at 1 January 2014</b>	-	-	-	-	-	-	(4,063,466)	-	-	-	-	(4,063,466)	(2,312,845)	(6,376,311)
<b>Transactions with equity holders, recorded directly in equity Contributions by and distributions to owners</b>	-	-	-	-	-	-	(4,063,466)	-	-	-	-	(4,063,466)	(2,312,845)	(6,376,311)
<b>Changes in ownership interests in subsidiaries and associates</b>	-	-	-	-	-	-	-	-	-	-	-	-	76,454	76,454
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	-	4,130,493	-	-	-	-	(1,179,796)	(1,179,796)	2,950,697	24,307,098	27,257,795
Changes in ownership interests in associates	-	-	-	-	(32,048)	-	-	-	-	-	-	(32,048)	-	(32,048)
New shares issued by subsidiary	-	-	-	-	13,282	-	-	-	-	-	-	13,282	483,280	496,562
<b>Total changes in ownership interests in subsidiaries and associates</b>	-	-	-	-	4,111,727	-	-	-	-	(1,179,796)	(1,179,796)	2,931,931	24,866,832	27,798,763
<b>Total transactions with equity holders, recorded directly in equity</b>	-	-	-	-	4,111,727	-	(4,063,466)	-	-	(1,179,796)	(1,179,796)	(1,131,535)	22,553,987	21,422,452
<b>Comprehensive income for the year</b>	-	-	-	-	-	-	10,561,703	-	-	-	-	10,561,703	3,667,689	14,229,392
Profit	-	-	-	-	-	-	10,561,703	-	-	-	-	10,561,703	3,667,689	14,229,392
Other comprehensive income	-	-	-	-	-	-	(67,306)	-	-	-	-	(67,306)	98,154	30,848
- Actuarial gains (losses)	-	-	-	-	-	-	(67,306)	-	-	-	-	(67,306)	98,154	30,848
- Other	-	-	-	-	-	-	-	-	1,095,226	(2,720,428)	(1,625,202)	(1,625,202)	336,190	(1,289,012)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	10,494,397	-	1,095,226	(2,720,428)	(1,625,202)	8,869,195	4,102,033	12,971,228
Transferred to retained earnings	-	-	-	-	-	-	207,230	(207,230)	-	-	(207,230)	-	-	-
<b>Balance at 31 December 2014</b>	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

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							Total equity	
	Issued and paid-up share capital	Premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Other components of equity		
							Revaluation differences on assets		Total other components of equity
<b>Year ended 31 December 2013</b>									
Balance at 1 January 2013	7,742,942	35,572,855	3,470,021	428,671	820,666	26,736,166	1,280,946	1,280,946	76,052,267
Transactions with equity holders, recorded directly in equity									
<i>Distributions to owners</i>									
Dividends paid	-	-	-	-	-	(5,807,206)	-	-	(5,807,206)
<i>Total distributions to owners</i>	-	-	-	-	-	(5,807,206)	-	-	(5,807,206)
Total transactions with equity holders, recorded directly in equity	-	-	-	-	-	(5,807,206)	-	-	(5,807,206)
Comprehensive income for the year									
Profit	-	-	-	-	-	6,873,798	-	-	6,873,798
Other comprehensive income									
- Actuarial losses	-	-	-	-	-	(235,891)	-	-	(235,891)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>6,637,907</b>	-	-	<b>6,637,907</b>
Balance at 31 December 2013	<u>7,742,942</u>	<u>35,572,855</u>	<u>3,470,021</u>	<u>428,671</u>	<u>820,666</u>	<u>27,566,867</u>	<u>1,280,946</u>	<u>1,280,946</u>	<u>76,882,968</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							Total equity	
	Issued and paid-up share capital	Premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Other components of equity		
							Revaluation differences on assets		Total other components of equity
<b>Year ended 31 December 2014</b>									
<b>Balance at 1 January 2014</b>	7,742,942	35,572,855	3,470,021	428,671	820,666	27,566,867	1,280,946	1,280,946	76,882,968
Transactions with equity holders, recorded directly in equity									
<i>Distributions to owners</i>									
Dividends paid	-	-	-	-	-	(4,258,619)	-	-	(4,258,619)
<i>Total distributions to owners</i>	-	-	-	-	-	(4,258,619)	-	-	(4,258,619)
Total transactions with equity holders, recorded directly in equity	-	-	-	-	-	(4,258,619)	-	-	(4,258,619)
<b>Comprehensive income for the year</b>									
Profit	-	-	-	-	-	8,935,807	-	-	8,935,807
<b>Total comprehensive income for the year</b>									
Transferred to retained earnings	-	-	-	-	-	777	(777)	(777)	-
<b>Balance at 31 December 2014</b>	<b>7,742,942</b>	<b>35,572,855</b>	<b>3,470,021</b>	<b>428,671</b>	<b>820,666</b>	<b>32,244,832</b>	<b>1,280,169</b>	<b>1,280,169</b>	<b>81,560,156</b>

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	
		31 December		31 December	
		2014	2013	2014	2013
<b><i>Cash flows from operating activities</i></b>					
Profit for the year		14,229,392	9,401,946	8,935,807	6,873,798
<i>Adjustments for</i>					
Depreciation	16, 17	8,962,900	7,590,655	2,010,394	1,823,219
Amortisation		1,002,294	953,750	8,984	8,274
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)	8	5,674	113,477	(549)	16,805
Losses (reversal of allowance for losses) on decline in value of inventories adjusted to net realisable value		(19,447)	95,099	(37,157)	116,403
Interest income		(585,713)	(405,189)	(2,453,488)	(2,815,629)
Dividend income		(60,866)	(32,643)	(13,427,954)	(13,566,243)
Finance costs	34	8,880,135	7,937,354	3,361,976	3,442,547
Gains on sales of investments		(4,662,284)	(8,218,523)	(1,883,824)	(67)
Employee benefit obligations		686,752	443,423	196,670	121,118
Gain on liquidation of subsidiaries		-	-	-	(4,000)
Gain on sales of investment properties		(12,840)	-	(6,900)	-
Losses (gains) on sale of property, plant and equipment		13,292	(104,358)	(4,426)	13,014
Losses on write-off of other intangible assets		2,028	-	-	-
Losses on write-off of plant and equipment		121,154	94,627	35,529	3,787
Impairment losses of plant and equipment	17	60,601	-	60,601	-
Reversal of losses of revaluation of investment properties		-	(6,990)	-	-
Unrealised losses (gains) on exchange rates		(259,791)	(124,463)	540,374	(120,490)
Gains on changes in fair value of biological assets		(337,921)	(523,710)	-	-
Impairment loss on investments		-	-	-	339,097
Share of profits of associates and jointly-controlled entities	13, 14	(4,868,734)	(4,947,488)	-	-
Income tax expense (income)	35	3,649,402	133,429	(864,293)	(1,687,619)
		26,806,028	12,400,396	(3,528,256)	(5,435,986)
<b><i>Changes in operating assets and liabilities</i></b>					
Accounts receivable - trade and others		(452,229)	(567,521)	380,694	568,320
Inventories		(959,960)	1,300,427	114,150	879,124

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)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31 December		31 December	
<i>Note</i>	2014	2013	2014	2013
<b><i>Cash flows from operating activities</i></b>				
<b><i>(Continued)</i></b>				
Current and non-current biological assets	(2,625,957)	(1,626,905)	(106,002)	(12,146)
Other current assets	(2,410,878)	(294,080)	128,058	92,214
Other non-current assets	(1,159,492)	(519,845)	15,905	(386)
Accounts payable - trade and others	5,608,282	(339,194)	(308,712)	(183,542)
Other current liabilities	1,782,424	2,322,204	(1,280)	(164,683)
Employee benefits paid	(183,324)	(183,103)	(64,995)	(21,118)
Income tax paid	(3,219,730)	(3,040,786)	(56,045)	(64,456)
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	<b>23,185,164</b>	<b>9,451,593</b>	<b>(3,426,483)</b>	<b>(4,342,659)</b>
<b><i>Cash flows from investing activities</i></b>				
Interest received	596,931	516,010	2,466,148	2,713,206
Dividends received	3,406,666	3,291,771	10,650,971	13,492,220
(Increase) decrease in short-term loans				
to subsidiaries	-	-	(1,931,700)	4,288,684
Decrease in short-term loans to				
jointly-controlled entities and				
related company	141,299	63,122	-	-
Increase in short-term loan to other company	-	(135,662)	-	-
Purchase of current investments	(2,629,610)	(2,986,631)	-	-
Purchase of investments	(13,484,362)	(14,028,670)	(1,654)	(2,503,610)
Purchase of net assets	-	(314,207)	-	-
Sale of investments	6,173,439	12,880,436	21,007,963	493,147
Net consideration paid for acquisition				
of subsidiaries	5	(3,129,823)	(729,485)	-
Net cash inflow from disposal				
of subsidiaries	1,633,945	-	-	-
Decrease (increase) in long-term				
loans to subsidiaries	-	-	1,265,352	(4,744,800)
Purchase of property, plant and equipment	(25,550,473)	(22,513,225)	(2,152,133)	(3,190,334)
Purchase of investment properties	(62,871)	(26,980)	-	-
Sale of investment properties	11,024	-	11,000	-
Sale of property, plant and equipment	73,854	317,830	28,865	30,613

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)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31 December		31 December	
<i>Note</i>	2014	2013	2014	2013
<b><i>Cash flows from investing activities</i></b>				
<b><i>(Continued)</i></b>				
Sale of other intangible assets	653	-	-	-
Purchase of other intangible assets	19 (230,762)	(158,748)	(6,142)	(9,427)
Purchase of leasehold rights	(113,647)	(397,268)	-	-
Proceeds from liquidation of subsidiary	-	-	-	24,000
<b>Net cash provided by (used in)</b>				
<b>investing activities</b>	<b>(33,163,737)</b>	<b>(24,221,707)</b>	<b>31,338,670</b>	<b>10,593,699</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(8,392,562)	(7,119,342)	(3,305,031)	(3,042,759)
Increase (decrease) in short-term borrowings from financial institutions	3,009,084	10,934,337	-	(4,550,762)
Decrease in bills of exchange	(1,599,221)	(1,751,370)	(1,599,221)	(1,751,370)
Decrease in short-term borrowings from subsidiaries	-	-	-	(400,000)
Increase (decrease) in short-term borrowings from jointly-controlled entities and related company	171,083	(2,511)	-	-
Decrease in short-term loan from other companies	(141,065)	(271,325)	-	-
Decrease in long-term borrowings from related company	(22,935)	(40,558)	-	-
Repayment of liabilities under finance leases	(10,244)	(7,355)	-	-
Proceeds from long-term borrowings from financial institutions	11,258,284	17,157,417	-	-
Repayment of long-term borrowings from financial institutions	(4,719,944)	(5,210,717)	(500,000)	(1,400,000)
Proceeds from issue of debentures	9,318,807	16,000,000	-	16,000,000
Repayment of debentures	(6,200,000)	(5,200,000)	(6,200,000)	(5,200,000)
Payment of financial transaction costs	(487,857)	(440,243)	(13,132)	(13,599)
Proceeds from issue of new ordinary shares	75,810	50,154	-	-
Proceeds from exercise share options	433,329	541,278	-	-

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)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	31 December		31 December	
<i>Note</i>	2014	2013	2014	2013
<b><i>Cash flows from financing activities</i></b>				
<b><i>(Continued)</i></b>				
Dividend paid of the Company - net of dividends paid to subsidiaries (for share held in treasury)	(4,104,276)	(5,525,948)	(4,249,797)	(5,792,063)
Dividends paid to non-controlling interests	(2,312,845)	(1,321,772)	-	-
Proceed from partial disposal of interest in subsidiary	5 27,257,795	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>23,533,243</b>	<b>17,792,045</b>	<b>(15,867,181)</b>	<b>(6,150,553)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,554,670</b>	<b>3,021,931</b>	<b>12,045,006</b>	<b>100,487</b>
Cash and cash equivalents at beginning of year	17,180,252	12,250,346	1,386,372	1,285,885
Effect of exchange rate changes on balances held in foreign currencies	1,188,643	1,907,975	259,790	-
<b>Cash and cash equivalents at end of year</b>	<b>31,923,565</b>	<b>17,180,252</b>	<b>13,691,168</b>	<b>1,386,372</b>
<b><i>Supplemental disclosures of cash flows information:</i></b>				
<b>1. Cash and cash equivalents</b>				
These consisted of:				
Cash and cash equivalents	7 33,551,551	19,457,298	13,696,266	1,395,703
Overdrafts	23 (1,627,986)	(2,277,046)	(5,098)	(9,331)
<b>Net</b>	<b>31,923,565</b>	<b>17,180,252</b>	<b>13,691,168</b>	<b>1,386,372</b>
<b>2. Non-cash transactions</b>				
The group had non-cash transactions during the year ended 31 December 2014 as follows:				
2.1 Acquisition of BHI Kalino Food AB amounting to Swedish Krona 4.8 million or equivalent to Baht 24.2 million of which Baht 19.2 million was payable as at 31 December 2014.				
2.2 As at 31 December 2014 the Group and the Company had accrued dividend income amounting to Baht 95 million and Baht 3,902 million respectively (2013: Baht 46 million and Baht 1,125 million respectively)				

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



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Notes to the financial statements**

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**Charoen Pokphand Foods Public Company Limited  
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**Notes to the financial statements**

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 authorised for issue by the executive directors on 26 February 2015.

**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 consists of shrimp and fish

The Group’s two main businesses are vertically integrated, sourcing 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 selling their products to both domestic and overseas markets. 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 2014 and 2013 were as follows:

<u>Name of the entity</u>	<u>Type of business</u>	<u>Country of incorporation</u>	<u>Ownership interest (%)</u>	
			<u>2014</u>	<u>2013</u>
<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

**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries  
Notes to the financial statements**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
<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. <sup>(1)</sup>	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
4) CPF Europe S.A. (4.1 is a subsidiary of CPF Europe S.A. )	Importer and distributor of processed meat and ready meals	Belgium	99.99	99.99
4.1) Tops Foods NV	Production and distribution of ready-to-eat foods	Belgium	80.02	-
5) CPF Food Trading Co., Ltd.	Importer and distributor of processed meat and ready meals	The People's Republic of China	100.00	100.00
6) CPF Tokyo Co., Ltd.	Importer and distributor of processed meat and ready meals	Japan	99.99	99.99
7) CP Foods (UK) Limited (7.1 to 7.60 are subsidiaries of CP Foods (UK) Limited)	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.1) Fusion Abbey Park Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.2) Fusion Alfrick Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.3) Fusion Bracewell Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.4) Fusion Bransford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.5) Fusion Broadway Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.6) Fusion Brothwood Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.7) Fusion Calis Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.8) Fusion Carnoustie Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.9) Fusion Charlton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.10) Fusion Crowle Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.11) Fusion Dalaman Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.12) Fusion Defford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.13) Fusion Dormington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.14) Fusion Driscoll Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.15) Fusion Dumbleton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.16) Fusion Eastoe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.17) Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
7.18) Fusion Everton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.19) Fusion Exning Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.20) Fusion Fethiye Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.21) Fusion Gatley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.22) Fusion Gocek Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.23) Fusion Gray Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.24) Fusion Harper Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.25) Fusion Hartford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.26) Fusion Hawstead Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.27) Fusion Head Street Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.28) Fusion Heath Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.29) Fusion Irvine Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.30) Fusion Kaitaia Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.31) Fusion Kroma Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.32) Fusion Krone Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.33) Fusion Lineker Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.34) Fusion Littleworth Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.35) Fusion Madeley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.36) Fusion McMahon Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.37) Fusion Mountfield Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.38) Fusion Moyes Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.39) Fusion Newlands Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.40) Fusion Niamh Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.41) Fusion Pershore Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.42) Fusion Priest Lane Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.43) Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
7.44) Fusion Reid Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.45) Fusion Richardson Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.46) Fusion Samui Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.47) Fusion Sharp Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.48) Fusion Sheedy Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.49) Fusion Soham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.50) Fusion Southall Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.51) Fusion Stevens Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.52) Fusion Thetford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.53) Fusion Turgay Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.54) Fusion Uzumlu Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.55) Fusion Van Den Hauwe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.56) Fusion Wadborough Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.57) Fusion Wellington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.58) Fusion Whistler Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.59) Fusion Wright Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
7.60) Fusion Yamac Limited	Importer and distributor of processed meat and ready meals	United Kingdom	52.00	52.00
<b><i>Aquaculture business</i></b>				
<b><i>Direct subsidiaries</i></b>				
1) Seafoods Enterprise Co., Ltd. <sup>(1)</sup>	Shrimp processing plant	Thailand	99.99	99.99
<b><i>Indirect subsidiaries</i></b>				
1) C.P. Food Products, Inc.	Importer and distributor of seafood products	United States of America	100.00	100.00

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
<i>Other businesses</i>				
<i>Direct subsidiaries</i>				
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) IP (Thailand) Co., Ltd. <sup>(4)</sup>	Investment	Thailand	-	99.99
<i>Overseas operations</i>				
<i>Direct subsidiaries</i>				
1) Charoen Pokphand Foods Kenya Co., Ltd.	Animal feedmill and livestock farming	Kenya	99.99	99.99
2) CPF Investment Limited (2.1 to 2.6 are subsidiaries of CPF Investment Limited)	Investment	British Virgin Islands	100.00	100.00
2.1) Bright Excel Investments Limited	Investment	British Virgin Islands	100.00	100.00
2.2) Charoen Pokphand (Taiwan) Investment Limited	Investment	Bermuda	100.00	100.00
2.3) Coinaton Investments Limited (2.3.1 is a subsidiary of Coinaton Investments Limited)	Investment	British Virgin Islands	100.00	100.00
2.3.1) Chun Ta Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
2.4) CPVN Limited	Investment	British Virgin Islands	100.00	100.00
2.5) Forward Pass Limited (2.5.1 is a subsidiary of Forward Pass Limited)	Investment	British Virgin Islands	100.00	100.00
2.5.1) Ta Chung Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
2.6) New Splendid Holdings Limited	Investment	British Virgin Islands	100.00	100.00
3) C.P. Aquaculture (Beihai) Co., Ltd.	Aquatic feed production and distribution and aquaculture farming	The People's Republic of China	100.00	100.00
4) C.P. Aquaculture (Dongfang) Co., Ltd.	Shrimp hatchery business	The People's Republic of China	100.00	100.00
5) C.P. Aquaculture (Hainan) Co., Ltd.	Aquaculture farming	The People's Republic of China	100.00	100.00
6) C.P. Foods Holdings Limited	Investment	British Virgin Islands	100.00	100.00
7) C.P. Foods International Limited	Investment	British Virgin Islands	100.00	-

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
<i>Direct and indirect subsidiaries</i>				
1) Charoen Pokphand Foods Philippines Corporation (1.1 is a subsidiary of Charoen Pokphand Foods Philippines Corporation)	Animal feed production and distribution and shrimp hatchery business	Philippines	99.99	99.99
1.1) A.P.P. Enterprise, Inc. <sup>(2)</sup>	Property lease-out	Philippines	39.60	39.60
2) Charoen Pokphand Foods (Overseas) LLC. (2.1 to 2.3 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	-
2.3) CPF Trading LLC.	Importer and distributor of meat products	Russia	60.00	-
3) C.P. Standart Gida Sanayi ve Ticaret A.S.	Agro-industrial and integrated food	Turkey	99.99	99.99
4) C.P. Pokphand Co., Ltd. (4.1 to 4.95 are subsidiaries of C.P. Pokphand Co., Ltd.)	Investment	Bermuda	50.43	75.01
4.1) C.P. Aquaculture (Yangjiang) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.2) C.P. Enterprises Limited	Investment	Hong Kong	50.43	75.01
4.3) C.P. Food Enterprises (Ningbo) Co., Ltd.	Production and sale of value-added processed food	The People's Republic of China	50.43	-
4.4) C.P. Food (Nantong) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	-
4.5) C.P. Food (Xiangyang) Co., Ltd.	Food processing plant	The People's Republic of China	50.43	-
4.6) C.P. Food (Zhanjiang) Co.,Ltd.	Manufacture and sale of value added processes food	The People's Republic of China	50.43	-
4.7) C.P. Standard Resources Limited	Investment	Hong Kong	50.43	75.01
4.8) C.P. Vietnam Corporation	Animal feed production and distribution and farming and food processing plant	Vietnam	64.89	82.30
4.9) C.T. Progressive (H.K.) Limited	Investment	Bermuda	50.43	75.01
4.10) Changsha Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.11) Charoen Pokphand (China) Investment Limited	Investment	British Virgin Islands	50.43	75.01
4.12) Chengdu Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	52.51

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
4.13) Chia Tai (China) Investment Co., Ltd.	Investment and trading	The People's Republic of China	50.43	75.01
4.14) Chia Tai Enterprises International Limited (formerly known as Ek Chor China Motorcycle Co., Ltd.)	Investment	Bermuda	50.43	75.01
4.15) Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	-
4.16) Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	-
4.17) Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	-
4.18) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	75.01
4.19) Chia Tai Food Enterprise (Qinhuangdao) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	75.01
4.20) Chia Tai Huazhong Biochemistry Limited	Investment	Hong Kong	50.43	75.01
4.21) Chia Tai Pucheng Biochemistry Limited	Investment	Hong Kong	50.43	75.01
4.22) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.23) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.24) Chongqing Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	45.01
4.25) Chongqing Shuangqiao Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	52.51
4.26) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.27) CP China Investment Limited	Investment	Cayman Islands	50.43	75.01
4.28) CP Food Investment Limited	Investment	Hong Kong	50.43	75.01
4.29) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.30) ECI Machinery Co., Ltd.	Investment	British Virgin Islands	50.43	75.01



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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
4.31) Ek Chor Investment Company Limited <sup>(5)</sup>	Investment	Hong Kong	-	75.01
4.32) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.33) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	75.01
4.34) Ganzhou Chia Tai Industrial Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	40.34	60.01
4.35) Golden Industrial Investment Limited	Investment	Hong Kong	50.43	75.01
4.36) Guang An Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	45.01
4.37) Guangdong Tai Tong Investment Co., Ltd. <sup>(1)</sup>	Investment	The People's Republic of China	50.43	75.01
4.38) Guang Han Chia Tai Feed Tech Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	45.89	68.26
4.39) Guangxi Chia Tai Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	75.01
4.40) Guilin Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	42.86	63.76
4.41) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.42) Hangzhou Advance Feed Tech Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.43) Hannick Limited	Property investment	Hong Kong	50.43	75.01
4.44) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	-
4.45) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	-
4.46) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	75.01
4.47) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.48) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.49) Inner Mongolia Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	45.58	67.80

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
4.50) Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	75.01
4.51) Jiangsu Huai Yin Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	44.38	66.01
4.52) Jilin Chia Tai Food Co.,Ltd	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	-
4.53) Jinan Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	32.78	48.76
4.54) Jiujiang Chia Tai Feedstuff Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	45.01
4.55) Kaifeng Chia Tai Co.,Ltd	Production and sale of animal feed	The People's Republic of China	50.43	-
4.56) Kunming Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	46.59	69.29
4.57) Lanzhou Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	45.70	70.96
4.58) Liuzhou Advance Feed Tech Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.59) Mianyang Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	40.34	60.01
4.60) Modern State Investments Limited	Investment	British Virgin Islands	50.43	75.01
4.61) Nanchang Chiatai Livestock Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.62) Nanning Chia Tai Animal Husbandry Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	46.21	68.74
4.63) Nantong Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	45.01
4.64) Nantong Chia Tai Tech Feed Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	45.01
4.65) Nanyang Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	45.89	68.26
4.66) Neijiang Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	52.51
4.67) Ningbo Chia Tai Agriculture Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	52.51

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
4.68) Pingdingshan Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	52.51
4.69) Pucheng Chia Tai Biochemistry Limited <sup>(2)</sup>	Production and sale of chlortetracycline	The People's Republic of China	35.17	52.13
4.70) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.71) Shaanxi Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	48.41	72.00
4.72) Shanghai EK Chor Industrial Trading Co., Ltd. <sup>(3)</sup>	Sale of machine and spare part	The People's Republic of China	50.43	75.01
4.73) Shanxi Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.21	44.93
4.74) Shenyang Advance Feed Tech Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.75) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.76) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.77) Shuangliu Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	52.51
4.78) Tai Zhou Chia Tai Feed Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	48.41	72.01
4.79) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.80) Tianjin Chia Tai Feed Tech Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.81) Urumqi Chia Tai Animal Husbandry Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	47.11	70.08
4.82) Weinan Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.83) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.84) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.85) Wuxuan Chia Tai Animal Husbandry Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	42.86	63.76

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
4.86) Xiamen Chia Tai Agriculture Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	45.01
4.87) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.88) Xuzhou Chia Tai Feed Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	32.78	48.76
4.89) Yi Chang Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.90) Yinchuan Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	42.86	63.76
4.91) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.92) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	75.01
4.93) Zhumadian Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.76	45.76
4.94) Zhumadian Huazhong Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of chlortetracycline	The People's Republic of China	35.17	52.51
4.95) Zhumadian Huazhong Property Co., Ltd. <sup>(2)</sup>	Real estate property	The People's Republic of China	35.17	52.51
5) CPF Tanzania Limited	Animal feedmill and livestock farming	Tanzania	99.99	99.99
<b>Indirect subsidiaries</b>				
1) C.P. Laos Co., Ltd.	Animal feedmill and livestock farming	Laos	99.99	99.99
2) Charoen Pokphand Foods Canada Inc.	Import and export food products	Canada	70.00	-
3) Charoen Pokphand Foods (Malaysia) Sdn. Bhd. (3.1 to 3.3 are subsidiaries of Charoen Pokphand Foods (Malaysia) Sdn. Bhd.)	Investment in aquaculture integration business and swine businesses	Malaysia	99.99	99.99
3.1) Asia Aquaculture (M) Sdn. Bhd.	Shrimp farming and processing plant	Malaysia	99.99	99.99
3.2) Makin Jernih Sdn. Bhd. (3.2.1 to 3.2.3 are subsidiaries of Makin Jernih Sdn. Bhd.)	Investment	Malaysia	99.99	99.99
3.2.1) AA Meat Shop Sdn. Bhd.	Livestock processing retailer	Malaysia	99.99	99.99

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2014	2013
3.2.2) Chau Yang Farming Sdn. Bhd.	Livestock farming	Malaysia	99.99	99.99
3.2.3) Tip Top Meat Sdn. Bhd.	Livestock processing plant	Malaysia	99.99	99.99
3.3) Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution	Malaysia	99.99	99.99
4) CPF (INDIA) Private Limited (formerly known as Charoen Pokphand (India) Private Limited)	Animal feedmill and livestock farming	India	99.99	99.99
5) Charoen Pokphand (USA), Inc. <sup>(3)</sup>	Broiler chicken integration	United States of America	99.97	99.97
6) Charoen Pokphand Enterprise (Taiwan) Co., Ltd. <sup>(2)</sup> (6.1 to 6.5 are subsidiaries of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	Chicken integration and livestock farming	Taiwan	32.41	32.41
6.1) Arbor Acres (Taiwan) Co., Ltd. <sup>(2)</sup>	Livestock farming	Taiwan	16.21	16.21
6.2) Charoen Pokphand (Taiwan) Co., Ltd. <sup>(2)</sup>	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	29.17	29.17
6.3) Chia Tai Lianyungang Co., Ltd. <sup>(2)</sup>	Investment	Hong Kong	32.41	32.41
6.4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	22.69	22.69
6.5) Plenty Type Limited <sup>(2)</sup>	Investment	Cayman Islands	32.41	32.41
7) Russia Baltic Pork Invest ASA (7.1 to 7.8 are subsidiaries of Russia Baltic Pork Invest ASA)	Investment	Norway	69.70	69.70
7.1) Farm Construction Limited Liability Company	Swine farm construction	Russia	69.70	69.70
7.2) Finagro ASP	Financial service	Denmark	69.70	69.70
7.3) Kornevo Limited Liability Company	Retail food processing products	Russia	69.70	69.70
7.4) M.I.R. Closed Joint Stock Company	Property lease-out	Russia	69.70	69.70
7.5) NNPP Limited Liability Company	Livestock farming	Russia	69.70	69.70
7.6) Penza Agri Invest Limited Liability Company	Livestock farming	Russia	69.70	69.70
7.7) Penza Land Invest Limited Liability Company	Property lease-out	Russia	69.70	69.70
7.8) Pravdinsk Pig Production Closed Joint Stock Company	Livestock farming	Russia	69.70	69.70

**Charoen Pokphand Foods Public Company Limited  
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- (1) In the process of liquidation
- (2) The Company has the power to govern those companies.
- (3) Operations wound up
- (4) Disposed the entity in the first quarter of 2014
- (5) Disposed the entity in the third quarter of 2014

**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 the following new and revised TFRS relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2014:

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TIC 15	Operating Leases - Incentives
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TIC 32	Intangible Assets - Web Site Costs

The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies, which did not have any material effect on the financial performance or position of the Group, as disclosed in note 3 to the financial statements.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the financial statements

In addition to the above new and revised TFRS, the FAP issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 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 42 to the financial statements.

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for significant transactions shown in the statement of financial position as follows:

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

### 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 10	Measurement of biological assets
Notes 11 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

## 3 Change in accounting policy

### (a) Overview

From 1 January 2014, consequent to the adoption of new and revised TFRS as set out in note 2 to the financial statements, the Group has adopted its accounting policy for the accounting for determining whether an arrangement contains a lease.

Other issued and revised TFRS did not have any impact on the accounting policies, financial position and performance of the Group. Details of the new accounting policy adopted by the Group are included in notes 3(b) to the financial statements.

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**(b) Accounting for determining whether an arrangement contains a lease**

From 1 January 2014, the Group has adopted TFRIC 4 - *Determining whether an Arrangement contains a Lease*.

TFRIC 4 addresses arrangements that do not take the legal form of a lease, but convey rights to use items for agreed periods of time in return for a payment or series of payments. TFRIC 4 provides guidance for evaluating whether such arrangements are, or contain, leases that should be accounted for under TAS 17 Leases. If an agreement is determined to contain a lease, then TFRIC 4 requires TAS 17 to be applied to classify and account for the lease.

Management has reviewed and determined that the adoption of TFRIC 4 has no material impact on the financial position or performance of the Group.

**4 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 jointly-controlled entities.

*Business combinations*

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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 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. Otherwise, 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.



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

## **Notes to the financial statements**

### *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that 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 are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

### *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for new types of investment depending on the level of influence retained.

### *Associates and jointly-controlled entities*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly-controlled entities are accounted for in the consolidated financial statements using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates or jointly-controlled entities, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate or jointly-controlled entities together with any long-term interests, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or agree to make payments on behalf of an associate or jointly-controlled entities. The Group will recognise share of losses, not more than the obligations they have to an associate or jointly-controlled entities.

### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any revenues and expenses, are eliminated in full in preparing the consolidated financial statements. Unrealised gains or losses arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currency of the Group entities 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.

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 valued principally at the lower of average cost and net realisable value.

Work in progress is valued principally at the lower of cost and net realisable value.

Chemicals, medical and factory supplies are valued 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 jointly-controlled entities*

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and jointly-controlled entities 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-subsiidiaries 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.

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*General investments*

General investments are investments in equity securities of related and other companies that are non-subsidiaries and/or non-associates, which are not marketable and are stated at cost less impairment losses.

*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, plant and equipment*

The carrying amount of investment properties is transferred to property, plant and equipment at the date of change in use and measured in accordance with accounting policy of property, plant and equipment.

**(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 is 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.

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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.

*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.

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*Depreciation*

Depreciation is calculated based on the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Utilities system	3 - 30	years
Buildings and constructions	2 - 60	years
Building improvements and leasehold improvements	2 - 30	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.

Depreciation methods, estimated useful lives and residual values are reviewed at each financial year-end.

**(m) Intangible assets**

*Goodwill*

The measurement of goodwill that arises upon the acquisition of subsidiaries at initial recognition is described in note 4 (a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. The carrying amount of goodwill related to associates is included in the carrying amount of the investment in associates.

*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.

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*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and 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	5 - 10	years
Software licenses	3 - 15	years
Trademark	4.5 - 10	years and indefinite useful life

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. The Group amortises the cost of leasehold rights on straight line basis over the periods of the leasehold agreements.

**(o) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income.

When there is objective evidence that the value of the available-for-sale investments is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.



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*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. The reversal of a financial asset is recognised as follows:

- (1) For financial assets carried at amortised cost and available-for-sale investments that are debt securities, the reversal is recognised in profit or loss.
- (2) For equity securities, the reversal is recognised directly in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss of the assets is reversed in profit or loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(p) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

**(q) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(r) 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.

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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 recognised in profit or loss when the Group is committed demonstrably, without realistic possibility of withdrawal or a formal detail plan to terminate employment before the normal retirement date and the obligation can be estimated reliably.

*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.

**(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.

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**(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.

**(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.

**(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.

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*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 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 period, 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.

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 Company 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.

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**5 Business combination by acquisition of shares and partial disposal of interest in subsidiary**

**5.1 Share acquisition of Tops Foods NV (“Tops Foods”)**

On 8 January 2014 the Company’s Board of Directors passed a resolution to approve CPF Europe S.A. (“CPF EU”), a 99.99% indirectly owned subsidiary, to acquire ordinary shares of Tops Foods which is incorporated in Belgium, whose main business is the production and distribution of chilled and ambient ready-to-eat foods. The total value of the transaction is EUR 9.3 million or Baht 416 million.

The Group obtained control of Tops Foods through the acquisition of 5,503 ordinary shares (equal to 80.02% of Tops Foods’ total issued and paid-up shares) on 20 January 2014 (“Acquisition date”).

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2012) *Business Combinations* to recognise the business combination transaction. 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>
	<b>Fair value</b>
Cash	<b>416</b>

*Identifiable assets acquired and liabilities assumed*

	<i>(Unit: million Baht)</i>
	<b>Fair value</b>
Cash and cash equivalents	8
Accounts receivable - trade and others	58
Inventories	57
Other current assets	8
Property, plant and equipment	618
Intangible assets	17
Borrowings	(233)
Accounts payable - trade and others	(53)
Other current liabilities	(20)
Deferred tax liabilities	(121)
<b>Net assets</b>	<b>339</b>
Non-controlling interests of the acquire (based on their proportionate interest in the recognised amount of the identifiable assets and liabilities of the acquiree)	(68)
<b>Group’s ownership interest</b>	<b>271</b>
Goodwill	145
Consideration transferred	416
Cash received from acquisition of subsidiary	(8)
<b>Net consideration paid for acquisition of subsidiary</b>	<b>408</b>

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The factors contributing to the goodwill are the high potential from the production base expansion of ready-to-eat food into the European continent and the synergy benefits from the modern technology with high standards which increases the operating efficiency and potential of the Group. Goodwill from the business combination will not qualify for any tax deduction.

The consolidated statement of income for the year ended 31 December 2014 includes operating results of Tops Foods for the period from 20 January 2014 to 31 December 2014. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended <u>31 December 2014</u>
Revenue from sale of goods	462
Loss for the period attributable to equity holders of the Company	(24)

**5.2 Share acquisition of Hefei Chia Tai Co., Ltd. (“HCT”)**

On 24 February 2014 the Company’s Board of Directors passed a resolution to approve Chia Tai (China) Investment Company Limited (“CTCI”), a 75.01% indirectly owned subsidiary (percentage of shareholding as at 24 February 2014) to acquire the entire investment in HCT which is incorporated in China, from Chia Tai (China) Agro-Industrial Limited, a related company.

The main business of HCT is production and sale of animal feed in China. The total amount of the transaction is Renminbi 220 million or Baht 1,173 million.

CTCI obtained control of HCT through the acquisition of 100.00% of HCTs’ total issued and paid-up capital which equaled to 74.62% interest by the Group as at 13 March 2014 (“Acquisition date”).

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2012) *Business Combinations* to recognise the business combination transaction. The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

<i>Consideration</i>	<i>(Unit: Million Baht)</i>
	<b>Fair value</b>
Cash	<u><u>1,173</u></u>

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*Identifiable assets acquired and liabilities assumed*

	<i>(Unit: Million Baht)</i>
	<b>Fair value</b>
Cash and cash equivalents	12
Accounts receivable - trade and others	21
Inventories	142
Other current assets	106
Plant and equipment	156
Other intangible assets	658
Leasehold rights prepayment	89
Accounts payable - trade and others	(79)
Income tax payable	(10)
Other current liabilities	(224)
Deferred tax liabilities	(197)
<b>Net assets</b>	<b>674</b>
Goodwill	499
Consideration transferred	1,173
Cash received from acquisition of subsidiary	(12)
<b>Net consideration paid for acquisition of subsidiary</b>	<b>1,161</b>

As at 31 December 2014 the Group has completed the assessment of the final fair value of the net assets acquired and the acquisition accounting has been revised by the increase in intangible assets of Baht 658 million, increase in deferred tax liabilities of Baht 165 million, and decrease in goodwill of Baht 493 million.

The factors contributing to the goodwill are the high potential from the feed business base expansion in China and further reinforcement of the Group's leading position in the feed industry in China. Goodwill from the business combination will not qualify for any tax deduction.

The consolidated statement of income for the year ended 31 December 2014 includes operating results of HCT for the period from 13 March 2014 to 31 December 2014. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2014
Revenue from sale of goods	1,931
Profit for the period attributable to equity holders of the Company	43

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**5.3 Share acquisition of Kaifeng Chia Tai Co., Ltd. (“Kaifeng”)**

On 10 July 2014 the extraordinary general meeting of the shareholders of the Company had a resolution to approve Chia Tai (China) Investment Co., Ltd. (“CTCI”), a 74.62% indirectly owned subsidiary (percentage of shareholding as at 10 July 2014) to acquire the entire investment in Kaifeng Chia Tai Co., Ltd. (“Kaifeng”) which is incorporated in China, from Chia Tai (China) Agro-Industrial Limited, a related company.

The main business of Kaifeng is production and sale of animal feed. The total amount of transaction is Renminbi 311 million or Baht 1,615 million.

CTCI obtained control of Kaifeng through the acquisition of 100.00% of Kaifengs’ total issued and paid-up capital which equaled to 74.18% interest by the Group as at 5 August 2014 (“Acquisition date”).

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2012) *Business Combinations* to recognise the business combination transaction. 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>
	<b>Fair value</b>
Cash	<b><u>1,615</u></b>

*Identifiable assets acquired and liabilities assumed*

	<i>(Unit: Million Baht)</i>
	<b>Fair value</b>
Cash and cash equivalents	55
Accounts receivable - trade and others	107
Inventories	251
Other current assets	81
Plant and equipment	185
Other intangible assets	656
Leasehold rights prepayment	209
Other non-current assets	9
Borrowings	(260)
Accounts payable - trade and others	(58)
Income tax payable	(4)
Other current liabilities	(192)
Deferred tax liabilities	(205)
<b>Net assets</b>	<b>834</b>
Goodwill	781
Consideration transferred	1,615
Cash received from acquisition of subsidiary	(55)
<b>Net consideration paid for acquisition of subsidiary</b>	<b><u>1,560</u></b>



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As at 31 December 2014 the Group has completed the assessment of the final fair value of the net assets acquired and the acquisition accounting has been revised by the increase in intangible assets of Baht 656 million, increase in deferred tax liabilities of Baht 164 million, and decrease in goodwill of Baht 492 million.

The factors contributing to the goodwill are the high potential from the feed business base expansion in China and further reinforcement of the Group's leading position in the feed industry in China. Goodwill from the business combination will not qualify for any tax deduction.

The consolidated statement of income for the year ended 31 December 2014 includes operating results of Kaifeng for the period from 5 August 2014 to 31 December 2014. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the
	year ended
	<u>31 December 2014</u>
Revenue from sale of goods	1,606
Profit for the period attributable to equity holders of the Company	35

If the acquisitions of Tops Foods, HCT and Kaifeng had occurred on 1 January 2014, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the year ended 31 December 2014 would have been as follows:

	<i>(Unit: Million Baht)</i>
	For the
	year ended
	<u>31 December 2014</u>
Revenue from sale of goods	428,016
Profit for the period attributable to equity holders of the Company	10,614

**5.4 Partial disposal of the investment in C.P. Pokphand Co., Ltd. ("CPP") without a change in control**

On 23 July 2014 the Company's board of directors passed a resolution to approve the Company and CPF Investment Limited ("CPFI"), a 100.00% directly owned subsidiary, to sell 6,017,959,308 ordinary shares of CPP, a subsidiary of the Group that is a listed company on the Hong Kong Stock Exchange (equal to 25.00% of CPP's total issued and paid-up ordinary shares or 23.76% of CPP's total issued and paid-up shares) to ITOCHU Corporation, a listed company on the Tokyo Stock Exchange, at the selling price of HKD 1.10 per share, for a total consideration of HKD 6,620 million or approximately Baht 27,258 million. After the completion of the transaction, the Company and CPFI will hold 50.43% of CPP's total issued and paid-up shares (or 47.83% of CPP's total issued and paid-up ordinary shares). The share disposal was completed on 18 September 2014. The Group recognised a decrease in the Group's ownership interest in CPP of Baht 24,309 million, an increase in non-controlling interests of the same amount and recorded a gain of Baht 4,130 million in "Surplus from change in equity in subsidiaries" in the consolidated statement of financial position as at 31 December 2014.

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The following summarises the effect of the change in the Group's ownership interest in CPP:

	<i>(Unit: Million Baht)</i>
	For the year ended 31 December 2014
Group's ownership interest before the disposal	75,894
Effect of decrease in Group's ownership interest	(24,309)
<b>Group's ownership interest on the disposal date</b>	<b>51,585</b>

**6 Related party transactions**

Related parties are those parties considered to be related to the Group. Related parties have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions or where the Group and parties are subject to common control or common significant influence.

The significant influence entity of the Company is Charoen Pokphand Group Company Limited which directly and indirectly owned 39.13% of the Company's voting rights as of the latest closing date of shareholder register book on 29 August 2014.

The pricing policies for particular types of transactions with related parties are explained further below:

<u>Transactions</u>	<u>Pricing policies</u>
Sale of goods	The price list of the Group
Purchase of raw material and goods	The price list of the suppliers
Purchase and sale of property, plant and equipment	Fair value
Purchase and sale of investments	Fair value
Interest income/interest expense	Source of fund cost plus fund management expenses
Dividend income	Upon declaration
Rental and service fees	Standard rates as specified by the lessors or service providers
Technical service fees	Rate per quantity of feed production/rate per sale value of animal feed/rate per total revenue
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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**6.1 Significant transactions with related parties for the years ended 31 December 2014 and 2013**

		<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2014	2013	2014	2013
<b>(a)</b>	<b>Revenues</b>				
	<b>Significant influence entity</b>				
	Gain on sale of investments	64	-	26	-
	Software application income	2	-	-	-
	Sale of goods	1	1	-	-
	Rental, service and other income	1	-	-	-
	Training and seminar income	1	-	-	-
	<b>Subsidiaries</b>				
	Dividend income	-	-	13,390	13,556
	Sale of goods	-	-	3,927	5,376
	Interest income	-	-	2,396	2,768
	<b>Associates, jointly-controlled entities and related companies</b>				
	Sale of goods	30,830	27,278	345	204
	Rental, service and other income	372	266	3	58
	Dividend income	59	15	38	10
	Software application income	30	54	-	-
	Training and seminar income	17	15	-	-
	Gain on sale of investments	15	1,264	-	-
	Interest income	12	21	5	-
	Gain on sale of equipment and others	-	3	1	1
<b>(b)</b>	<b>Expenses and others</b>				
	<b>Significant influence entity</b>				
	Purchase of raw materials and goods	7,841	6,914	1,693	1,388
	Technical service fees	1,526	1,215	41	38
	Trademark license fees	87	78	8	10
	<b>Subsidiaries</b>				
	Purchase of raw materials and goods	-	-	4,194	2,252
	Software application fees	-	-	227	218
	Rental and service fees	-	-	76	88
	Training and seminar fees	-	-	29	38
	Interest expense	-	-	3	5
	Other expenses	-	-	62	22

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	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
<b>(b) Expenses and others (Continued)</b>				
<b>Associates, jointly-controlled entities and related companies</b>				
Purchase of raw materials and goods	43,224	29,790	702	988
Construction costs of buildings, structures and others	1,944	1,533	475	513
Rental and service fees	1,192	1,316	385	427
Purchase of equipment and others	512	172	162	53
Insurance premium	262	306	110	112
Software application fees	54	30	-	-
Trademark license fees	36	31	-	-
Interest expenses	21	9	-	-
Other expenses	1,148	803	165	116

**6.2 Investment and divestment transactions**

**6.2.1 The Group invested in related companies as disclosed in note 5 to the financial statements.**

**6.2.2 The Group divested of related companies as follows:**

**6.2.2.1 Disposal of investment in IP (Thailand) Co., Ltd. (“IP”)**

On 28 January 2014 the Company’s Board of Directors passed a resolution to approve the Company to dispose the entire investment in IP totaling 9,999,997 ordinary shares (equal to 99.99% of total issued and paid-up shares of IP) to Charoen Pokphand Group Co., Ltd. for total consideration of Baht 51 million. Gains on sales of investments in the consolidated and separate financial statements amounted to Baht 64 million and Baht 26 million respectively.

**6.2.2.2 Disposal of investment in Rapid Thrive Limited (“Rapid Thrive”)**

At the extraordinary general meeting of the shareholders of the Company held on 10 July 2014, the Company’s shareholders had a resolution to approve C.P. Pokphand Co., Ltd. (“CPP”), a 74.62% directly and indirectly owned subsidiary (percentage of shareholding as at 10 July 2014) to dispose of its entire investment in Rapid Thrive Limited (“Rapid Thrive”), a 100.00% directly owned subsidiary of CPP, to CT Bright Holdings Limited, a related company, for a total consideration of USD 49.5 million or approximately Baht 1,586 million. After the completion of the disposal, Rapid Thrive and its subsidiaries will no longer be indirect subsidiaries of the Company. The disposal was completed on 15 July 2014. Gains on sales of investments in the consolidated financial statements amounted to Baht 15 million.

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**6.3 Balances with related parties as at 31 December 2014 and 2013 were as follows:**

**6.3.1 Accounts receivable - trade and others**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Significant influence entity	2	1	-	-
Subsidiaries	-	-	1,665	1,814
Associates and jointly- controlled entities	2,370	2,395	17	28
Related companies	3,821	3,735	94	89
<b>Total</b>	<b>6,193</b>	<b>6,131</b>	<b>1,776</b>	<b>1,931</b>

**6.3.2 Short-term loans**

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i>	
	<u>Outstanding balance</u>		<u>Average balance</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Jointly-controlled entities	-	147	19	201
<b>Total</b>	<b>-</b>	<b>147</b>	<b>19</b>	<b>201</b>

	<b>Separate financial statements</b>		<i>(Unit: Million Baht)</i>	
	<u>Outstanding balance</u>		<u>Average balance</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Subsidiaries	19,733	17,970	18,514	23,554
<b>Total</b>	<b>19,733</b>	<b>17,970</b>	<b>18,514</b>	<b>23,554</b>

The Company computes the average balance from the outstanding balances of short-term loans at the end of each month excluding accrued interest income.

The currency denomination of short-term loans as at 31 December 2014 and 2013 was as follows:

	<b>Consolidated</b>		<i>(Unit million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Functional currencies of each company in the Group	-	147	19,198	11,154
Foreign currencies				
- United States Dollar	-	-	-	6,516
- Euro	-	-	369	-
- Ruble	-	-	166	300
<b>Total</b>	<b>-</b>	<b>147</b>	<b>19,733</b>	<b>17,970</b>

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**6.3.3 Accrued dividend income**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Jointly-controlled entity	95	46	-	-
Subsidiaries	-	-	3,902	1,125
<b>Total</b>	<b>95</b>	<b>46</b>	<b>3,902</b>	<b>1,125</b>

**6.3.4 Accrued interest income**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Subsidiaries	-	-	89	100
<b>Total</b>	<b>-</b>	<b>-</b>	<b>89</b>	<b>100</b>

**6.3.5 Long-term loans**

	<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>			
	<b>Outstanding balance</b>		<b>Average balance</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Subsidiaries</b>	<b>16,957</b>	<b>18,853</b>	<b>18,099</b>	<b>17,412</b>
<i>Less current portion</i>	<i>(120)</i>	<i>(1,443)</i>		
<b>Net</b>	<b>16,837</b>	<b>17,410</b>		

The Company computes the average balance from the outstanding balances of long-term loans at the end of each month excluding accrued interest income.

The currency denomination of long-term loans as at 31 December 2014 and 2013 was as follows:

	<i>(Unit : Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>
Thai Baht	10,000	11,250
Foreign currencies		
- United States Dollar	5,943	5,908
- Ruble	1,014	1,695
<b>Total</b>	<b>16,957</b>	<b>18,853</b>

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**6.3.6 Accounts payable - trade and others**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
Significant influence entity	670	488	46	46
Subsidiaries	-	-	115	215
Associates and jointly- controlled entities	399	259	-	-
Related companies	4,112	1,324	136	125
<b>Total</b>	<b>5,181</b>	<b>2,071</b>	<b>297</b>	<b>386</b>

**6.3.7 Short-term borrowings**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>			
	Outstanding balance		Average balance	
	2014	2013	2014	2013
Jointly-controlled entities	211	77	77	32
Related company	184	156	183	150
<b>Total</b>	<b>395</b>	<b>233</b>	<b>260</b>	<b>182</b>

*(Unit: Million Baht)*

	<b>Separate financial statements</b>			
	Outstanding balance		Average balance	
	2014	2013	2014	2013
Subsidiaries	-	-	95	130
<b>Total</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>130</b>

The Company computes the average balance from the outstanding balances of short-term borrowings at the end of each month excluding accrued interest expense.

**6.3.8 Long-term borrowings**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>			
	Outstanding balance		Average balance	
	2014	2013	2014	2013
<b>Related company</b>	-	<b>23</b>	-	<b>43</b>
Less current portion	-	(23)	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company computes the average balance from the outstanding balances of long-term borrowings at the end of each month excluding accrued interest expense.

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**6.4 Balances of loans/borrowings and interest rates**

Balances of loans/borrowings and interest rates as at 31 December 2014 and 2013 are summarised as follows:

	<b>Consolidated financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2014	2013	2014	2013	2014	2013
Short-term loans to jointly-controlled entities	-	147	-	-	-	4.45
Short-term borrowings from jointly-controlled entities and related company	211	-	184	233	4.63	6.34
Long-term borrowings from related company	-	-	-	23	-	5.00
	<b>Separate financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2014	2013	2014	2013	2014	2013
Short-term loans to subsidiaries	369	6,516	19,364	11,454	7.50	7.38
Long-term loans to subsidiaries	16,837	18,660	120	193	5.37	5.62

**6.5 Key management personnel compensation**

Key management personnel compensation consist of:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
<b><i>For the year ended 31 December</i></b>				
Short-term employee benefits	514	519	204	216
Post-employment under defined benefit plans	13	13	4	3
<b>Total</b>	<b>527</b>	<b>532</b>	<b>208</b>	<b>219</b>
<b><i>As at 31 December</i></b>				
Employee benefit obligations	284	280	82	80
<b>Total</b>	<b>284</b>	<b>280</b>	<b>82</b>	<b>80</b>



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**6.6 Commitments**

As at 31 December 2014 and 2013 the Group had commitments with related parties as follows:

**6.6.1 Capital commitments**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
<i>Contracted but not provided for</i>				
Mainly represents contracts for construction of buildings and structures, purchase of machinery and others	<b>570</b>	<b>629</b>	<b>172</b>	<b>240</b>

**6.6.2 Commitments under operating lease agreements**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Within one year	915	792	352	361
Over one year but within five years	1,474	1,404	268	447
Over five years	276	122	-	-
<b>Total</b>	<b>2,665</b>	<b>2,318</b>	<b>620</b>	<b>808</b>

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 10 years, expiring during 2015 to 2020.

**6.7 Significant agreements**

As at 31 December 2014 the Group had the following significant agreements with related parties.

**6.7.1 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 2014 to 31 December 2014. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2015 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.

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## Notes to the financial statements

### 6.7.2 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 2014 to 31 December 2014. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2015 with the same conditions and fee rates.

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.

### 6.7.3 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 2014 to 31 December 2014. The subsidiary has extended the agreement for an additional period until 31 December 2019 with the same conditions and fee rates.

### 6.7.4 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 2013 to 30 June 2015.

### 6.7.5 Software application agreements

A subsidiary, CPF IT Center Co., Ltd. had information technology service and software application agreements with local and foreign related companies. The terms and the service fees are stipulated in the agreements. The agreements may be terminated upon either party agreeing to terminate the agreements or either party being in breach of the agreements.

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**7 Cash and cash equivalents**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash at financial institutions and on hand	26,135	14,202	13,696	1,396
Highly liquid short-term investments	7,417	5,255	-	-
<b>Total</b>	<b>33,552</b>	<b>19,457</b>	<b>13,696</b>	<b>1,396</b>

The currency denomination of cash and cash equivalents as at 31 December 2014 and 2013 was as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Functional currencies of each company in the Group	19,053	14,625	536	1,396
Foreign currencies				
- United States Dollar	14,098	2,720	13,160	-
- Renminbi	215	1,377	-	-
- Euro	24	414	-	-
- Hongkong Dollar	24	25	-	-
- Norway Krone	24	-	-	-
- Swedish Krona	19	36	-	-
- Pound Sterling	10	30	-	-
- Other	85	230	-	-
<b>Total</b>	<b>33,552</b>	<b>19,457</b>	<b>13,696</b>	<b>1,396</b>

**Charoen Pokphand Foods Public Company Limited  
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**8 Accounts receivable - trade and others**

	Note	<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2014	2013	2014	2013
Related parties	6	6,193	6,131	1,776	1,931
Other parties		19,308	18,736	2,628	2,878
<b>Total</b>		<b>25,501</b>	<b>24,867</b>	<b>4,404</b>	<b>4,809</b>
Less allowance for doubtful accounts		(548)	(627)	(64)	(89)
<b>Net</b>		<b>24,953</b>	<b>24,240</b>	<b>4,340</b>	<b>4,720</b>
<b>Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the year ended 31 December</b>		<b>6</b>	<b>113</b>	<b>(1)</b>	<b>17</b>

The outstanding balances of the problem accounts receivable - trade and others as at 31 December 2014 and 2013 classified by aging were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Periods over credit terms:				
Over 3 months to 6 months	12	41	-	-
Over 6 months to 12 months	12	73	-	-
Over 12 months	526	644	64	89
<b>Total</b>	<b>550</b>	<b>758</b>	<b>64</b>	<b>89</b>

The currency denomination of accounts receivable - trade and others as at 31 December 2014 and 2013 was as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Functional currencies of each company in the Group	21,862	20,599	2,308	2,347
Foreign currencies				
- United States Dollar	1,788	2,213	876	971
- Won	691	627	235	156
- Singapore Dollar	381	383	-	1
- Euro	98	277	409	477
- Yen	70	129	40	178
- Sweden Krona	46	-	-	-
- Pound Sterling	5	3	18	234
- Renminbi	-	-	359	269
- Australian Dollar	-	-	58	26
- Ruble	-	-	31	54
- Other	12	9	6	7
<b>Total</b>	<b>24,953</b>	<b>24,240</b>	<b>4,340</b>	<b>4,720</b>

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**9 Inventories**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Raw materials	26,336	30,355	2,140	2,123
Chemicals and supplies	1,803	1,284	191	158
Work in progress	1,225	883	118	121
Finished goods	13,539	13,233	1,900	1,964
Inventories in transit	6,457	3,027	-	97
<b>Total</b>	<b>49,360</b>	<b>48,782</b>	<b>4,349</b>	<b>4,463</b>
Less allowance for decline in value of inventories adjusted to net realisable value	(324)	(313)	(148)	(185)
<b>Net</b>	<b>49,036</b>	<b>48,469</b>	<b>4,201</b>	<b>4,278</b>

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2014 amounted to Baht 288,507 million (2013: Baht 280,588 million) in the consolidated statement of income and Baht 19,017 million (2013: Baht 22,634 million) in the separate statement of income.

In 2014 the Group and the Company recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 324 million and Baht 148 million respectively (2013: Baht 313 million and Baht 185 million respectively) and recognised a recovery of allowance for decline in value of inventories of Baht 313 million and Baht 185 million respectively (2013: Baht 211 million and Baht 68 million respectively).

**10 Biological assets**

Movements for the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
At 1 January	27,605	24,500	1,266	1,254
Increase due to business combination	-	524	-	-
Increase due to purchase/raise	121,668	106,048	11,579	9,349
Decrease due to sales/harvest	(118,704)	(104,046)	(11,211)	(9,103)
Gain on change in fair value less cost to sell	338	524	-	-
Currency translation differences	(585)	435	-	-
Other	(349)	(380)	(262)	(234)
<b>Balance at 31 December</b>	<b>29,973</b>	<b>27,605</b>	<b>1,372</b>	<b>1,266</b>

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	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
<b><i>Current biological assets</i></b>				
Livestock	22,229	20,272	-	-
Aquatic	2,149	2,153	1,372	1,266
<b>Total current biological assets</b>	<b>24,378</b>	<b>22,425</b>	<b>1,372</b>	<b>1,266</b>
<b><i>Non-current biological assets</i></b>				
Livestock	5,595	5,180	-	-
<b>Total non-current biological assets</b>	<b>5,595</b>	<b>5,180</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>29,973</b>	<b>27,605</b>	<b>1,372</b>	<b>1,266</b>

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 reporting date 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, plague etc.

Cost includes all costs incurred from the acquisition of biological assets and throughout the growth cycle e.g. cost of new-born animals, feed costs, and other farm costs.

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 depend on the type of biological asset. Depreciation expenses of breeders totaling Baht 4,640 million and Baht 90 million were recognised in the consolidated and separate statements of income for the year ended 31 December 2014 respectively (2013: Baht 4,351 million and Baht 107 million respectively).

An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December 2014 is as follows:

	<i>(Unit: Tons)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Livestock	546,430	510,765	-	-
Aquatic	18,730	17,000	5,354	3,879

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.

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**11 Available-for-sale investments**

Movements for the years ended 31 December 2014 and 2013 were as follows:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>
At 1 January	1,909	2,455
Changes in fair value	1,377	(537)
Acquisitions/additional investments	638	-
Disposals	-	(9)
<b>At 31 December</b>	<b><u>3,924</u></b>	<b><u>1,909</u></b>

***Details of available-for-sale investments***

Available-for-sale investments as at 31 December 2014 and 2013 were as follows:

	<i>(Unit: Million Baht)</i>					
	Ownership interest (both direct and indirect)		<b>Consolidated</b>		<b>Separate</b>	
	<i>(%)</i>		<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><i>Marketable securities</i></b>						
<b><i>- at fair value</i></b>						
True Corporation Public Company Limited - at cost	1.43	1.74	2,148	1,510	-	-
Changes in fair value			1,776	399	-	-
<b>Total</b>			<b><u>3,924</u></b>	<b><u>1,909</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

**12 Investments in subsidiaries**

Movements during the years ended 31 December 2014 and 2013 were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
At 1 January	-	-	87,565	85,421
Acquisitions/additional investments	-	-	2	2,503
Proceeds from liquidation of subsidiaries	-	-	-	(20)
Disposals	-	-	(19,124)	-
Impairment losses	-	-	-	(339)
<b>At 31 December</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>68,443</u></b>	<b><u>87,565</u></b>

**Charoen Pokphand Foods Public Company Limited  
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**Details of investments in subsidiaries and dividend income**

Investments in subsidiaries as at 31 December 2014 and 2013, 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Marketable security</b>												
C.P. Pokphand Co., Ltd.	4.98	23.55	7,973	7,883	5,191	24,290	-	-	5,191	24,290	553	609
<b>Total</b>			<b>5,191</b>	<b>24,290</b>	<b>5,191</b>	<b>24,290</b>	<b>-</b>	<b>-</b>	<b>5,191</b>	<b>24,290</b>	<b>553</b>	<b>609</b>
<b>Non-marketable securities</b>												
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	-	-
CPF (Thailand) Public Company Limited	99.98	99.98	7,008	7,008	11,883	11,882	-	-	11,883	11,882	7,357	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	5,400	10,845
Chester Food Co., Ltd.	99.99	99.99	80	80	450	450	-	-	450	450	80	-
IP (Thailand) Co., Ltd.	-	99.99	-	25	-	25	-	-	-	25	-	-
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	494	494	494	494	-	-	494	494	-	-
C.P. Aquaculture (Hainan) Co., Ltd.	100.00	100.00	126	126	126	126	-	-	126	126	-	-



**Charoen Pokphand Foods Public Company Limited  
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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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
C.P. Standard Gida Sanayi ve Ticaret A.S.	8.57	15.00	6,452	4,146	618	618	-	-	618	618	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	-	-	8	8	-	-
Charoen Pokphand Foods (Overseas) LLC.	16.01	48.80	2,289	1,663	1,394	1,394	(938)	(938)	456	456	-	-
Charoen Pokphand Foods Philippines Corporation	37.50	37.50	2,890	2,890	1,055	1,055	-	-	1,055	1,055	-	-
CPF Investment Limited	100.00	100.00	36,929	36,929	36,929	36,929	-	-	36,929	36,929	-	-
CPF Tanzania Limited	58.25	99.99	224	129	129	129	-	-	129	129	-	-
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-
C.P. Foods International Limited	100.00	-	1	-	1	-	(938)	(938)	1	-	-	-
<b>Total</b>			<b>64,190</b>	<b>64,213</b>	<b>64,213</b>	<b>64,213</b>	<b>(938)</b>	<b>(938)</b>	<b>63,252</b>	<b>63,275</b>	<b>12,837</b>	<b>12,947</b>
<b>Grand Total</b>			<b>69,381</b>	<b>88,503</b>	<b>88,503</b>	<b>88,503</b>	<b>(938)</b>	<b>(938)</b>	<b>68,443</b>	<b>87,565</b>	<b>13,390</b>	<b>13,556</b>

During 2014, the Company sold investments in subsidiaries with the carrying amount of Baht 19,124 million with gains on sale of investments amounting to Baht 1,884 million, which was presented in the separate statement of income.

**Charoen Pokphand Foods Public Company Limited  
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**13 Investments in associates**

Movements during the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
At 1 January	40,833	30,764	335	828
Share of profit of associates	4,133	4,313	-	-
Dividend income from associates	(3,122)	(3,050)	-	-
Equity in associates	-	(362)	-	-
Acquisition/additional investments	12,507	13,505	-	-
Disposals	(2,156)	(4,033)	-	(493)
Elimination of gains on sales of investments	-	(583)	-	-
Currency translation differences	(140)	279	-	-
<b>At 31 December</b>	<b><u>52,055</u></b>	<b><u>40,833</u></b>	<b><u>335</u></b>	<b><u>335</u></b>

**Charoen Pokphand Foods Public Company Limited  
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**Details of investments in associates and dividend income**

Investments in associates as at 31 December 2014 and 2013, and dividend income for the years then ended were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>													
	Ownership interest (both direct and indirect) (%)		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Marketable security</b>														
CP ALL Public Company Limited	33.27	31.76	8,983	8,983	41,150	30,531	46,847	35,848	-	-	46,847	35,848	2,608	2,666
<b>Total</b>					<b>41,150</b>	<b>30,531</b>	<b>46,847</b>	<b>35,848</b>	<b>-</b>	<b>-</b>	<b>46,847</b>	<b>35,848</b>	<b>2,608</b>	<b>2,666</b>
<b>Non-marketable securities</b>														
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	162	161	-	-	162	161	-	-
Ross Breeders Siam Co., Ltd.	49.99	49.99	70	70	35	35	88	89	-	-	88	89	20	27
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	211	211	-	-	211	211	47	55
BHJ Kalino Food AB (“BHJ”*)	15.08	-	5	-	24	-	28	-	-	-	28	-	-	-
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	689	621	-	-	689	621	-	-
C.P. Cambodia Co., Ltd.	25.00	25.00	2,103	1,446	493	493	787	693	-	-	787	693	82	-
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,525	1,583	-	-	1,525	1,583	-	-

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**Details of investments in associates and dividend income (Continued)**

(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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Conti Chia Tai International Limited	25.21	37.50	767	767	1,052	1,052	1,231	1,208	-	-	1,231	1,208	261	256
Zhan Jiang Deni Carburetor Co., Ltd.**	14.12	21.00	581	581	424	424	487	419	-	-	487	419	104	46
<b>Total</b>			<b>2,541</b>	<b>2,517</b>	<b>4,985</b>	<b>4,985</b>	<b>5,208</b>	<b>4,985</b>	<b>5,208</b>	<b>4,985</b>	<b>5,208</b>	<b>4,985</b>	<b>514</b>	<b>384</b>
<b>Grand total</b>			<b>43,691</b>	<b>33,048</b>	<b>52,055</b>	<b>40,833</b>	<b>52,055</b>	<b>40,833</b>	<b>52,055</b>	<b>40,833</b>	<b>52,055</b>	<b>40,833</b>	<b>3,122</b>	<b>3,050</b>

\* BHJ 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 BHJ using the equity method based on 15.08% shareholding in the consolidated financial statements.

\*\* Zhan Jiang Deni Carburetor Co., Ltd. is an associate in which 28.00% of the total issued and paid-up shares were held by C.P. Pokphand Co., Ltd. (“CPP”), 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)*

	<b>Separate financial statements</b>											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost - net		Dividend income	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<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	-	-
<b>Total</b>					<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>

The Company 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 2014 the fair value of this investment was Baht 126,266 million (2013: Baht 119,137 million).

During 2014, certain subsidiaries sold the investments in an associate with the carrying amount of Baht 2,156 million with a gain on sale of investments amounting to Baht 4,530 million.

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The following is summarised financial information of the associates as at 31 December 2014 and 2013:

*(Unit: Million Baht)*

	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total revenues</b>	<b>Net profit</b>
<b>2014</b>				
C.P. ALL Public Company Limited	326,410	291,352	371,301	10,154
Nava 84 Co., Ltd.	648	1	5	4
Ross Breeders Siam Co., Ltd.	223	47	295	37
Arbor Acres Thailand Co., Ltd.	509	88	570	93
BHJ Kalino Food AB	124	85	956	18
C.P. Aquaculture (India) Private Limited	2,969	737	7,117	245
C.P. Cambodia Co., Ltd.	4,592	2,009	8,253	739
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	5,834	2,768	11,044	64
Conti Chia Tai International Limited	4,491	1,835	11,315	703
Zhan Jiang Deni Carburetor Co., Ltd.	4,138	1,903	4,993	1,008
<b>Total</b>	<b>349,938</b>	<b>300,825</b>	<b>415,849</b>	<b>13,065</b>
<b>2013</b>				
C.P. ALL Public Company Limited	288,666	255,658	284,670	10,537
Nava 84 Co., Ltd.	643	1	4	4
Ross Breeders Siam Co., Ltd.	206	28	269	49
Arbor Acres Thailand Co., Ltd.	515	92	523	99
C.P. Aquaculture (India) Private Limited	2,882	922	4,339	261
C.P. Cambodia Co., Ltd.	4,031	1,693	6,966	276
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	6,057	2,876	11,159	126
Conti Chia Tai International Limited	1,933	725	5,366	300
Zhan Jiang Deni Carburetor Co., Ltd.	1,049	630	999	109
<b>Total</b>	<b>305,982</b>	<b>262,625</b>	<b>314,295</b>	<b>11,761</b>

Contingent liabilities relating to the investments in associates as at 31 December 2014 and 2013 were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>	
	2014	2013
Group's share of the investees' contingent liabilities	302	2

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**14 Investments in jointly-controlled entities**

Movements during the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
At 1 January	5,266	3,282	-	-
Share of profit of jointly-controlled entities	736	634	-	-
Dividend income from jointly-controlled entities	(284)	(256)	-	-
Acquisition/additional investments	-	1,200	-	-
Disposals	(1,483)	-	-	-
Currency translation differences	(41)	406	-	-
<b>At 31 December</b>	<b><u>4,194</u></b>	<b><u>5,266</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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**Details of investments in jointly-controlled entities**

Investments in jointly-controlled entities as at 31 December 2014 and 2013 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Non-marketable securities</b>														
CP-Meiji Co., Ltd. ("CP-Meiji")*	59.99	59.99	500	500	1,200	1,200	1,229	1,189	-	-	1,229	1,189	-	-
Beijing Chia Tai Feedmill Co., Ltd. Handan Chia Tai Feed Co., Ltd.	25.21	37.50	157	157	128	128	129	151	-	-	129	151	71	31
Jilin Chia Tai Enterprise Co., Ltd. Henan East Chia Tai Co., Ltd.	25.21	37.50	56	56	(8)	(8)	18	16	-	-	18	16	-	-
Luoyang Northern Ek Chor Motorcycle Co., Ltd.**	-	41.26	-	1,773	-	1,379	-	1,500	-	-	-	1,500	131	126
ECL Metro Investment Co., Ltd.	25.21	37.50	378	378	1,296	1,296	2,342	1,912	-	-	2,342	1,912	-	-
<b>Total</b>			<b>3,052</b>	<b>4,431</b>	<b>4,431</b>	<b>4,194</b>	<b>4,194</b>	<b>5,266</b>	<b>-</b>	<b>-</b>	<b>4,194</b>	<b>5,266</b>	<b>284</b>	<b>256</b>

\* CP-Meiji is a jointly-controlled entity because the articles of association of the Company specify that each investor has joint control over significant financial and operating decisions.

\*\* Luoyang Northern Ek Chor Motorcycle Co., Ltd. is a jointly-controlled entity of Rapid Thrive Limited. The Group disposed of the investment in Rapid Thrive Limited in the third quarter of 2014 (See note 6.2.2.2 to the financial statements).

The Group accounts for investments in jointly-controlled entities using the equity method in the consolidated financial statements.



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The following is summarised financial information of the jointly-controlled entities as at 31 December 2014 and 2013:

*(Unit : million Baht)*

	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities	Total revenues	Total expenses	Net profit/ (loss)
<b>2014</b>									
CP-Meiji Co., Ltd.	1,573	3,761	5,334	2,538	1,569	4,107	6,333	(6,253)	80
Beijing Chia Tai Feedmill Co., Ltd.	492	147	639	370	-	370	2,530	(2,419)	111
Handan Chia Tai Feed Co., Ltd.	57	33	90	52	-	52	413	(406)	7
Jilin Chia Tai Enterprise Co., Ltd.	399	377	776	187	131	318	1,157	(1,185)	(28)
Henan East Chia Tai Co., Ltd.	740	250	990	485	-	485	2,918	(2,747)	171
ECI Metro Investment Co., Ltd.	6,099	1,251	7,350	2,637	-	2,637	18,521	(17,705)	816
<b>Total</b>	<b>9,360</b>	<b>5,819</b>	<b>15,179</b>	<b>6,269</b>	<b>1,700</b>	<b>7,969</b>	<b>31,872</b>	<b>(30,715)</b>	<b>1,157</b>
<b>2013</b>									
CP-Meiji Co., Ltd.	1,610	3,667	5,277	2,390	1,727	4,117	2,474	(2,492)	(18)
Beijing Chia Tai Feedmill Co., Ltd.	217	72	289	138	-	138	1,389	(1,321)	68
Handan Chia Tai Feed Co., Ltd.	27	19	46	31	-	31	159	(163)	(4)
Jilin Chia Tai Enterprise Co., Ltd.	224	203	427	113	68	181	685	(675)	10
Henan East Chia Tai Co., Ltd.	408	136	544	292	-	292	1,329	(1,248)	81
Luoyang Northern Ek Chor Motorcycle Co., Ltd.	1,998	735	2,733	1,188	45	1,233	3,494	(3,385)	109
ECI Metro Investment Co., Ltd.	3,652	681	4,333	2,420	-	2,420	10,245	(9,865)	380
<b>Total</b>	<b>8,136</b>	<b>5,513</b>	<b>13,649</b>	<b>6,572</b>	<b>1,840</b>	<b>8,412</b>	<b>19,775</b>	<b>(19,149)</b>	<b>626</b>

**Charoen Pokphand Foods Public Company Limited  
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Contingent liabilities and commitments relating to the investments in jointly-controlled entities as at 31 December 2014 and 2013 were as follows:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	<u>2014</u>	<u>2013</u>
Group's share of the investees' commitments	58	340
Group's share of the investees' contingent liabilities	-	858

**15 Investments in related companies**

Movements during the years ended 31 December 2014 and 2013 were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
At 1 January	1,546	1,504	678	678
Currency translation differences	3	42	-	-
<b>At 31 December</b>	<b><u>1,549</u></b>	<b><u>1,546</u></b>	<b><u>678</u></b>	<b><u>678</u></b>

*Details of investments in related companies*

Investments in related companies as at 31 December 2014 and 2013 were as follows:

	<i>(Unit: Million Baht)</i>					
	Ownership interest (both direct and indirect)		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>(%)</i>		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><i>Non-marketable securities</i></b>						
General investments						
- 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	1,158	1,155	528	528
<b>Total</b>			<b><u>1,549</u></b>	<b><u>1,546</u></b>	<b><u>678</u></b>	<b><u>678</u></b>

**Charoen Pokphand Foods Public Company Limited  
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**16 Investment properties**

Movements for the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<i>At cost</i>				
At 1 January	1,930	1,484	204	204
Additions	63	27	-	-
Disposal of investment	(592)	-	-	-
Transfers from property, plant and equipment	-	407	-	-
Transfer to property, plant and equipment	(46)	-	-	-
Transfers to assets held for sale	-	(4)	-	-
Reversal of impairment loss	-	7	-	-
Disposals	(5)	(1)	(4)	-
Depreciation	(126)	-	-	-
Currency translation difference	(55)	85	-	-
Other	-	(75)	-	-
<b>At 31 December</b>	<b>1,169</b>	<b>1,930</b>	<b>200</b>	<b>204</b>

Appraisal prices of the Group and the Company's investment properties were revalued by the independent professional valuers using Market Comparison Approach, at fair market values totaling Baht 1,990 million and Baht 608 million respectively (2013: Baht 2,658 million and Baht 615 million respectively).

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**17 Property, plant and equipment**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>					Total
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Other	Assets under construction and installation	
<b>Cost/revaluation</b>						
At 1 January 2013	21,824	48,351	44,010	6,965	13,287	134,437
Additions	515	1,085	1,545	799	19,272	23,216
Acquired through business acquisition	290	1,741	661	19	203	2,914
Transfers	334	7,154	5,683	905	(13,671)	405
Transfers from investment properties	-	25	-	-	-	25
Increase from revaluation recognised in other comprehensive income	75	-	-	-	-	75
Transfer to investment properties	(377)	-	(64)	-	-	(441)
Transfers to assets held for sale	-	-	(21)	(2)	-	(23)
Disposals	(6)	(302)	(1,059)	(232)	-	(1,599)
Currency translation differences	11	1,357	1,368	412	606	3,754
<b>At 31 December 2013 and 1 January 2014</b>	<b>22,666</b>	<b>59,411</b>	<b>52,123</b>	<b>8,866</b>	<b>19,697</b>	<b>162,763</b>
Additions	572	1,248	2,060	1,176	21,175	26,231
Acquired through business acquisitions	67	326	439	65	62	959
Transfers	-	5,925	4,071	1,024	(11,034)	(14)
Transfers from investment properties	-	46	-	-	-	46
Disposals	(11)	(338)	(472)	(427)	(1)	(1,249)
Currency translation differences	(430)	(1,914)	(461)	(540)	(1,634)	(4,979)
<b>At 31 December 2014</b>	<b>22,864</b>	<b>64,704</b>	<b>57,760</b>	<b>10,164</b>	<b>28,265</b>	<b>183,757</b>

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(Unit: Million Baht)

	<b>Consolidated financial statements</b>					Total
	Land	Buildings, building improvements and utilities system	Machinery and equipment	Other	Assets under construction and installation	
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2013	-	(18,493)	(21,704)	(3,428)	-	(43,625)
Depreciation charge for the year	-	(2,714)	(3,929)	(948)	-	(7,591)
Reversal of impairment loss	-	8	-	-	-	8
Transfers	-	8	12	(262)	-	(242)
Transfers to investment properties	-	-	9	-	-	9
Transfers to assets held for sale	-	-	19	2	-	21
Disposals	-	200	948	203	-	1,351
Currency translation differences	-	(573)	(950)	(240)	-	(1,763)
<b>At 31 December 2013 and 1 January 2014</b>	<b>-</b>	<b>(21,564)</b>	<b>(25,595)</b>	<b>(4,673)</b>	<b>-</b>	<b>(51,832)</b>
Depreciation charge for the year	-	(3,206)	(4,615)	(1,016)	-	(8,837)
Impairment losses	-	(5)	(56)	-	-	(61)
Transfers	-	220	77	(297)	-	-
Disposals	-	232	399	387	-	1,018
Currency translation differences	-	430	513	(527)	-	416
<b>At 31 December 2014</b>	<b>-</b>	<b>(23,893)</b>	<b>(29,277)</b>	<b>(6,126)</b>	<b>-</b>	<b>(59,296)</b>
<b>Net book value</b>						
Owned assets	21,824	29,858	22,306	3,521	13,287	90,796
Assets under finance leases	-	-	-	16	-	16
<b>At 1 January 2013</b>	<b>21,824</b>	<b>29,858</b>	<b>22,306</b>	<b>3,537</b>	<b>13,287</b>	<b>90,812</b>
Owned assets	22,666	37,847	26,528	4,178	19,697	110,916
Assets under finance leases	-	-	-	15	-	15
<b>At 31 December 2013 and 1 January 2014</b>	<b>22,666</b>	<b>37,847</b>	<b>26,528</b>	<b>4,193</b>	<b>19,697</b>	<b>110,931</b>
Owned assets	22,864	40,811	28,481	4,031	28,265	124,452
Assets under finance leases	-	-	2	7	-	9
<b>At 31 December 2014</b>	<b>22,864</b>	<b>40,811</b>	<b>28,483</b>	<b>4,038</b>	<b>28,265</b>	<b>124,461</b>

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(Unit: Million Baht)

	<b>Separate financial statements</b>					Total
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Other	Assets under construction and installation	
<b>Cost/revaluation</b>						
At 1 January 2013	4,497	10,142	9,811	1,023	2,064	27,537
Additions	36	25	277	75	2,813	3,226
Transfers	-	1,805	1,258	52	(3,118)	(3)
Disposals	-	(102)	(524)	(22)	-	(648)
<b>At 31 December 2013 and 1 January 2014</b>	<b>4,533</b>	<b>11,870</b>	<b>10,822</b>	<b>1,128</b>	<b>1,759</b>	<b>30,112</b>
Additions	58	12	435	82	1,619	2,206
Transfers	-	485	368	23	(876)	-
Disposals	(11)	(95)	(116)	(16)	-	(238)
<b>At 31 December 2014</b>	<b>4,580</b>	<b>12,272</b>	<b>11,509</b>	<b>1,217</b>	<b>2,502</b>	<b>32,080</b>
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2013	-	(5,103)	(5,277)	(731)	-	(11,111)
Depreciation charge for the year	-	(667)	(1,029)	(127)	-	(1,823)
Reversal of impairment loss	-	8	-	-	-	8
Disposals	-	92	488	21	-	601
<b>At 31 December 2013 and 1 January 2014</b>	<b>-</b>	<b>(5,670)</b>	<b>(5,818)</b>	<b>(837)</b>	<b>-</b>	<b>(12,325)</b>
Depreciation charge for the year	-	(789)	(1,096)	(125)	-	(2,010)
Reversal of impairment loss	-	(5)	(56)	-	-	(61)
Disposals	-	56	107	15	-	178
<b>At 31 December 2014</b>	<b>-</b>	<b>(6,408)</b>	<b>(6,863)</b>	<b>(947)</b>	<b>-</b>	<b>(14,218)</b>
<b>Net book value</b>						
Owned assets	4,497	5,039	4,534	292	2,064	16,426
<b>At 1 January 2013</b>	<b>4,497</b>	<b>5,039</b>	<b>4,534</b>	<b>292</b>	<b>2,064</b>	<b>16,426</b>
Owned assets	4,533	6,200	5,004	291	1,759	17,787
<b>At 31 December 2013 and 1 January 2014</b>	<b>4,533</b>	<b>6,200</b>	<b>5,004</b>	<b>291</b>	<b>1,759</b>	<b>17,787</b>
Owned assets	4,580	5,864	4,646	270	2,502	17,862
<b>At 31 December 2014</b>	<b>4,580</b>	<b>5,864</b>	<b>4,646</b>	<b>270</b>	<b>2,502</b>	<b>17,862</b>

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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 2014 amounted to Baht 49,748 million (2013: Baht 30,776 million) in the consolidated statement of financial position, and Baht 6,499 million (2013: Baht 5,402 million) in the separate statement of financial position.

Capitalised borrowing cost in 2014 of the Group and the Company was Baht 667 million (2013: Baht 436 million) and Baht 54 million (2013: Baht 35 million) respectively.

**18 Goodwill**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	<b>financial statements</b>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<i>Cost</i>				
At 1 January	59,293	54,792	-	-
Acquired through business acquisition	1,425	628	-	-
Currency translation differences	(19)	3,873	-	-
<b>At 31 December</b>	<b><u>60,699</u></b>	<b><u>59,293</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<i>Impairment losses</i>				
At 1 January	-	-	-	-
Impairment loss	-	-	-	-
<b>At 31 December</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<i>Net book value</i>				
At 1 January	<u>59,293</u>	<u>54,792</u>	<u>-</u>	<u>-</u>
<b>At 31 December</b>	<b><u>60,699</u></b>	<b><u>59,293</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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**19 Other intangible assets**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		
	Development cost of software applications	Trademarks, rights and other	Total
<b>Cost</b>			
At 1 January 2013	332	5,058	5,390
Additions	16	142	158
Disposal	-	(87)	(87)
Currency translation differences	-	203	203
<b>At 31 December 2013 and 1 January 2014</b>	<b>348</b>	<b>5,316</b>	<b>5,664</b>
Additions	127	103	230
Acquired through business acquisitions	3	1,328	1,331
Transfers	(3)	86	83
Disposal	-	(21)	(21)
Currency translation differences	3	89	92
<b>At 31 December 2014</b>	<b>478</b>	<b>6,901</b>	<b>7,379</b>
<b>Accumulated amortisation</b>			
At 1 January 2013	(226)	(863)	(1,089)
Amortisation charge for the year	(9)	(692)	(701)
Disposal	-	21	21
<b>At 31 December 2013 and 1 January 2014</b>	<b>(235)</b>	<b>(1,534)</b>	<b>(1,769)</b>
Amortisation charge for the year	(36)	(781)	(817)
Transfers	-	(60)	(60)
Disposal	-	(18)	(18)
<b>At 31 December 2014</b>	<b>(271)</b>	<b>(2,393)</b>	<b>(2,664)</b>
<b>Net book value</b>			
<b>At 1 January 2013</b>	<b>106</b>	<b>4,195</b>	<b>4,301</b>
<b>At 31 December 2013 and 1 January 2014</b>	<b>113</b>	<b>3,782</b>	<b>3,895</b>
<b>At 31 December 2014</b>	<b>207</b>	<b>4,508</b>	<b>4,715</b>



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(Unit: Million Baht)

	<b>Separate financial statements</b>		
	Development cost of software applications	Other	Total
<b>Cost</b>			
At 1 January 2013	7	74	81
Additions	-	9	9
Transfers	-	3	3
<b>At 31 December 2013 and 1 January 2014</b>	<b>7</b>	<b>86</b>	<b>93</b>
Additions	-	6	6
<b>At 31 December 2014</b>	<b>7</b>	<b>92</b>	<b>99</b>
<b>Accumulated amortisation</b>			
At 1 January 2013	(4)	(28)	(32)
Amortisation charge for the year	(1)	(7)	(8)
<b>At 31 December 2013 and 1 January 2014</b>	<b>(5)</b>	<b>(35)</b>	<b>(40)</b>
Amortisation charge for the year	-	(9)	(9)
<b>At 31 December 2014</b>	<b>(5)</b>	<b>(44)</b>	<b>(49)</b>
<b>Net book value</b>			
At 1 January 2013	<b>3</b>	<b>46</b>	<b>49</b>
<b>At 31 December 2013 and 1 January 2014</b>	<b>2</b>	<b>51</b>	<b>53</b>
<b>At 31 December 2014</b>	<b>2</b>	<b>48</b>	<b>50</b>

The gross amount of the Group's and the Company's fully amortised intangible assets that was still in use as at 31 December 2014 amounted to Baht 445 million (2013: Baht 194 million) in the consolidated statement of financial position, and Baht 6 million (2013: Baht 5 million) in the separate statement of financial position.

## 20 Restricted deposits at financial institutions

As at 31 December 2014 certain subsidiaries had restricted deposits at financial institutions totaling Baht 2,054 million in order to comply with conditions for using credit facilities of foreign financial institutions (2013: Baht 1,202 million).

## 21 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2014 and 2013 were as follows:

	(Unit: million baht)			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
Deferred tax assets	3,815	2,896	2,604	1,704
Deferred tax liabilities	(5,677)	(4,517)	-	-
<b>Net deferred tax assets (liabilities)</b>	<b>(1,862)</b>	<b>(1,621)</b>	<b>2,604</b>	<b>1,704</b>

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Movements of deferred tax assets and liabilities during the year ended 31 December 2014 was as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>					<b>At 31 December 2014</b>
	<b>At 1 January 2014</b>	<b>Charged/Credited to (Note 35)</b>	<b>Other comprehensive income</b>	<b>Acquired in business combination</b>	<b>Currency translation differences</b>	
<b>Deferred tax assets (liabilities)</b>						
Biological assets	(394)	(105)	-	-	4	(495)
Investments	(200)	(7)	(275)	-	(1)	(483)
Tax losses	3,107	770	-	-	(58)	3,819
Other intangible assets	(807)	161	-	(328)	(3)	(977)
Property, plant and equipment	(4,037)	67	-	(147)	36	(4,081)
Employee benefit obligations	912	75	(5)	-	(10)	972
Other	(202)	(405)	-	(48)	38	(617)
<b>Net</b>	<b>(1,621)</b>	<b>556</b>	<b>(280)</b>	<b>(523)</b>	<b>6</b>	<b>(1,862)</b>

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Movements of deferred tax assets and liabilities during the year ended 31 December 2013 was as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>					
	<b>At 1 January 2013</b>	<b>Charged/Credited to Profit or loss</b>	<b>Other comprehensive income</b>	<b>Acquired in business combination</b>	<b>Currency translation differences</b>	<b>At 31 December 2013</b>
<b>Deferred tax assets (liabilities)</b>						
Biological assets	(304)	(66)	-	-	(24)	(394)
Investments	(277)	31	45	-	1	(200)
Tax losses	943	2,182	-	-	(18)	3,107
Other intangible assets	(917)	160	-	-	(50)	(807)
Property, plant and equipment	(4,102)	203	-	(32)	(106)	(4,037)
Employee benefit obligations	649	75	199	-	(11)	912
Other	(277)	69	-	-	6	(202)
<b>Net</b>	<b>(4,285)</b>	<b>2,654</b>	<b>244</b>	<b>(32)</b>	<b>(202)</b>	<b>(1,621)</b>

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Movements of deferred tax assets and liabilities during the year ended 31 December 2014 was as follows:

	<i>(Unit: Million Baht)</i>		
	<b>At 1 January 2014</b>	<b>Separate financial statements Charged/Credited to (Note 35)</b>	<b>At 31 December 2014</b>
<b>Deferred tax assets (liabilities)</b>			
Investments	1	-	1
Land	(319)	-	(319)
Employee benefit obligations	322	23	345
Tax losses	1,721	877	2,598
Other	(21)	-	(21)
<b>Net</b>	<b>1,704</b>	<b>900</b>	<b>2,604</b>

Movements of deferred tax assets and liabilities during the year ended 31 December 2013 was as follows:

	<i>(Unit: Million Baht)</i>		
	<b>At 1 January 2013</b>	<b>Separate financial statements Charged/Credited to (Note 35)</b>	<b>At 31 December 2013</b>
<b>Deferred tax assets (liabilities)</b>			
Investments	1	-	1
Land	(319)	-	(319)
Employee benefit obligations	243	20	322
Tax losses	-	1,721	1,721
Other	(8)	(13)	(21)
<b>Net</b>	<b>(83)</b>	<b>1,728</b>	<b>1,704</b>

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As at 31 December 2014 the Group had temporary differences arising from the unutilised tax losses carry forward which have not been recognised as deferred tax assets in the statement of financial position totaling Baht 9,023 million (2013: Baht 7,884 million) because it is not probable that it will be able to utilise the tax benefit in the foreseeable future.

**22 Leasehold rights prepayment**

Movements for the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
At 1 January	4,866	4,237	-	-
Additions	440	400	-	-
Acquired through business acquisition	298	116	-	-
Transfer to other current assets	(5)	-	-	-
Amortisation	(192)	(183)	-	-
Decreases	(378)	(79)	-	-
Currency translation difference	10	375	-	-
<b>At 31 December</b>	<b>5,039</b>	<b>4,866</b>	<b>-</b>	<b>-</b>

**23 Interest-bearing liabilities**

	<i>Note</i>	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
		<b>financial statements</b>		<b>Separate</b>	
		<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Current</b>					
Overdrafts		1,628	2,277	5	9
Bill of exchange		1,989	3,478	1,989	3,478
Promissory notes		9,112	14,790	-	-
Short-term borrowings from financial institutions		42,932	27,058	-	-
Packing credits		6,128	6,278	-	-
Liabilities under trust receipts		3,886	11,458	-	-
Short-term borrowing from other companies		-	141	-	-
<b>Total</b>		<b>65,675</b>	<b>65,480</b>	<b>1,994</b>	<b>3,487</b>
<b>Short-term borrowings from jointly-controlled entities and related company</b>	<b>6</b>	<b>395</b>	<b>233</b>	<b>-</b>	<b>-</b>

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		<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
<i>Note</i>		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current portion of long-term debts</b>					
	Long-term borrowings from financial institutions	8,427	5,289	616	500
	Debentures	5,000	6,200	5,000	6,200
	Liabilities under finance leases	<u>6</u>	<u>5</u>	<u>-</u>	<u>-</u>
	<b>Total</b>	<b><u>13,433</u></b>	<b><u>11,494</u></b>	<b><u>5,616</u></b>	<b><u>6,700</u></b>
<b>Current portion of long-term loan from related company</b>					
		<u>-</u>	<u>23</u>	<u>-</u>	<u>-</u>
	<b>Total current</b>	<b><u>79,503</u></b>	<b><u>77,230</u></b>	<b><u>7,610</u></b>	<b><u>10,187</u></b>
<b>Non-current</b>					
<b>Long-term debts</b>					
	Long-term borrowings from financial institutions and other companies	48,761	46,108	2,463	3,067
	Debentures	67,659	63,060	58,060	63,060
	Liabilities under finance leases	<u>6</u>	<u>7</u>	<u>-</u>	<u>-</u>
	<b>Total</b>	<b><u>116,426</u></b>	<b><u>109,175</u></b>	<b><u>60,523</u></b>	<b><u>66,127</u></b>
	<b>Total non-current</b>	<b><u>116,426</u></b>	<b><u>109,175</u></b>	<b><u>60,523</u></b>	<b><u>66,127</u></b>
	<b>Grand total</b>	<b><u>195,929</u></b>	<b><u>186,405</u></b>	<b><u>68,133</u></b>	<b><u>76,314</u></b>

The increase in long-term debts in 2014 was principally from the issue and offer of Exchangeable Bonds by a subsidiary. Details are as follows:

On 8 January 2014 the Board of Directors of C.P. Foods Holdings Limited (“CPFH”), a 100.00% directly owned subsidiary, passed a resolution to approve CPFH to issue and offer USD 290 million 0.5% Exchangeable Bonds due 2019 (“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 180 million shares in CP ALL Public Company Limited (“CPALL Shares”), which belong to CPFH and which were deposited with the Custody Account with Merrill Lynch International (the “Custodian” or “Merrill Lynch”) 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 the option to deliver CPALL Shares to the EB holders or redeem the EBs using cash of equivalent market value of CPALL shares. The initial exchange ratio of EBs is 123,966.94 CPALL Shares for each USD 200,000 principal amount of EBs (1 CPALL share equivalent to Baht 53.29 (rounded up) at the exchange rate USD 1: Baht 33.03).

The issuance and offering of the EBs was completed on 15 January 2014 and the EBs were listed on Singapore Exchange Securities Trading Limited on 16 January 2014.

As at 31 December 2014 the carrying amount of the EBs were USD 292 million or equivalent to Baht 9,599 million.

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In addition, CPFH has a securities lending agreement over the Exchange Property (“CPALL Shares”) with Merrill Lynch (the “Borrower”). Under the terms of the agreement, CPFH agrees to lend to the Borrower up to 110 million CPALL Shares (equal to 1.22% 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 EB holders, if there are insufficient CPALL Shares in the Custody Account. As at 31 December 2014 CPFH lent to the Borrower approximately 28.9 million CPALL Shares. The fair value of these shares was Baht 1,221 million.

The currency denomination of interest-bearing liabilities as at 31 December 2014 and 2013 was as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Functional currencies of each company in the Group	184,253	177,065	64,822	73,247
Foreign currencies				
- United States Dollar	10,137	7,592	3,311	3,067
- Euro	1,539	1,715	-	-
- Others	-	33	-	-
<b>Total</b>	<b>195,929</b>	<b>186,405</b>	<b>68,133</b>	<b>76,314</b>

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2014 and 2013 were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Within one year	79,498	77,225	7,610	10,187
After one year but within five years	83,671	70,563	33,023	30,127
After five years	32,748	38,605	27,500	36,000
<b>Total</b>	<b>195,917</b>	<b>186,393</b>	<b>68,133</b>	<b>76,314</b>

The Group has secured interest-bearing liabilities as at 31 December 2014 totaling Baht 38,160 million (2013: Baht 32,114 million). Value of assets used for secured interest-bearing liabilities totaled Baht 45,321 million (2013: Baht 40,621 million).

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*Long-term borrowings from financial institutions*

As at 31 December 2014 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 local and foreign financial institutions. Details were as follows:

<u>Borrowing agreement</u>	<u>Approved credit facilities</u>	<u>Carrying amount as at 31 December 2014</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
Facility 1	U.S. Dollar 277.50 million	U.S. Dollar 200.66 million (equivalent Approximately Baht 6,604 million)	Floating interest rate at 3-month LIBOR plus 3.50% per annum	Every 6 months for 5 years
Facility 2	U.S. Dollar 462.50 million	U.S. Dollar 402.25 million (equivalent approximately Baht 13,238 million)	Floating interest rate at 3-month LIBOR plus 3.50% per annum for year 1 to year 5 and 3 month LIBOR plus 4.00% per Annum for year 6 and year 7	Every 6 months for 7 years

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 specific covenants such as to maintain debt to equity ratio not exceeding 1.5:1 etc.

As at 31 December 2014 CPFI pledged 8,457 million shares of CPP with a fair value of Baht 30,869 million.



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*The second agreement*

On 2 July 2012 CPFII entered into a secured long-term borrowing agreement with a foreign financial institution which has a branch in Thailand. Details were as follows:

Approved credit facilities	Carrying amount as at 31 December 2014	Interest rate (% per annum)	Term of payment
U.S. Dollar 100.00 million	U.S. Dollar 99.63 million (equivalent Baht 3,279 million)	Floating interest rate at 3-month BBA LIBOR plus 3.25% per annum	1st installment: 10% (36th month after the first drawdown date) 2nd installment: 10% (42th month after the first drawdown date) 3rd installment: 10% (48th month after the first drawdown date) 4th installment: 10% (54th month after the first drawdown date) 5th installment: 60% (60th month after the first drawdown date)

CPFII drewdown the above long-term borrowing facilities to finance investment and for general corporate operations.

CPFII must pledge CPP shares as collateral for the above borrowing and must comply with the specific covenants such as to maintain debt to equity ratio not exceeding 2:1 etc.

As at 31 December 2014 CPFII pledged 1,234 million shares of CPP with a fair value of Baht 4,505 million.

*Debentures*

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
Debentures #1/2009	3,000	6,200	3,000	6,200
Debentures #2/2009	1,000	1,000	1,000	1,000
Debentures #1/2010	1,000	1,000	1,000	1,000
Debentures #2/2010	5,000	8,000	5,000	8,000
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	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
<b>Total</b>	<b>63,060</b>	<b>69,260</b>	<b>63,060</b>	<b>69,260</b>
Less current portion	(5,000)	(6,200)	(5,000)	(6,200)
<b>Net</b>	<b>58,060</b>	<b>63,060</b>	<b>58,060</b>	<b>63,060</b>

\* See note 39 to the financial statements

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***Debenture # 1/2009***

On 25 November 2009 the Company issued Baht 8.4 billion unsubordinated and unsecured debentures in registered name form divided into:

- The first series of Baht 2.2 billion with a term of 4 years, fully repaid on 25 November 2013 and bearing interest at the fixed rate of 3.90% per annum.
- The second series of Baht 3.2 billion with a term of 5 years, fully repaid on 25 November 2014 and bearing interest at the fixed rate of 4.30% per annum.
- The third series of Baht 3 billion with a term of 6 years, fully repayable on 25 November 2015 and bearing interest at the fixed rate of 4.80% per annum.

The debentures have a credit rating of “AA-” latest updated by TRIS Rating Co., Ltd. on 20 June 2014 and were registered with the Thai Bond Market Association on 25 November 2009.

***Debenture # 2/2009***

On 22 December 2009 the Company issued Baht 1 billion unsubordinated and unsecured debentures in registered name form with a term of 5 years 5 months and 8 days, fully repayable on 30 May 2015 and bearing interest at the fixed rate of 4.40% per annum.

The debenture was registered with the Thai Bond Market Association on 22 December 2009.

***Debenture # 1/2010***

On 11 February 2010 the Company issued Baht 1 billion unsubordinated and unsecured debentures in registered name form with a term of 5 years 3 months and 19 days, fully repayable on 30 May 2015 and bearing interest at the fixed rate of 4.20% per annum.

The debentures were registered with the Thai Bond Market Association on 11 February 2010.

***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 have a credit rating of “AA-” latest updated by TRIS Rating Co., Ltd. on 20 June 2014 and were registered with the Thai Bond Market Association on 3 November 2010.

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***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 as at the end of year 15.

The debentures have a credit rating of “AA-” latest updated by TRIS Rating Co., Ltd. on 20 June 2014 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 as at the end of year 15.

The debentures have a credit rating of “AA-” latest updated by TRIS Rating Co., Ltd. on 20 June 2014 and were registered with the Thai Bond Market Association on 21 December 2011.

***Debenture # 1/2012***

On 15 March 2012 the Company issued Baht 6,060 million unsubordinated and unsecured debentures in registered name form with a term of 4 years, fully repayable on 15 March 2016 and bearing interest at the fixed rate of 4.17% per annum.

The debentures have a credit rating of “AA-” latest updated by TRIS Rating Co., Ltd. on 20 June 2014 and were registered with the Thai Bond Market Association on 15 March 2012.

***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 have a credit rating of “AA-” latest updated by TRIS Rating Co., Ltd. on 20 June 2014 and were registered with the Thai Bond Market Association on 3 August 2012.

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The Company must comply with the specific covenants such as to maintain debt to equity ratio in the semi-annual and annual consolidated and separate financial statements through the terms of debentures, etc.

***Debenture # 1/2013***

On 9 May 2013 the Company issued Baht 6,000 million 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 have a credit rating of “AA-” latest updated by TRIS Rating Co., Ltd. on 20 June 2014 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 have a credit rating of “AA-” latest updated by TRIS Rating Co., Ltd. on 20 June 2014 and were registered with the Thai Bond Market Association on 2 August 2013.

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 through the terms of debentures, etc.

**24 Accounts payable - trade and others**

	<i>Note</i>	<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2014	2013	2014	2013
Related parties	6	5,181	2,071	297	386
Other parties		20,451	19,817	1,300	1,519
<b>Total</b>		<b>25,632</b>	<b>21,888</b>	<b>1,597</b>	<b>1,905</b>

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The currency denomination of accounts payable - trade and others as at 31 December 2014 and 2013 was as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Functional currencies of each company in the Group	19,208	20,070	1,535	1,829
Foreign currencies				
- United States Dollar	5,997	1,461	62	57
- Euro	369	295	-	8
- Yen	8	23	-	11
- Other	50	39	-	-
<b>Total</b>	<b><u>25,632</u></b>	<b><u>21,888</u></b>	<b><u>1,597</u></b>	<b><u>1,905</u></b>

**25 Employee benefit obligations**

The Group has defined benefit plans for employee's retirement based on the Labour 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 2014 and 2013 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Present value of funded - defined benefit obligations	624	559	-	-
Fair value of plan assets	(21)	(42)	-	-
	<b>603</b>	<b>517</b>	-	-
Present value of unfunded - defined benefit obligations	6,082	5,748	1,894	1,762
<b>Total</b>	<b><u>6,685</u></b>	<b><u>6,265</u></b>	<b><u>1,894</u></b>	<b><u>1,762</u></b>

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Movements in the present value of the defined benefit obligations and the fair value of plan assets for the year ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Defined benefit obligations at				
1 January	6,307	5,087	1,762	1,367
Benefits paid by the plans	(204)	(214)	(65)	(21)
Current service costs and interest	687	553	197	143
Defined benefit plan actuarial (gains) losses	(31)	1,003	-	295
Other	(53)	(122)	-	(22)
<b>Defined benefit obligations at 31 December</b>	<b>6,706</b>	<b>6,307</b>	<b>1,894</b>	<b>1,762</b>
Fair value of plan assets at 1 January	42	71	-	-
Expected return on plan assets	1	1	-	-
Contributions paid	21	22	-	-
Benefits paid by the plans	(42)	(53)	-	-
Currency translation differences	(1)	1	-	-
<b>Fair value of plan assets at 31 December</b>	<b>21</b>	<b>42</b>	<b>-</b>	<b>-</b>

Expenses or income recognised in the statement of income for the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current service costs	426	366	123	95
Interest costs	261	187	74	48
Expected return on plan assets	(1)	(1)	-	-
<b>Total</b>	<b>686</b>	<b>552</b>	<b>197</b>	<b>143</b>

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Expenses classified by function were recognised in the statements of income for the years ended 31 December 2014 and 2013 as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cost of sales of goods	277	258	94	67
Selling expenses	86	65	23	16
Administrative expenses	323	229	80	60
<b>Total</b>	<b><u>686</u></b>	<b><u>552</u></b>	<b><u>197</u></b>	<b><u>143</u></b>
<b>Actual return on plan assets</b>	<b><u>1</u></b>	<b><u>1</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

Actuarial gains (losses) recognised in other comprehensive income for the years ended 31 December 2014 and 2013 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Included in retained earnings:				
At 1 January	(668)	136	(236)	-
Recognised during the year	31	(804)	-	(236)
<b>At 31 December</b>	<b><u>(637)</u></b>	<b><u>(668)</u></b>	<b><u>(236)</u></b>	<b><u>(236)</u></b>

Principal actuarial assumptions at 31 December 2014 and 2013 were as follows:

	<b>Consolidated</b>		<i>(Unit: %)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Discount rate	1.75 - 9.10	1.75 - 9.20	4.20	4.20
Return on plan assets	1.75	1.75	-	-
Future salary increases	2.00 - 8.00	2.00 - 8.00	4.00 - 8.00	4.00 - 8.00

Assumptions regarding future mortality are based on mortality tables of each country.

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**26 Share capital**

	<i>Par value per share (in Baht)</i>	<i>(Unit: Million Shares/Million Baht)</i>			
		<b>Consolidated financial statements/</b>		<b>Separate financial statements</b>	
		2014		2013	
		Number of shares	Baht	Number of shares	Baht
<b><i>Authorised</i></b>					
At 1 January					
- ordinary shares	1	7,743	7,743	7,743	7,743
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<b>7,743</b>	<b>7,743</b>	<b>7,743</b>	<b>7,743</b>
<b><i>Issued and paid-up</i></b>					
At 1 January					
- ordinary shares	1	7,743	7,743	7,743	7,743
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<b>7,743</b>	<b>7,743</b>	<b>7,743</b>	<b>7,743</b>

**27 Treasury shares**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Ordinary shares of the Company held by subsidiaries	<b>1,135</b>	<b>1,135</b>	-	-

**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:

- The changes in a parent's ownership interest in subsidiaries that do not result in a loss of control.
- The changes in interest of net assets of associates.
- Revaluation differences on assets of associates.



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*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, buildings and equipment until such assets are disposed.

**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 and 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 livestock 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.

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**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

Detail of the reportable segments financial information of the Group as at 31 December 2014 and 2013 and for the years then ended were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>					
	Livestock business		Aquaculture business		Total	
	2014	2013	2014	2013	2014	2013
<b><i>Statements of income</i></b>						
Revenue from sale of goods	357,889	328,026	68,150	61,225	426,039	389,251
Operating profit	22,707	11,855	(2,147)	(4,391)	20,560	7,464
Central income						
(expenses), net					1,682	5,280
Finance costs					(8,880)	(7,937)
Net foreign exchange						
gain (loss)					(353)	(219)
Share of profit of associates						
and jointly-controlled						
entities					4,869	4,947
Income tax expense					(3,649)	(133)
<b>Profit for the year</b>					<b>14,229</b>	<b>9,402</b>
<b><i>Assets</i></b>						
Property, plant and						
equipment and intangible						
assets (excluded						
goodwill), net	94,791	82,554	33,025	30,911	127,816	113,465
Central assets, net					1,360	1,361
Other assets					287,588	250,177
<b>Total</b>					<b>416,764</b>	<b>365,003</b>

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***Information about geographical areas***

In presenting information on the basis of information about geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group comprises the following main information about geographical areas:

Area 1	: Thailand
Area 2	: Asia
Area 3	: Europe
Area 4	: America
Area 5	: Other

Detail of the geographic segment financial information of the geographical area of the Group as at 31 December 2014 and 2013 and for the years then ended were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>			
	Revenue from external customers		Property, plant and equipment and intangible assets (excluded goodwill) and central assets	
	2014	2013	2014	2013
Thailand	148,284	134,260	55,521	52,184
Asia	235,084	216,158	65,599	52,596
Europe	35,749	31,171	7,963	9,972
America	5,847	4,047	34	34
Other	1,075	3,615	59	40
<b>Total</b>	<b>426,039</b>	<b>389,251</b>	<b>129,176</b>	<b>114,826</b>

***Information about major customer***

In 2014 and 2013, there was no single external customer that contributed 10% or more of the Group's total revenue.

**30 Selling expenses**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
Employee benefit expenses	8,409	7,209	655	644
Vehicle and traveling expenses	2,725	2,254	97	100
Advertising and sale promotion expenses	1,722	1,467	24	40
Transportation expenses	1,711	1,414	-	1
Office expenses	1,328	1,468	73	49
Building and equipment rental fees	1,053	1,014	92	85
Depreciation and amortisation	958	895	6	6
Other	847	654	18	31
<b>Total</b>	<b>18,753</b>	<b>16,375</b>	<b>965</b>	<b>956</b>

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**31 Administrative expenses**

*(Unit: Million Baht)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Employee benefit expenses	13,536	11,922	2,323	2,322
Office expenses	3,357	2,310	473	485
Public relationship expenses	1,565	1,256	181	301
Depreciation and amortisation	1,527	1,051	121	106
Vehicle and traveling expenses	956	901	82	96
Taxes, government and bank fees and other	773	529	33	23
Professional fees	735	559	128	144
Building and equipment rental fees	345	544	88	68
Other	1,291	1,516	222	510
<b>Total</b>	<b>24,085</b>	<b>20,588</b>	<b>3,651</b>	<b>4,055</b>

**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 527 million and Baht 208 million in the consolidated and separate statements of income for the year ended 31 December 2014 respectively (2013: Baht 532 million and Baht 219 million respectively).
- (b) Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totaling Baht 41,111 million and Baht 6,530 million in the consolidated and separate statements of income for the year ended 31 December 2014 respectively (2013: Baht 37,619 million and Baht 6,474 million respectively).

**33 Expenses by nature**

*(Unit: Million Baht)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2014	2013	2014	2013
Changes in inventories of finished goods, work in progress and biological assets	(2,592)	(3,684)	(38)	(286)
Raw materials and consumables used	299,893	286,605	15,928	16,717
Employee benefit expenses	41,638	38,151	6,738	6,693
Factory and office expenses	30,522	28,696	6,565	6,256
Depreciation and amortisation	9,965	9,043	2,019	1,835
Transportation expenses	7,940	7,111	520	572
Vehicle and traveling expenses	4,617	4,084	321	345
Building and equipment rental fees	4,068	3,791	608	597
Advertising, public relationship and sale promotion expenses	3,409	2,839	223	361
Taxes, government and bank fees	1,125	1,023	47	40
Professional fees	827	659	128	144
Others	10,185	9,039	306	759
<b>Total cost of sales of goods, selling expenses and administrative expenses</b>	<b>411,597</b>	<b>387,357</b>	<b>33,365</b>	<b>34,033</b>

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**34 Finance costs**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finance cost paid to:				
Subsidiaries	-	-	3	5
Jointly-controlled entities	2	-	-	-
Related company	19	-	-	-
Other parties	8,859	7,937	3,359	3,438
<b>Total</b>	<b><u>8,880</u></b>	<b><u>7,937</u></b>	<b><u>3,362</u></b>	<b><u>3,443</u></b>

**35 Income tax expense (income)**

*Income tax recognised in profit and loss*

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<i>Current tax</i>				
Current year	4,241	2,940	34	40
Under (over) provided in prior years	(36)	(153)	2	-
	<b><u>4,205</u></b>	<b><u>2,787</u></b>	<b><u>36</u></b>	<b><u>40</u></b>
<i>Deferred income tax</i>				
Movements in temporary differences	214	(472)	(23)	(7)
Benefit of tax losses recognised	(770)	(2,182)	(877)	(1,721)
	<b><u>(556)</u></b>	<b><u>(2,654)</u></b>	<b><u>(900)</u></b>	<b><u>(1,728)</u></b>
<b>Income tax expense (income) excluding income tax distribution to equity holders</b>	<b><u>3,649</u></b>	<b><u>133</u></b>	<b><u>(864)</u></b>	<b><u>(1,688)</u></b>

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*Income tax recognised in other comprehensive income*

(Unit: Million Baht)

	<b>Consolidated financial statements</b>					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of Tax
Fair value changes on investments	1,377	(275)	1,102	(536)	45	(491)
Currency translation differences	(5,976)	-	(5,976)	6,587	-	6,587
Defined benefit plan actuarial gains (losses)	36	(5)	31	(1,003)	199	(804)
<b>Total</b>	<b>(4,563)</b>	<b>(280)</b>	<b>(4,843)</b>	<b>5,048</b>	<b>244</b>	<b>5,292</b>

(Unit: Million Baht)

	<b>Separate financial statements</b>					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of Tax
Defined benefit plan actuarial losses	-	-	-	(295)	59	(236)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(295)</b>	<b>59</b>	<b>(236)</b>

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**Reconciliation of effective tax rate**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>				
	0%	10%	20%	Other	Total
<b>2014</b>					
Applicable tax rates					
Accounting profit before income tax, net	243	957	4,661	12,018	17,879
Tax at the applicable tax rates	-	96	932	2,376	3,404
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	356	(455)	380	281
Under (over) provided in prior years	-	-	20	(56)	(36)
<b>Net</b>	<b>-</b>	<b>452</b>	<b>497</b>	<b>2,700</b>	<b>3,649</b>
<b>2013</b>					
Accounting profit before income tax, net	(1,278)	(233)	5,384	5,662	9,535
Tax at the applicable tax rates	-	(23)	1,077	1,921	2,975
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	23	(1,954)	(758)	(2,689)
Under (over) provided in prior years	-	-	12	(165)	(153)
<b>Net</b>	<b>-</b>	<b>-</b>	<b>(865)</b>	<b>998</b>	<b>133</b>

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*Reconciliation of effective tax rate*

(Unit: Million Baht)

Applicable tax rates	Separate financial statements		
	0%	20%	Total
<b>2014</b>			
Accounting profit before income tax, net	(156)	8,228	8,072
Tax at the applicable tax rates	-	1,646	1,646
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,512)	(2,512)
Under provided in prior years	-	2	2
<b>Net</b>	<b>-</b>	<b>(864)</b>	<b>(864)</b>
<b>2013</b>			
Accounting profit before income tax, net	(1,157)	6,343	5,186
Tax at the applicable tax rates	-	1,269	1,269
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,957)	(2,957)
<b>Net</b>	<b>-</b>	<b>(1,688)</b>	<b>(1,688)</b>

*Income tax reduction*

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014 respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants an order to maintain the corporate income tax rate at 20% for the accounting period which begins on or after 1 January 2015 until 31 December 2015.

The Company has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

**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



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- (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 2014 and 2013 were summarised as follows:

*(Unit: Million Baht)*

	<b>Separate financial statements</b>					
	Promoted businesses being granted exemption of corporate income tax		Non-promoted business being granted exemption of corporate income tax		Total	
	2014	2013	2014	2013	2014	2013
Local sales	4,295	4,766	17,650	13,021	21,945	17,787
Export sales	190	1,182	4,763	7,152	4,953	8,334
<b>Total revenue from sale of goods</b>	<b>4,485</b>	<b>5,948</b>	<b>22,413</b>	<b>20,173</b>	<b>26,898</b>	<b>26,121</b>
Other income	1	3	17,900	16,537	17,901	16,540
<b>Total revenues</b>	<b>4,486</b>	<b>5,951</b>	<b>40,313</b>	<b>36,710</b>	<b>44,799</b>	<b>42,661</b>
Less costs and expenses	(4,642)	(7,108)	(31,221)	(28,679)	(35,863)	(35,787)
<b>Profit for the year</b>	<b>(156)</b>	<b>(1,157)</b>	<b>9,092</b>	<b>8,031</b>	<b>8,936</b>	<b>6,874</b>

Direct costs and expenses are charged to the related businesses as incurred. Indirect costs and expenses are allocated to individual businesses based on revenues of each business.

### 37 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 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:

*(Unit: million Baht/million shares)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2014	2013	2014	2013
<b>Profit for the year attributable to ordinary shareholders of the Company</b>	<b>10,562</b>	<b>7,065</b>	<b>8,936</b>	<b>6,874</b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at beginning of year	7,743	7,743	7,743	7,743
Treasury shares held by subsidiaries	(355)	(355)	-	-
<b>Net</b>	<b>7,388</b>	<b>7,388</b>	<b>7,743</b>	<b>7,743</b>
<b>Basic earnings per share (in Baht)</b>	<b>1.43</b>	<b>0.96</b>	<b>1.15</b>	<b>0.89</b>

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**38 Dividends**

Details of dividends for the years ended 31 December 2014 and 2013 were as follows:

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
<b>2014</b>				
25 April 2014	0.20	7,742,941,932	1,549	Dividends received from subsidiaries appropriated from taxable profit which were subject to 23% corporate income tax
25 April 2014	0.05	7,742,941,932	387	Dividends received from subsidiaries appropriated from taxable profit which were subject to 20% corporate income tax
13 August 2014	0.30	7,742,941,932	2,323	Dividends received from subsidiaries appropriated from taxable profit which were subject to 20% corporate income tax
<b>Total</b>			<b>4,259</b>	
<b>2013</b>				
24 April 2013	0.41	7,742,941,932	3,174	Dividends received from subsidiaries appropriated from taxable profit which were subject to 23% corporate income tax
24 April 2013	0.09	7,742,941,932	697	Profit from operations which were exempted from corporate income tax
8 August 2013	0.25	7,742,941,932	1,936	Dividends received from subsidiaries appropriated from taxable profit which were subject to 23% corporate income tax
<b>Total</b>			<b>5,807</b>	

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**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.

The average interest rates of loans receivable as at 31 December 2014 and 2013 and the periods in which the loans receivable mature were as follows:

	Average interest rates (% per annum)	<i>(Unit: Million Baht)</i> <b>Consolidated financial statements</b>			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2014</b>					
<b>Current</b>					
Short-term loans to jointly-controlled entities	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2013</b>					
<b>Current</b>					
Short-term loans to jointly-controlled entities	4.45	147	-	-	147
<b>Total</b>		<b>147</b>	<b>-</b>	<b>-</b>	<b>147</b>

**Charoen Pokphand Foods Public Company Limited  
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(Unit: Million Baht)

	Average interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2014</b>					
<b>Current</b>					
Short-term loans to subsidiaries	7.50	19,733	-	-	19,733
Current portion of long-term loans to subsidiaries	7.38	120	-	-	120
<b>Non-current</b>					
Long-term loans to subsidiaries	5.37	-	16,837	-	16,837
<b>Total</b>		<b>19,853</b>	<b>16,837</b>	<b>-</b>	<b>36,690</b>
<b>2013</b>					
<b>Current</b>					
Short-term loans to subsidiaries	7.38	17,970	-	-	17,970
Current portion of long-term loans to subsidiaries	5.75	1,443	-	-	1,443
<b>Non-current</b>					
Long-term loans to subsidiaries	5.61	-	17,410	-	17,410
<b>Total</b>		<b>19,413</b>	<b>17,410</b>	<b>-</b>	<b>36,823</b>

The interest rates of interest-bearing liabilities as at 31 December 2014 and 2013 and the periods in which those liabilities mature were as follows:

(Unit: Million Baht)

	Interest rates (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2014</b>					
Overdrafts	4.00 - 11.21	1,628	-	-	1,628
Short-term borrowings from financial institutions	1.15 - 15.18	64,047	-	-	64,047
Short-term borrowings from jointly control entities and related company	3.00 - 6.50	395	-	-	395
Long-term borrowings from financial institutions and other companies	1.55 - 14.00	8,427	43,512	5,249	57,188
Debentures	3.18 - 4.60	5,000	40,159	27,500	72,659
Finance lease liabilities	0.10 - 21.04	6	6	-	12
<b>Total</b>		<b>79,503</b>	<b>83,677</b>	<b>32,749</b>	<b>195,929</b>

**Charoen Pokphand Foods Public Company Limited  
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(Unit: Million Baht)

	Interest rates (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2013</b>					
Overdrafts	7.38 - 10.31	2,277	-	-	2,277
Short-term borrowings from financial institutions	0.76 - 13.00	63,062	-	-	63,062
Short-term borrowings from jointly control entities and related company	3.00 - 8.00	233	-	-	233
Short-term borrowings from other companies	15.00	141	-	-	141
Long-term borrowings from financial institutions and other companies	1.47 - 16.00	5,289	43,503	2,605	51,397
Long-term borrowings from related company	5.00	23	-	-	23
Debentures	3.24 - 5.42	6,200	27,060	36,000	69,260
Finance lease liabilities	0.10 - 21.88	5	7	-	12
<b>Total</b>		<b>77,230</b>	<b>70,570</b>	<b>38,605</b>	<b>186,405</b>

(Unit: Million Baht)

	Interest rates (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2014</b>					
Overdrafts	MOR	5	-	-	5
Short-term borrowings from financial institutions	2.41 - 2.50	1,989	-	-	1,989
Long-term borrowings from financial institutions	4.11	616	2,463	-	3,079
Debentures	3.75 - 5.42	5,000	30,560	27,500	63,060
<b>Total</b>		<b>7,610</b>	<b>33,023</b>	<b>27,500</b>	<b>68,133</b>

<b>2013</b>					
Overdrafts	MOR	9	-	-	9
Short-term borrowings from financial institutions	2.81 - 2.97	3,478	-	-	3,478
Long-term borrowings from financial institutions	4.11 - 4.36	500	3,067	-	3,567
Debentures	3.24 - 5.42	6,200	27,060	36,000	69,260
<b>Total</b>		<b>10,187</b>	<b>30,127</b>	<b>36,000</b>	<b>76,314</b>

**Charoen Pokphand Foods Public Company Limited  
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The Group has 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 2014 the Group had long-term borrowings under interest rate swap agreements totaling Baht 29,775 million (2013: Baht 32,105 million). The above average interest rates are interest rates after adjusted with rates stipulated in the interest rate swap agreements.

As at 31 December 2014, the Group has the interest rate swap agreements with the financial institutions to manage exposure of fluctuations in interest rates as follows:

- 1) The Company has entered into a cross currency and interest rate swap agreement with a financial institution for debentures totaling Baht 6,060 million to be USD 200 million. The Company has commitments to make payments for the fixed interest rate at 3.75% in USD for the principal amount of USD 200 million and the counterparty has commitments to make payments for the fixed interest rate at 4.69% in Baht for the principal amount of Baht 6,060 million.
- 2) The Company has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowings totaling USD 100 million to be Baht 3,082 million. The Company has commitments to make payments for the fixed interest rate at 4.11% in Baht for the principal amount of Baht 3,082 million and the counterparty has commitments to make payments for the interest rate at USD-LIBOR-BBA + 2.35% in USD for the principal amount of USD 100 million.
- 3) A foreign subsidiary has entered into interest rate swap agreements with certain financial institutions for long-term borrowings totaling USD 603 million (equivalent approximately to Baht 19,842 million). The subsidiary has commitments to make payments for the fixed interest rates under the terms and conditions of the agreements (4.40% - 4.58% per annum) and the counterparty has commitments to make payments for the interest rate at USD-LIBOR-BBA + 3.50%.
- 4) A foreign subsidiary has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowing amounting to USD 29 million to be PHP 1,200 million. The subsidiary has commitments to make payments for the fixed interest rate at 6.40% in Peso and the counterparty has commitments to make payments for the interest rates at USD-3M-LIBOR-BBA + 3.00% in USD for the first year to the third year; and USD-3M-LIBOR-BBA + 3.25% in USD for the fourth year and fifth year.

***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 utilises 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.

**Charoen Pokphand Foods Public Company Limited  
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**Notes to the financial statements**

At 31 December 2014 and 2013 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

Foreign currency		<b>Consolidated</b>		<i>(Unit: Million)</i>		
		<b>financial statements</b>		<b>Separate</b>		
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<b>Accounts receivable - trade and others</b>						
Foreign currencies	United States Dollar	55	69	27	31	
	Won	23,195	20,975	7,875	5,155	
	Singapore Dollar	16	15	-	-	
	Euro	2	6	10	11	
	Ruble	-	-	57	57	
	Pound Sterling	-	-	-	5	
	Yen	259	401	147	555	
	Swedish Krona	11	-	-	-	
	Australian Dollar	-	-	2	1	
	Rand	2	2	2	2	
	Renminbi	-	-	69	52	
	Currency forwards	United States Dollar	58	63	42	46
		Won	23,195	20,975	7,875	5,155
Singapore Dollar		16	15	-	-	
Euro		-	-	10	11	
Ruble		-	-	56	48	
Pound Sterling		-	-	-	5	
Yen		259	401	147	555	
Australian Dollar		-	-	2	1	
Rand	2	2	2	2		
Renminbi	-	-	69	52		
<b>Short-term loans to subsidiaries</b>						
Foreign currencies	United States Dollar	-	-	-	200	
	Ruble	-	-	300	300	
	Euro	-	-	9	-	
Currency forwards	Euro	-	-	9	-	
<b>Long-term loans to subsidiaries</b>						
Foreign currencies	United States Dollar	-	-	200	200	
	Ruble	-	-	1,703	1,703	
Currency forward	United States Dollar	-	-	200	200	
	Ruble	-	-	953	953	
<b>Interest-bearing liabilities</b>						
Foreign currencies	United States Dollar	310	237	100	100	
	Euro	39	38	-	-	
Currency forward	United States Dollar	100	135	100	100	

**Charoen Pokphand Foods Public Company Limited  
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Foreign currency		Consolidated		<i>(Unit: Million)</i>	
		financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Accounts payable - trade and others</b>					
Foreign currencies	United States Dollar	182	45	2	2
	Euro	9	7	-	-
	Yen	29	72	-	34
Currency forwards	United States Dollar	241	7	1	1
	Euro	3	2	-	-
	Yen	29	70	-	34
<b>Forecast sales</b>					
Currency forwards	United States Dollar	78	165	7	60
	Pound Sterling	21	37	-	2
	Euro	12	17	1	4
	Yen	742	1,001	41	172
	Singapore Dollar	14	13	-	-
	Won	3,216	4,217	382	10
	Hongkong Dollar	18	15	-	-
	Danish Krone	12	24	-	-
	Australian Dollar	2	4	-	-
Renminbi	3	5	-	1	
<b>Forecast purchases</b>					
Currency forwards	United States Dollar	28	64	6	1
	Euro	4	1	-	1
	Yen	32	71	-	-
	Danish Krone	1	1	-	-
	Australian Dollar	-	1	-	-

***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 over a certain amount. 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.



**Charoen Pokphand Foods Public Company Limited  
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*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 amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. 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 receivables, short-term loans, other current assets, overdrafts, short-term borrowings, trade and other payables and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities, which are held for trading and available-for-sales, are determined by reference to their quoted bid price at the reporting date.

The fair value of forward exchange contracts approximates the expected amounts that can be traded in the current exchange rate market.

The fair value of long-term debts and long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

**40 Commitments with non-related parties**

As at 31 December 2014 and 2013 the Group had commitments with non-related parties as follows:

**40.1 Capital commitments**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	5,455	4,117	16	13
Machinery, equipment and others	<u>6,743</u>	<u>3,016</u>	<u>69</u>	<u>85</u>
<b>Total</b>	<b><u>12,198</u></b>	<b><u>7,133</u></b>	<b><u>85</u></b>	<b><u>98</u></b>

**40.2 Commitments under operating lease agreements**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Within one year	2,688	2,265	229	220
Over one year but within five years	6,569	5,471	204	295
Over five years	<u>9,327</u>	<u>8,184</u>	<u>12</u>	<u>33</u>
<b>Total</b>	<b><u>18,584</u></b>	<b><u>15,920</u></b>	<b><u>445</u></b>	<b><u>548</u></b>

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 2015 to 2058.

# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 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 expire on 31 December 2015. 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 2014 totaled Baht 32 million (2013: Baht 15 million).

### 40.4 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totaling Baht 174 million and Baht 895 million respectively (2013: Baht 41 million and Baht 2,105 million respectively).

### 40.5 Letters of guarantee

- (a) The Company and certain subsidiaries had commitments to financial institutions for letters of guarantee issued by the financial institutions in favor of government agencies and others totaling Baht 1,351 million and Baht 5,100 million respectively (2013: Baht 51 million and Baht 6,577 million respectively). The letters of guarantee are principally covering the guarantee of taxes, duties and sell of products.
- (b) Certain foreign subsidiaries have commitments to foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totaling Baht 1,693 million (2013: Baht 591 million).

## 41 Guarantees

As at 31 December 2014 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 9,691 million shares with a fair value of Baht 35,374 million (31 December 2013: 9,691 million ordinary shares with a fair value of Baht 31,515 million).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totaling 51,000 shares with a carrying value of Baht 177 million (31 December 2013: 100,000 ordinary shares with a carrying value of Baht 681 million).
- (c) Finagro ASP totaling 550 shares with a carrying value of Baht 184 million (31 December 2013: 550 ordinary shares with a carrying value of Baht 327 million).
- (d) NNPP Limited Liability Company with an authorised share capital of Baht 131 million (31 December 2013: nil).

**Charoen Pokphand Foods Public Company Limited  
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41.2 Property, plant and equipment with net book value of Baht 6,046 million (31 December 2013: Baht 5,406 million).

41.3 Current assets and non-current assets mainly comprising of inventories and net accounts receivable and payable, with a carrying value of Baht 3,409 million (31 December 2013: Baht 2,692 million).

**42 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 2015.

TFRS	Topic
TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events after the Reporting Period
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures
TAS 33 (revised 2014)	Earnings per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible Assets
TAS 40 (revised 2014)	Investment Properties
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

**Charoen Pokphand Foods Public Company Limited  
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Notes to the financial statements

TFRS	Topic
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners

The impact of the adoption of such revised TFRS and interpretations from 1 January 2015 on the Group's financial statements is still under consideration by management.

**43 Reclassification of accounts**

Certain accounts in the statement of financial position for the year 2013 have been reclassified to conform to the presentation in the statement of financial position for the year 2014 as follows:

*(Unit: million Baht)*

	2013					
	Consolidated financial statement			Separate financial statement		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After reclassi- fication
<b>Statement of financial position</b>						
Accrued dividend income	-	46	46	-	-	-
Other current assets	3,310	(46)	3,264	-	-	-
Accrued expenses	6,306	1,060	7,366	-	-	-
Other current liabilities	8,328	(1,060)	7,268	-	-	-
Surplus from change in equity in subsidiaries	102	(102)	-	-	-	-
Surplus from change in equity in subsidiaries and associates	-	(69)	(69)	-	-	-
Other components of equity	8,838	171	9,009	-	-	-
		<u>-</u>			<u>-</u>	
<b>Statement of income</b>						
Selling expenses	17,121	(746)	16,375	-	-	-
Administrative expenses	19,842	746	20,588	-	-	-
		<u>-</u>			<u>-</u>	



**KPMG Phoomchai Audit Ltd.**  
50<sup>th</sup>-51<sup>st</sup> Floors, Empire Tower  
1 South Sathorn Rd., Yannawa  
Sathorn, Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูเก็ต จำกัด  
ชั้น 50-51 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120

Tel: +66 2677 2000  
Fax: +66 2677 2222  
www.kpmg.co.th

## Independent Auditor's Report

### To the Shareholders of Charoen Pokphand Foods Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Charoen Pokphand Foods Public Company Limited and its subsidiaries (the "Group"), and of Charoen Pokphand Foods Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2015, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, 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.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

KPMG Phoomchai Audit Ltd., a Thai limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



*Opinion*

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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

(Munchupa Singsuksawat)  
Certified Public Accountant  
Registration No. 6112

KPMG Phoomchai Audit Ltd.  
Bangkok  
29 February 2016

**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		2015	2014	2015	2014
<b>Current assets</b>					
Cash and cash equivalents	6	36,460,815	33,551,551	17,399,514	13,696,266
Current investments		7,772,903	5,768,762	-	-
Accounts receivable - trade and others	7	26,155,921	24,953,330	4,112,539	4,339,602
Short-term loans to subsidiaries	5	-	-	33,935,834	19,733,432
Current portion of long-term loans to subsidiaries	5	-	-	387,151	119,623
Inventories	5, 8	52,111,810	49,036,020	4,210,182	4,201,329
Current biological assets	9	27,757,337	24,377,595	1,054,173	1,371,710
Advance payments for purchase of goods		2,224,032	1,996,721	-	-
Prepaid expenses		1,550,515	1,357,809	190,010	223,239
Accrued dividend income	5	188,755	95,110	5,926,986	3,901,983
Restricted deposits at financial institutions	20	1,946,451	1,347,495	-	-
Other current assets	5	3,824,841	3,769,056	951,067	137,962
<b>Total current assets</b>		<b>159,993,380</b>	<b>146,253,449</b>	<b>68,167,456</b>	<b>47,725,146</b>

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)		2015	2014	2015	2014
<i>Non-current assets</i>					
Available-for-sale investments	10	3,659,056	3,924,202	-	-
Investments in subsidiaries	11	-	-	86,937,987	68,442,882
Investments in associates	13	65,312,420	52,055,045	334,809	334,809
Investments in joint ventures	14	4,419,269	4,194,145	-	-
Investments in related companies	15	1,608,434	1,548,709	678,170	678,170
Investments in other companies		303,916	290,448	-	-
Long-term loans to subsidiaries	5	-	-	22,980,106	16,837,241
Investment properties	16	1,379,047	1,168,713	200,756	199,614
Property, plant and equipment	5, 17	149,599,244	124,460,811	16,112,553	17,862,117
Non-current biological assets	9	7,220,430	5,595,036	-	-
Goodwill	18	81,297,865	60,698,539	-	-
Other intangible assets	19	4,515,179	4,715,071	43,102	49,968
Restricted deposits at financial institutions	20	1,081	706,579	-	-
Deferred tax assets	21	4,434,351	3,815,344	3,061,554	2,604,449
Leasehold rights prepayment	22	6,946,130	5,039,177	-	-
Other non-current assets		3,572,934	2,298,592	210,509	179,417
<b>Total non-current assets</b>		<b>334,269,356</b>	<b>270,510,411</b>	<b>130,559,546</b>	<b>107,188,667</b>
<b>Total assets</b>		<b>494,262,736</b>	<b>416,763,860</b>	<b>198,727,002</b>	<b>154,913,813</b>

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	
		2015	2014	2015	2014
<b>Liabilities and equity</b>					
<i>Current liabilities</i>					
Overdrafts and short-term borrowings					
from financial institutions	23	88,018,612	63,686,589	7,257,156	5,098
Bills of exchange	23	18,731,169	1,988,760	18,731,169	1,988,760
Accounts payable - trade and others	24	28,022,326	25,632,138	1,520,800	1,596,611
Short-term borrowings from					
joint ventures and related company	5, 23	378,346	395,405	-	-
Current portion of long-term debts	23	30,723,561	13,432,366	6,676,400	5,616,400
Accrued expenses		8,339,940	7,950,594	404,751	264,815
Income tax payable		1,711,550	1,920,958	-	-
Other current liabilities		10,365,185	8,277,878	2,283,580	1,465,960
<b>Total current liabilities</b>		<b>186,290,689</b>	<b>123,284,688</b>	<b>36,873,856</b>	<b>10,937,644</b>
<i>Non-current liabilities</i>					
Long-term debts	23	120,299,374	116,425,489	72,794,792	60,522,406
Provisions and others		1,172,319	725,581	-	-
Deferred tax liabilities	21	5,531,193	5,677,034	-	-
Employee benefit obligations	25	7,244,211	6,684,818	1,969,448	1,893,607
<b>Total non-current liabilities</b>		<b>134,247,097</b>	<b>129,512,922</b>	<b>74,764,240</b>	<b>62,416,013</b>
<b>Total liabilities</b>		<b>320,537,786</b>	<b>252,797,610</b>	<b>111,638,096</b>	<b>73,353,657</b>

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)

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		31 December		31 December	
<b>Liabilities and equity (Continued)</b>	<i>Note</i>	2015	2014	2015	2014
<b>Equity</b>					
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		3,997,711	4,042,933	-	-
Surplus on common control transactions		(5,159)	-	490,423	428,671
Retained earnings					
Appropriated	28				
Legal reserve		820,666	820,666	820,666	820,666
Unappropriated		65,919,003	60,130,818	37,712,076	32,244,832
Other components of equity		(908,246)	5,997,143	1,279,923	1,280,169
<b>Total equity attributable to equity holders of the Company</b>		<b>116,364,675</b>	<b>117,532,260</b>	<b>87,088,906</b>	<b>81,560,156</b>
Non-controlling interests	12	57,360,275	46,433,990	-	-
<b>Total equity</b>		<b>173,724,950</b>	<b>163,966,250</b>	<b>87,088,906</b>	<b>81,560,156</b>
<b>Total liabilities and equity</b>		<b>494,262,736</b>	<b>416,763,860</b>	<b>198,727,002</b>	<b>154,913,813</b>

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	
		2015	2014	2015	2014
<b>Income</b>	5				
Revenue from sale of goods		421,354,833	426,039,447	24,675,518	26,898,321
Interest income		643,751	585,713	3,680,128	2,453,488
Dividend income		67,980	60,866	13,450,364	13,427,954
Net foreign exchange gains		1,348,234	-	1,344,093	90,841
Gains on sale of investments	10, 13	7,128,792	4,662,284	-	1,883,824
Gains on changes in fair value of investment in associates	4	235,758	-	-	-
Other income		3,413,629	2,153,689	70,438	44,295
<b>Total income</b>		<b>434,192,977</b>	<b>433,501,999</b>	<b>43,220,541</b>	<b>44,798,723</b>
<b>Expenses</b>	5				
Cost of sale of goods	8, 33	363,287,019	368,759,673	23,781,294	28,749,233
Gains on changes in fair value of biological assets	9	(404,186)	(337,921)	-	-
Selling expenses	30, 33	20,890,492	20,140,426	1,075,700	1,136,175
Administrative expenses	31, 33	25,998,751	22,671,192	3,946,473	3,479,825
Net foreign exchange losses		-	355,754	-	-
Finance costs	34	9,613,774	8,902,815	3,590,336	3,361,976
<b>Total expenses</b>		<b>419,385,850</b>	<b>420,491,939</b>	<b>32,393,803</b>	<b>36,727,209</b>
Share of profits of associates and joint venture	13, 14	5,220,876	4,868,734	-	-
<b>Profit before income tax expense (income)</b>		<b>20,028,003</b>	<b>17,878,794</b>	<b>10,826,738</b>	<b>8,071,514</b>
Income tax expense (income)	35	3,653,860	3,649,402	(447,467)	(864,293)
<b>Profit for the year</b>		<b>16,374,143</b>	<b>14,229,392</b>	<b>11,274,205</b>	<b>8,935,807</b>
<b>Profit for the year attributable to:</b>					
Equity holders of the Company		11,058,741	10,561,703	11,274,205	8,935,807
Non-controlling interests		5,315,402	3,667,689	-	-
<b>Profit for the year</b>		<b>16,374,143</b>	<b>14,229,392</b>	<b>11,274,205</b>	<b>8,935,807</b>
<b>Basic earnings per share (in Baht)</b>	37	<b>1.50</b>	<b>1.43</b>	<b>1.46</b>	<b>1.15</b>

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)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Year ended 31 December		Year ended 31 December	
Note	2015	2014	2015	2014
<b>Profit for the year</b>	<b>16,374,143</b>	<b>14,229,392</b>	<b>11,274,205</b>	<b>8,935,807</b>
<b>Other comprehensive income</b>				
<i>Items that will never be reclassified to profit or loss subsequently</i>				
Revaluation differences on assets	(685)	-	-	-
Defined benefit plan actuarial gains (losses)	(138,631)	35,991	-	-
<i>Items that are or may be reclassified to profit or loss subsequently</i>				
Fair value changes on available-for-sale investments	(3,485,262)	1,376,621	-	-
Reclassification of net change in fair value of available-for-sale investment to profit or loss	(1,449,938)	-	-	-
Currency translation differences	1,700,363	(2,390,309)	-	-
Reclassification of currency translation differences on previously held interest in associate before status change to subsidiary to profit or loss	(36,876)	-	-	-
<b>Other comprehensive income before income tax expense (income)</b>	<b>(3,411,029)</b>	<b>(977,697)</b>	<b>-</b>	<b>-</b>
Income tax expense (income) of other comprehensive income	35 (423,052)	280,467	-	-
<b>Other comprehensive income for the year, net of income tax expense (income)</b>	<b>(2,987,977)</b>	<b>(1,258,164)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>13,386,166</b>	<b>12,971,228</b>	<b>11,274,205</b>	<b>8,935,807</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	4,581,534	8,869,195	11,274,205	8,935,807
Non-controlling interests	8,804,632	4,102,033	-	-
<b>Total comprehensive income for the year</b>	<b>13,386,166</b>	<b>12,971,228</b>	<b>11,274,205</b>	<b>8,935,807</b>

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	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 investments available-for-sale	Currency translation differences	Total other components of equity				
<b>Year ended at 31 December 2014</b>															
<b>Balance at 1 January 2014</b>	7,742,942	(1,135,146)	36,462,883	3,470,021	(68,794)	820,666	53,492,657	7,852,420	284,698	872,253	9,009,371	109,794,600	19,777,970	129,572,570	
<b>Transactions with equity holders, recorded directly in equity</b>															
<i>Distributions to owners</i>	-	-	-	-	-	-	(4,063,466)	-	-	-	-	(4,063,466)	(2,312,845)	(6,376,311)	
Dividends paid	-	-	-	-	-	-	(4,063,466)	-	-	-	-	(4,063,466)	(2,312,845)	(6,376,311)	
<b>Total distributions to owners</b>															
<i>Changes in ownership interests in subsidiaries and associates</i>															
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of non-controlling interests without a change in control	-	-	-	-	4,130,493	-	-	-	-	(1,179,796)	(1,179,796)	2,950,697	24,307,098	27,257,795	
Changes in interests in associates	-	-	-	-	(32,048)	-	-	-	-	-	-	(32,048)	-	(32,048)	
New shares issued by subsidiary	-	-	-	-	13,282	-	-	-	-	-	-	13,282	483,280	496,562	
<b>Total changes in ownership interests in subsidiaries and associates</b>															
<b>Total transactions with equity holders, recorded directly in equity</b>															
<b>Comprehensive income for the year</b>															
Profit	-	-	-	-	4,111,727	-	(4,063,466)	-	-	(1,179,796)	(1,179,796)	(1,131,435)	22,553,987	21,422,452	
Other comprehensive income	-	-	-	-	-	-	10,561,703	-	-	-	-	10,561,703	3,667,689	14,229,392	
- Actuarial gains (losses)	-	-	-	-	-	-	(67,306)	-	-	-	-	(67,306)	98,154	30,848	
- Other	-	-	-	-	-	-	-	-	1,095,226	(2,720,428)	(1,625,202)	(1,625,202)	3,361,190	(1,289,012)	
<b>Total comprehensive income for the year</b>															
Transferred to retained earnings	-	-	-	-	-	-	10,494,397	-	1,095,226	(2,720,428)	(1,625,202)	8,869,195	4,102,033	12,971,228	
	-	-	-	-	-	-	207,230	(207,230)	-	-	(207,230)	-	-	-	
<b>Balance at 31 December 2014</b>	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	

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														
	Other components of 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	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
<b>Year ended at 31 December 2015</b>															
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	-	-	-	-	-	-	-	(5,541,696)	-	-	-	-	(5,541,696)	(2,899,045)	(8,440,741)
<i>Distributions to owners</i>	-	-	-	-	-	-	-	(5,541,696)	-	-	-	-	(5,541,696)	(2,899,045)	(8,440,741)
<i>Dividends paid</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total distributions to owners</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<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	-	-	-	-	491,121	(5,159)	-	-	-	-	-	43,962	43,962	-	43,962
New shares issued by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	207,889	207,889
<b>Total changes in ownership interests in subsidiaries and associates</b>	-	-	-	-	(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)
<b>Comprehensive income for the year</b>	-	-	-	-	-	-	-	11,058,741	-	-	-	-	11,058,741	5,315,402	16,374,143
Profit	-	-	-	-	-	-	-	11,058,741	-	-	-	-	11,058,741	5,315,402	16,374,143
Other comprehensive income	-	-	-	-	-	-	-	(101,759)	-	-	-	-	(101,759)	(13,621)	(115,380)
- Actuarial losses	-	-	-	-	-	-	-	(101,759)	-	-	-	-	(101,759)	(13,621)	(115,380)
- Other	-	-	-	-	-	-	-	-	(685)	(1,848,996)	(6,375,448)	(6,375,448)	5,502,851	(2,872,597)	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	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)	-	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>7,742,942</b>	<b>(1,135,146)</b>	<b>36,462,883</b>	<b>3,470,021</b>	<b>3,997,711</b>	<b>(5,159)</b>	<b>820,666</b>	<b>65,919,003</b>	<b>7,272,105</b>	<b>(3,145,843)</b>	<b>(5,034,508)</b>	<b>(908,246)</b>	<b>116,364,675</b>	<b>57,360,275</b>	<b>173,724,950</b>

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							Total equity	
	Issued and paid-up share capital	Premium on ordinary shares	Other premium	Surplus on common control transactions	Legal reserve	Unappropriated retained earnings	Other components of equity		
							Revaluation differences on assets		Total other components of equity
<b>Year ended 31 December 2014</b>									
<b>Balance at 1 January 2014</b>	<b>7,742,942</b>	<b>35,572,855</b>	<b>3,470,021</b>	<b>428,671</b>	<b>820,666</b>	<b>27,566,867</b>	<b>1,280,946</b>	<b>1,280,946</b>	<b>76,882,968</b>
Transactions with equity holders, recorded directly in equity									
<i>Distributions to owners</i>									
Dividends paid	-	-	-	-	-	(4,258,619)	-	-	(4,258,619)
<i>Total distributions to owners</i>	-	-	-	-	-	(4,258,619)	-	-	(4,258,619)
Total transactions with equity holders, recorded directly in equity	-	-	-	-	-	(4,258,619)	-	-	(4,258,619)
<b>Comprehensive income for the year</b>									
Profit	-	-	-	-	-	8,935,807	-	-	8,935,807
<b>Total comprehensive income for the year</b>									
Transferred to retained earnings	-	-	-	-	-	777	(777)	(777)	-
<b>Balance at 31 December 2014</b>	<b>7,742,942</b>	<b>35,572,855</b>	<b>3,470,021</b>	<b>428,671</b>	<b>820,666</b>	<b>32,244,832</b>	<b>1,280,169</b>	<b>1,280,169</b>	<b>81,560,156</b>

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

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 2015	2014	Year ended 31 December 2015	2014
<b>Cash flows from operating activities</b>					
Profit for the year		16,374,143	14,229,392	11,274,205	8,935,807
<i>Adjustments for</i>					
Depreciation	16, 17	10,030,889	8,962,900	2,022,239	2,010,394
Amortisation		1,476,071	1,002,294	9,122	8,984
Depreciation of biological assets		4,338,839	4,639,900	140,120	90,169
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)	7	255,769	5,674	(2,277)	(549)
Losses (reversal of allowance for losses) on decline in value of inventories adjusted to net realisable value		209,951	(19,447)	119,136	(37,157)
Interest income		(643,751)	(585,713)	(3,680,128)	(2,453,488)
Dividend income		(67,980)	(60,866)	(13,450,364)	(13,427,954)
Finance costs	34	9,613,774	8,902,815	3,590,336	3,361,976
Gains on sales of investments		(7,128,792)	(4,662,284)	-	(1,883,824)
Employee benefit obligations		718,483	686,752	191,212	196,670
Gains on sales of investment properties		(1,142)	(12,840)	(1,142)	(6,900)
Losses (gains) on sale of property, plant and equipment		(1,287,753)	13,292	100,214	(4,426)
Losses (gains) on write-off of other intangible assets		-	2,028	(128)	-
Losses on write-off of plant and equipment		319,964	121,154	172,408	35,529
Impairment losses of plant and equipment	17	23,130	60,601	21,252	60,601
Gains on sales of leasehold rights		(35,833)	-	-	-
Unrealised losses (gains) on exchange rates		(68,156)	(259,791)	(285,595)	540,374
Gains on changes in fair value of biological assets		(404,186)	(337,921)	-	-
Gains on changes in fair value of investment in associates	4	(235,758)	-	-	-
Share of profits of associates and joint ventures	13, 14	(5,220,876)	(4,868,734)	-	-
Income tax expense (income)	35	3,653,860	3,649,402	(447,467)	(864,293)
		31,920,646	31,468,608	(226,857)	(3,438,087)
<i>Changes in operating assets and liabilities</i>					
Accounts receivable - trade and others		(1,014,803)	(452,229)	229,340	380,694
Inventories		625,398	(959,960)	(190,924)	114,150
Current and non-current biological assets		(6,162,909)	(7,265,857)	177,417	(196,171)
Other current assets		(333,314)	(2,410,878)	(681,852)	128,058
Other non-current assets		(2,719,575)	(1,159,492)	612	15,905

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)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Year ended 31 December		Year ended 31 December	
<i>Note</i>	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
<i>(Continued)</i>				
Accounts payable - trade and others	799,747	5,608,282	(75,811)	(308,712)
Other current liabilities	2,637,219	1,782,424	540,876	(1,280)
Employee benefits paid	(251,573)	(183,324)	(47,974)	(64,995)
Income tax paid	(4,638,396)	(3,219,730)	(56,779)	(56,045)
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	<b>20,862,440</b>	<b>23,207,844</b>	<b>(331,952)</b>	<b>(3,426,483)</b>
<b>Cash flows from investing activities</b>				
Interest received	633,701	596,931	3,671,583	2,466,148
Dividends received	2,677,767	3,406,666	11,425,361	10,650,971
Increase in short-term loans to subsidiaries	-	-	(13,893,423)	(1,931,700)
Decrease in short-term loans to joint ventures and related company	-	141,299	-	-
Purchase of current investments	(1,768,859)	(2,629,610)	-	-
Purchase of investments	(20,377,697)	(13,484,362)	(18,279,909)	(1,654)
Sale of investments	11,429,328	6,173,439	-	21,007,963
Net consideration paid for acquisition of subsidiaries	4 (20,413,360)	(3,129,823)	-	-
Net cash inflow from disposal of subsidiaries	-	1,633,945	-	-
Decrease (increase) in long-term loans to subsidiaries	-	-	(6,437,573)	1,265,352
Purchase of property, plant and equipment	(25,397,858)	(25,550,473)	(1,181,464)	(2,152,133)
Purchase of investment properties	(16,649)	(62,871)	-	-
Sale of investment properties	-	11,024	-	11,000
Sale of property, plant and equipment	1,537,950	73,854	98,515	28,865
Sale of other intangible assets	-	653	1,375	-
Purchase of other intangible assets	19 (174,648)	(230,762)	(4,267)	(6,142)
Net cash inflow on business transfer under common control	5 -	-	556,951	-
Cash inflow from sale of leasehold rights	137,603	-	-	-
Purchase of leasehold rights	(135,750)	(113,647)	-	-
<b>Net cash provided by (used in)</b>				
<b>investing activities</b>	<b>(51,868,472)</b>	<b>(33,163,737)</b>	<b>(24,042,851)</b>	<b>31,338,670</b>

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)*

<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Year ended 31 December		Year ended 31 December	
	2015	2014	2015	2014
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(8,996,892)	(8,415,242)	(3,218,427)	(3,305,031)
Increase in short-term borrowings from financial institutions	17,337,063	3,009,084	7,154,000	-
Increase (decrease) in bills of exchange	16,629,607	(1,599,221)	16,629,607	(1,599,221)
Increase (decrease) in short-term borrowings from joint ventures and related company	(19,625)	171,083	-	-
Decrease in short-term loan from other companies	-	(141,065)	-	-
Decrease in long-term borrowings from related company	-	(22,935)	-	-
Repayment of liabilities under finance leases	(7,650)	(10,244)	-	-
Proceeds from long-term borrowings from financial institutions	11,645,691	11,258,284	-	-
Repayment of long-term borrowings from financial institutions and other company	(10,420,051)	(4,719,944)	(616,400)	(500,000)
Proceeds from issue of debentures	18,940,000	9,318,807	18,940,000	-
Repayment of debentures	(5,000,000)	(6,200,000)	(5,000,000)	(6,200,000)
Payment of financial transaction costs	(505,919)	(487,857)	(15,808)	(13,132)
Proceeds from issue of new ordinary shares	207,889	75,810	-	-
Proceeds from exercise share options	-	433,329	-	-
Dividend paid of the Company - net of dividends paid to subsidiaries (for share held in treasury)	(5,534,504)	(4,104,276)	(5,800,014)	(4,249,797)
Dividends paid to non-controlling interests	(3,078,036)	(2,312,845)	-	-
Proceed from partial disposal of interest in subsidiary	-	27,257,795	-	-
Consideration paid for acquisition of non-controlling interests	(442,564)	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>30,755,009</b>	<b>23,510,563</b>	<b>28,072,958</b>	<b>(15,867,181)</b>

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)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Year ended 31 December		Year ended 31 December	
<i>Note</i>	2015	2014	2015	2014
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(251,023)</b>	<b>13,554,670</b>	<b>3,698,155</b>	<b>12,045,006</b>
Cash and cash equivalents at beginning of year	31,923,565	17,180,252	13,691,168	1,386,372
Effect of exchange rate changes on balances held in foreign currencies	714,939	1,188,643	3,795	259,790
<b>Cash and cash equivalents at end of year</b>	<b>32,387,481</b>	<b>31,923,565</b>	<b>17,393,118</b>	<b>13,691,168</b>

*Supplemental disclosures of cash flows information:*

**1. Cash and cash equivalents**

These consisted of:

Cash and cash equivalents	6	36,460,815	33,551,551	17,399,514	13,696,266
Overdrafts	23	(4,073,334)	(1,627,986)	(6,396)	(5,098)
<b>Net</b>		<b>32,387,481</b>	<b>31,923,565</b>	<b>17,393,118</b>	<b>13,691,168</b>

**2. Non-cash transactions**

The group had non-cash transactions during the year ended 31 December 2015 as follows:

2.1 As at 31 December 2015 the Company had accrued professional fees that were included in cost of investment in CPF Netherlands B.V. from business acquisition in Russia amounting to Baht 215 million.

2.2 As at 31 December 2015 the Group and the Company had accrued dividend income amounting to Baht 189 million and Baht 5,927 million respectively (2014: Baht 95 million and Baht 3,902 million respectively).

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

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

## Notes to the financial statements

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 authorised for issue by the executive directors on 29 February 2016.

### 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 consists of 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 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 2015 and 2014 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
<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. <sup>(1)</sup>	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  
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Notes to the financial statements**

	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2015	2014
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	-
4.1.1)	Chozen Holdings Limited	Restaurant	United Kingdom	71.50	-
4.1.2)	Chozen Noodle Trading Limited	Property lease-out	United Kingdom	71.50	-
4.2)	Tops Foods NV	Production and distributor of ready meals	Belgium	84.08	80.02
5)	CPF Food Trading Co., Ltd.	Importer and distributor of processed meat and ready meals	The People's Republic of China	100.00	100.00
6)	CPF Tokyo Co., Ltd.	Importer and distributor of processed meat and ready meals	Japan	99.99	99.99
7)	CP Foods (UK) Limited (7.1 to 7.60 are subsidiaries of CP Foods (UK) Limited)	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.1)	Fusion Abbey Park Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.2)	Fusion Alfrick Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.3)	Fusion Bracewell Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.4)	Fusion Bransford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.5)	Fusion Broadway Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.6)	Fusion Brothwood Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.7)	Fusion Calis Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.8)	Fusion Carnoustie Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.9)	Fusion Charlton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.10)	Fusion Crowle Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.11)	Fusion Dalaman Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.12)	Fusion Defford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.13)	Fusion Dormington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.14)	Fusion Driscoll Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.15)	Fusion Dumbleton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.16)	Fusion Eastoe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00

**Charoen Pokphand Foods Public Company Limited  
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
7.17) Fusion Elmbridge Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.18) Fusion Everton Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.19) Fusion Exning Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.20) Fusion Fethiye Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.21) Fusion Gatley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.22) Fusion Gocek Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.23) Fusion Gray Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.24) Fusion Harper Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.25) Fusion Hartford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.26) Fusion Hawstead Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.27) Fusion Head Street Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.28) Fusion Heath Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.29) Fusion Irvine Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.30) Fusion Kaitaia Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.31) Fusion Kroma Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.32) Fusion Krone Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.33) Fusion Lineker Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.34) Fusion Littleworth Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.35) Fusion Madeley Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.36) Fusion Memahon Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.37) Fusion Mountfield Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.38) Fusion Moyes Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.39) Fusion Newlands Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.40) Fusion Niamh Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.41) Fusion Pershore Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.42) Fusion Priest Lane Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.43) Fusion Ratcliffe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00



**Charoen Pokphand Foods Public Company Limited  
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
7.44) Fusion Reid Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.45) Fusion Richardson Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.46) Fusion Samui Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.47) Fusion Sharp Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.48) Fusion Sheedy Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.49) Fusion Soham Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.50) Fusion Southall Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.51) Fusion Stevens Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.52) Fusion Thetford Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.53) Fusion Turgay Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.54) Fusion Uzumlu Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.55) Fusion Van Den Hauwe Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.56) Fusion Wadborough Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.57) Fusion Wellington Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.58) Fusion Whistler Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.59) Fusion Wright Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
7.60) Fusion Yamac Limited	Importer and distributor of processed meat and ready meals	United Kingdom	57.52	52.00
<b><i>Aquaculture business</i></b>				
<b><i>Direct subsidiary</i></b>				
1) Seafoods Enterprise Co., Ltd. <sup>(1)</sup>	Shrimp processing plant	Thailand	99.99	99.99
<b><i>Indirect subsidiary</i></b>				
1) C.P. Food Products, Inc.	Importer and distributor of seafood products	United States of America	100.00	100.00
<b><i>Other businesses</i></b>				
<b><i>Direct subsidiaries</i></b>				
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	-

**Charoen Pokphand Foods Public Company Limited  
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
<i>Overseas operations</i>				
<i>Direct subsidiaries</i>				
1) Charoen Pokphand Foods Kenya Co., Ltd.	Animal feedmill and livestock farming	Kenya	99.99	99.99
2) CPF Investment Limited (2.1 to 2.6 are subsidiaries of CPF Investment Limited)	Investment	British Virgin Islands	100.00	100.00
2.1) Bright Excel Investments Limited	Investment	British Virgin Islands	100.00	100.00
2.2) Charoen Pokphand (Taiwan) Investment Limited	Investment	Bermuda	100.00	100.00
2.3) Coinaton Investments Limited (2.3.1 is a subsidiary of Coinaton Investments Limited)	Investment	British Virgin Islands	100.00	100.00
2.3.1) Chun Ta Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
2.4) CPVN Limited	Investment	British Virgin Islands	100.00	100.00
2.5) Forward Pass Limited (2.5.1 is a subsidiary of Forward Pass Limited)	Investment	British Virgin Islands	100.00	100.00
2.5.1) Ta Chung Investment Co., Ltd.	Investment	Taiwan	100.00	100.00
2.6) New Splendid Holdings Limited	Investment	British Virgin Islands	100.00	100.00
3) C.P. Aquaculture (Beihai) Co., Ltd.	Aquatic feed production and distribution and aquaculture farming	The People's Republic of China	100.00	100.00
4) C.P. Aquaculture (Dongfang) Co., Ltd.	Shrimp hatchery business	The People's Republic of China	100.00	100.00
5) C.P. Aquaculture (Hainan) Co., Ltd.	Aquaculture farming	The People's Republic of China	100.00	100.00
6) C.P. Foods Holdings Limited	Investment	British Virgin Islands	100.00	100.00
7) C.P. Foods International Limited	Investment	British Virgin Islands	100.00	100.00
8) CPF Netherlands B.V. (8.1 is a subsidiary of CPF Netherlands B.V.)	Investment	Netherlands	99.99	-
8.1) Stesha LLC. (8.1.1 to 8.1.2 are subsidiaries of Stesha LLC.)	Investment	Russia	99.99	-
8.1.1) CJSC Poultry Parent Stock Production Woyskovitsy	Livestock farming and breeding	Russia	79.99	-
8.1.2) CJSC Poultry Production Severnaya	Animal feedmill, livestock farming and food processing plant	Russia	79.99	-

**Charoen Pokphand Foods Public Company Limited  
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
<i>Direct and indirect subsidiaries</i>				
1) Charoen Pokphand Foods Philippines Corporation (1.1 is a subsidiary of Charoen Pokphand Foods Philippines Corporation)	Animal feed production and distribution and shrimp hatchery business	Philippines	99.99	99.99
1.1) A.P.P. Enterprise, Inc. <sup>(2)</sup>	Property lease-out	Philippines	39.60	39.60
2) Charoen Pokphand Foods (Overseas) LLC. (2.1 to 2.5 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 Serebryanie Prudy LLC.	Livestock farming	Russia	99.99	-
2.4) CPF Trading LLC.	Importer and distributor of meat products	Russia	60.00	60.00
2.5) CPF Zaraysk LLC.	Livestock farming	Russia	99.99	-
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 <sup>(2)</sup>	Production and sale of chlortetracycline	The People's Republic of China	35.17	35.17
3.7) Shanghai C.P. Industrial Trading Co., Ltd. (formerly known as Shanghai EK Chor Industrial Trading Co., Ltd.) <sup>(3)</sup>	Sale of machine and spare part	The People's Republic of China	50.43	50.43
3.8) Zhumadian Huazheng Property Co., Ltd. <sup>(2)</sup>	Real estate property	The People's Republic of China	35.17	35.17
3.9) Zhumadian Huazhong Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of chlortetracycline	The People's Republic of China	35.17	35.17
4) C.P. Standart Gida Sanayi ve Ticaret A.S.	Agro-industrial and integrated food	Turkey	100.00	99.99

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	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2015	2014
5)	C.P. Pokphand Co., Ltd. (5.1 to 5.89 are subsidiaries of C.P. Pokphand Co., Ltd.)	Investment	Bermuda	50.43	50.43
5.1)	C.P. Aquaculture (Yangjiang) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.2)	C.P. Food Enterprises (Ningbo) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	50.43
5.3)	C.P. Food (Nantong) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	50.43
5.4)	C.P. Food (Xiangyang) Co., Ltd.	Manufacture and sale of value added processes food	The People's Republic of China	50.43	50.43
5.5)	C.P. Food (Xuzhou) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	-
5.6)	C.P. Food (Zhanjiang) Co., Ltd.	Manufacture and sale of value added processes food	The People's Republic of China	50.43	50.43
5.7)	C.P. Standard Resources Limited	Investment	Hong Kong	50.43	50.43
5.8)	C.P. Vietnam Corporation	Animal feed production and distribution and farming and food processing plant	Vietnam	64.89	64.89
5.9)	C.T. Progressive (H.K.) Limited	Investment	Bermuda	50.43	50.43
5.10)	Changsha Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.11)	Charoen Pokphand (China) Investment Limited	Investment	British Virgin Islands	50.43	50.43
5.12)	Chengdu Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	35.30
5.13)	Chia Tai (Beijing) Investment Management Co., Ltd.	Providing of management and management advisory service	The People's Republic of China	50.43	-
5.14)	Chia Tai (China) Investment Co., Ltd.	Investment and trading	The People's Republic of China	50.43	50.43
5.15)	Chia Tai Feed (Hengshui) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	-
5.16)	Chia Tai Feed (Qianjiang) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.17)	Chia Tai Feed (Yushu) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.18)	Chia Tai Feed (Zhanjiang) Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
5.19) Chia Tai Food Enterprise (Qingdao) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	50.43
5.20) Chia Tai Food Enterprise (Qinhuangdao) Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	50.43
5.21) Chia Tai Yongji Enterprise Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.22) Chia Tai Yueyang Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.23) Chongqing Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	30.26
5.24) Chongqing Shuangqiao Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	35.30
5.25) Chuzhou Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.26) CP China Investment Limited	Investment	Cayman Islands	50.43	50.43
5.27) CP Food Investment Limited	Investment	Hong Kong	50.43	50.43
5.28) Dali Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.29) Fuzhou Da Fu Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.30) Gansu Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	50.43
5.31) Ganzhou Chia Tai Industrial Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	40.34	40.34
5.32) Guang An Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	30.26
5.33) Guangdong Chia Tai Biotechnology Co., Ltd.	Production and sale of probiotics	The People's Republic of China	50.43	-
5.34) Guang Han Chia Tai Feed Tech Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	45.89	45.89
5.35) Guangxi Chia Tai Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	50.43
5.36) Guilin Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	42.86	42.86

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
5.37) Guiyang Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.38) Hangzhou Advance Feed Tech Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.39) Hannick Limited	Property investment	Hong Kong	50.43	50.43
5.40) Hebei Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	50.43
5.41) Hefei Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.42) Henan Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	50.43
5.43) Huai Hua Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.44) Huludao Chia Tai Husbandry Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.45) Inner Mongolia Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	45.58	45.58
5.46) Jiangsu Chia Tai Agro-Industrial Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	50.43
5.47) Jiangsu Huai Yin Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	44.38	44.38
5.48) Jiangxi Chia Tai Agriculture Financing Guarantee Co., Ltd.	Providing financial guarantee services	The People's Republic of China	50.43	-
5.49) Jilin Chia Tai Food Co., Ltd.	Food processing plant, production and distribution of processed meat and ready meal	The People's Republic of China	50.43	50.43
5.50) Jinan Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	32.78	32.78
5.51) Jiujiang Chia Tai Feedstuff Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	30.26
5.52) Kaifeng Chia Tai Co., Ltd	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.53) Kunming Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	46.59	46.59
5.54) Lanzhou Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	45.70	45.70

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
5.55) Liuzhou Advance Feed Tech Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.56) Mianyang Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	40.34	40.34
5.57) Modern State Investments Limited	Investment	British Virgin Islands	50.43	50.43
5.58) Nanchang Chiatai Livestock Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.59) Nanning Chia Tai Animal Husbandry Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	46.21	46.21
5.60) Nantong Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	30.26
5.61) Nantong Chia Tai Tech Feed Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	30.26
5.62) Nanyang Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	45.89	45.89
5.63) Neijiang Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	35.30
5.64) Ningbo Chia Tai Agriculture Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	35.30
5.65) Pingdingshan Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	35.30
5.66) Qingdao Chia Tai Agricultural Development Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.67) Shaanxi Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	48.41	48.41
5.68) Shanxi Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.21	30.21
5.69) Shenyang Advance Feed Tech Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.70) Shenyang Chia Tai Livestock Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.71) Shijiazhuang Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.72) Shuangliu Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	35.30	35.30

**Charoen Pokphand Foods Public Company Limited  
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
5.73) Tai Zhou Chia Tai Feed Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	48.41	48.41
5.74) Tianjin Chia Tai Agro-Industrial Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.75) Tianjin Chia Tai Feed Tech Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.76) Urumqi Chia Tai Animal Husbandry Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	47.11	47.11
5.77) Weinan Chia Tai Co., Ltd. <sup>(3)</sup>	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.78) Wuhan Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.79) Wuhan Chia Tai Aquaculture Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.80) Wuxuan Chia Tai Animal Husbandry Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	42.86	42.86
5.81) Xiamen Chia Tai Agriculture Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	30.26
5.82) Xiangyang Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.83) Xuzhou Chia Tai Feed Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	32.78	32.78
5.84) Yi Chang Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.85) Yinchuan Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	42.86	42.86
5.86) Yongan Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.87) Zhangjiakou Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.26	-
5.88) Zhoukou Chia Tai Co., Ltd.	Production and sale of animal feed	The People's Republic of China	50.43	50.43
5.89) Zhumadian Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	30.76	30.76
6) CPF Tanzania Limited	Animal feedmill and livestock farming	Tanzania	99.99	99.99



**Charoen Pokphand Foods Public Company Limited  
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
<i>Indirect subsidiaries</i>				
1) C.P. Cambodia Co., Ltd. (1.1 is subsidiary of C.P. Cambodia Co., Ltd.)	Production, sale of animal feed, livestock farming and food processing plant	Cambodia	100.00	-
1.1) Cambodia Property and Trading Co., Ltd. <sup>(2)</sup>	Property lease-out	Cambodia	49.00	-
2) C.P. Laos Co., Ltd.	Animal feedmill and livestock farming	Laos	99.99	99.99
3) Charoen Pokphand Foods Canada Inc.	Import and export food products	Canada	70.00	70.00
4) Charoen Pokphand Foods (Malaysia) Sdn. Bhd. (4.1 to 4.3 are subsidiaries of Charoen Pokphand Foods (Malaysia) Sdn. Bhd.)	Investment in aquaculture integration business and swine businesses	Malaysia	99.99	99.99
4.1) Asia Aquaculture (M) Sdn. Bhd.	Shrimp farming and processing plant	Malaysia	99.99	99.99
4.2) Makin Jernih Sdn. Bhd. (4.2.1 to 4.2.3 are subsidiaries of Makin Jernih Sdn. Bhd.)	Investment	Malaysia	99.99	99.99
4.2.1) AA Meat Shop Sdn. Bhd.	Livestock processing retailer	Malaysia	99.99	99.99
4.2.2) Chau Yang Farming Sdn. Bhd.	Livestock farming	Malaysia	99.99	99.99
4.2.3) Tip Top Meat Sdn. Bhd.	Livestock processing plant	Malaysia	99.99	99.99
4.3) Star Feedmills (M) Sdn. Bhd.	Aquatic feed production and distribution	Malaysia	99.99	99.99
5) CPF (INDIA) Private Limited	Animal feedmill and livestock farming	India	99.99	99.99
6) Charoen Pokphand (USA), Inc. <sup>(3)</sup>	Broiler chicken integration	United States of America	99.97	99.97
7) Charoen Pokphand Enterprise (Taiwan) Co., Ltd. <sup>(2)</sup> (7.1 to 7.5 are subsidiaries of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	Chicken integration and livestock farming	Taiwan	32.68	32.41
7.1) Arbor Acres (Taiwan) Co., Ltd. <sup>(2)</sup>	Livestock farming	Taiwan	16.34	16.21
7.2) Charoen Pokphand (Taiwan) Co., Ltd. <sup>(2)</sup>	Importer and distributor of feedstuff additives and animal vaccines	Taiwan	29.41	29.17
7.3) Chia Tai Lianyungang Co., Ltd. <sup>(2)</sup>	Investment	Hong Kong	32.68	32.41
7.4) Lianyungang Chia Tai Agro-industry Development Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed	The People's Republic of China	22.88	22.69
7.5) Plenty Type Limited <sup>(2)</sup>	Investment	Cayman Islands	32.68	32.41

**Charoen Pokphand Foods Public Company Limited  
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	Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
				2015	2014
8)	Russia Baltic Pork Invest ASA (8.1 to 8.9 are subsidiaries of Russia Baltic Pork Invest ASA)	Investment	Norway	75.82	69.70
8.1)	Farm Construction Limited Liability Company	Swine farm construction	Russia	75.82	69.70
8.2)	Finagro ASP	Financial service	Denmark	75.82	69.70
8.3)	Kornevo Limited Liability Company	Retail food processing products	Russia	75.82	69.70
8.4)	Management Company RBPI Group Limited Liability Company (formerly known as M.I.R. Closed joint Stock Company)	Property lease-out	Russia	75.82	69.70
8.5)	NNPP Limited Liability Company	Livestock farming	Russia	75.82	69.70
8.6)	Penza Agri Invest Limited Liability Company <sup>(4)</sup>	Livestock farming	Russia	-	69.70
8.7)	Penza Land Invest Limited Liability Company <sup>(4)</sup>	Property lease-out	Russia	-	69.70
8.8)	Pravdinsk Pig Production Closed Joint Stock Company	Livestock farming	Russia	75.82	69.70
8.9)	Pravdinsk Pig Production-2 Limited Liability Company	Livestock farming	Russia	75.82	-

- (1) In the process of liquidation  
(2) The Company has the power to govern those companies.  
(3) Operations wound up  
(4) Registered the completeness of liquidation

## 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 2015. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

In addition to the above new and revised TFRS, the FAP issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 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 43 to the financial statements.

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

## **Notes to the financial statements**

### **2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for transactions shown in the statement of financial position as follows:

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

### **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.

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

## **Notes to the financial statements**

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.

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 4            Business combination by acquisition of shares
- Note 9            Biological assets
- Note 16          Investment property
- 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 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.

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

### **Notes to the financial statements**

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.

#### *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 are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### *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.

**Charoen Pokphand Foods Public Company Limited  
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**Notes to the financial statements**

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any revenues 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.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currency of the Group entities 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.

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**(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.

**(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.

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**(g) Inventories**

*Raw materials, work in progress and finished goods*

Finished goods and raw materials are valued principally at the lower of average cost and net realisable value.

Work in progress is valued principally at the lower of cost and net realisable value.

Chemicals, medical and factory supplies are valued principally at the lower of average cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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.



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*Available-for-sale investments*

Available-for-sale investments are investments in marketable equity securities that are non-subsiidiaries 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-subsiidiaries and/or non-associates, which are not marketable and are stated at cost less impairment losses.

*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 is stated at cost less accumulated depreciation and impairment losses.

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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.

*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.

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*Depreciation*

Depreciation is calculated based on the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Utilities system	3 - 40	years
Buildings and constructions	2 - 60	years
Building improvements and leasehold improvements	2 - 40	years
Water and electricity systems	3 - 30	years
Machinery and equipment	2 - 30	years
Furniture, fixtures and office equipment	3 - 20	years
Vehicles	2 - 25	years

No depreciation is provided on assets under construction and installation.

Depreciation methods, estimated useful lives and residual values are reviewed at each financial year-end.

**(m) Intangible assets**

*Goodwill*

The measurement of goodwill that arises upon the acquisition of subsidiaries at initial recognition is described in note 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.

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*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	5 - 10	years
Software licenses	3 - 15	years
Trademarks	4.5 - 10 years and indefinite useful life	
Customer relationship	14 - 15	years

Amortisation methods, estimated useful lives and residual values are reviewed at each financial year-end.

**(n) Leasehold rights**

Payments made by the Group for leasehold rights are measured at cost method and amortisation is recognised in the profit or loss. The Group amortises the cost of leasehold rights on straight line basis over the periods of the leasehold agreements.

**(o) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to other comprehensive income, in which case it is charged to other comprehensive income.

When there is objective evidence that the value of the available-for-sale investments is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. The reversal of a financial asset is recognised as follows:

- (1) For financial assets carried at amortised cost and available-for-sale investments that are debt securities, the reversal is recognised in profit or loss.
- (2) For equity securities, the reversal is recognised directly in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss of the assets is reversed in profit or loss if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(p) *Interest-bearing liabilities***

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

**(q) *Trade and other accounts payable***

Trade and other accounts payable are stated at cost.

**(r) *Employee benefits***

*Post-employment benefit - defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised in profit or loss in the periods during which services are rendered by employees.

*Post-employment benefit - defined benefit plans*

Obligations for defined benefit plans are calculated by using actuarial techniques and separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted by using the projected unit credit method to determine the present value of the defined benefit obligation and the current service cost.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

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*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.

(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.

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*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.

**(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.

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*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 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 period, 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.

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 Company 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 C.P. Cambodia Co., Ltd. ("CPC")**

At the annual general meeting of the shareholders of the Company held on 22 April 2015, the Company's shareholders passed a resolution to approve CPF Investment Limited ("CPFI"), a 100.00% directly owned subsidiary, to acquire ordinary shares of CPC which is incorporated in Cambodia from Orient Success International Limited, an indirect subsidiary of Charoen Pokphand Group Company Limited.

The main business of CPC is production of animal feed, farming, production and sales of processed food in Cambodia. Currently, CPC has 49.00% investment in a subsidiary, namely Cambodia Property and Trading Company Limited whose business is property lease-out. The total value of the transaction is Baht 2,850 million.



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The Group obtained control of CPC and its subsidiary on 11 May 2015 (“Acquisition date”) through the acquisition of 10,050 ordinary shares (equal to 75.00% of CPC’s total issued and paid-up share capital). After the transaction, CPFI held 100% ordinary share of CPC’s total issued and paid-up share capital (before the transaction, CPFI hold 25.00% of CPC’s total issued and paid-up share capital).

The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2014) *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>
	<b>Fair value</b>
Cash	<b>2,850</b>

*Identifiable assets acquired and liabilities assumed*

	<i>(Unit: Million Baht)</i>
	<b>Fair value</b>
Cash and cash equivalents	65
Accounts receivables - trade and others	276
Inventories	1,098
Current biological assets	1,055
Other current assets	105
Property, plant and equipment	2,260
Non-current biological assets	573
Other intangible assets - customer relationship	56
Other non-current assets	25
Overdrafts and short-term borrowings from financial institutions	(1,550)
Trade and other payables	(512)
Other current liabilities	(80)
Deferred tax liabilities	(125)
<b>Net assets</b>	<b>3,246</b>
Non-controlling interests of the acquiree (based on their proportionate interest in the recognised amount of the net identifiable assets of the acquiree)	(126)
Group’s previously held equity interest in CPC	(1,019)
Goodwill	749
Consideration transferred	2,850
Cash received from acquisition of subsidiaries	(65)
<b>Net consideration paid for acquisition of subsidiaries</b>	<b>2,785</b>

The Group had assessed the fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2014). However, if new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional fair values, or any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

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Valuation techniques used in the determination of fair values of identifiable assets are as follows.

<b>Significant identifiable assets</b>	<b>Valuation techniques</b>
Current biological assets	Market comparison approach (using the quoted price at acquisition date)
Property, plant and equipment	Market comparison approach (used the price and other related information from the market for comparable properties) and cost approach (appraisal technique that reflects the gross current replacement cost of the assets)
Customer relationship	Multiperiod Excess Earning Method by reference to the present value of the future net cash flow attributable to the asset over its remaining useful life

The factors contributing to the goodwill are the strong growth potential of Cambodia's agro industrial market and expansion to food business. Goodwill from the business combination will not qualify for any tax deduction.

Before the business combination, the Group hold 25.00% of CPC's total issued and paid-up shares. The Group had to measure the fair value of the interest in CPC before the business combination as at the date of acquisition. The measurement resulted in a gain which is recognised as "Gain on changes in fair value of investments in associate" in the statement of income for the period ended 31 December 2015. Details are as follows:

	<i>(Unit: Million Baht)</i>
Fair value of existing interest in CPC at the acquisition date	1,019
Less - investment in CPC accounted for equity method at the acquisition date	(820)
- transferred other components in equity to the consolidated statement of income	37
<b>Gain on changes in fair value of investment in associate</b>	<b><u>236</u></b>

The consolidated statement of income for the year ended 31 December 2015 includes operating results of CPC for the period from 11 May 2015 to 31 December 2015. Significant details are as follows:

	<i>(Unit: Million Baht)</i>
	For the
	year ended
	<u>31 December 2015</u>
Revenue from sale of goods	6,236
Profit for the period attributable to equity holders of the Company	27

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**4.2 Share acquisition of CJSC Poultry Parent Stock Production Woyskovitsy (“Woyskovitsy”) and CJSC Poultry Production Severnaya (“Severnaya”)**

At the Board of Directors’ meeting of the Company held on 23 July 2015, the Board of Directors of the Company passed a resolution to approve CPF Netherlands B.V. (“CPF Netherlands”), a newly incorporated subsidiary which 99.99% of its share capital begin owned by the Company, entered into an agreement with Agro-Invest Brinky B.V. (the “Seller”) to directly and indirectly acquire the issued and paid-up share capital of Woyskovitsy and Severnaya which are incorporated in Russia.

Woyskovitsy and Severnaya are engage in an integrated poultry business in Russia, starting from production of feed, breeding, hatching, farming and processing of poultry (the “Acquirees”). The ascribed Acquirees’ value was calculated based on a cash-free and debt-free basis in aggregate of USD 680 million or approximately Baht 23,766 million (at a THB/USD exchange rate of 34.95). The acquisition will be carried out in two steps as follows:

- **The First Acquisition**

CPF Netherlands agrees to acquire the entire issued and paid-up share capital of the newly-incorporated entity in Russia which is Stesha LLC. (“Stesha”). In which, Stesha owns 80% of the issued and paid-up share capital of Woyskovitsy and Severnaya.

- **The Second Acquisition**

CPF Netherlands will acquire the remaining 20% of the issued and paid-up share capital of Woyskovitsy and Severnaya from the Seller on 31 August 2018.

Upon occurrence of certain events pursuant to the Share Purchase Agreement (“SPA”) during the period between the date of completion of the First Acquisition and before the completion of the Second Acquisition, CPF Netherlands is granted a call option to purchase, and the Seller is granted a put option to sell, the remaining 20% of the issued and paid-up share capital in both Woyskovitsy and Severnaya. The consideration of the Acquisition to be paid to the Seller each time is calculated as specified in the SPA.

The Group obtained control of Woyskovitsy and Severnaya on 24 November 2015 (“Acquisition date”) through the acquisition of 157 million ordinary shares and 301 million ordinary shares respectively (equal to 79.99% of total issued and paid-up share capital).

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The Group has applied Thai Financial Reporting Standards (“TFRS”) No. 3 (revised 2014) *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>
	<b>Fair value</b>
Cash	<b>18,972</b>

*Identifiable assets acquired and liabilities assumed*

	<i>(Unit: Million Baht)</i>
	<b>Fair value</b>
Cash and cash equivalents	1,372
Accounts receivables - trade and others	19
Inventories	1,918
Current biological assets	711
Other current assets	194
Property, plant and equipment	7,005
Other intangible assets - trademarks	302
Other non-current assets	6
Overdrafts and short-term borrowings from financial institutions	(1,625)
Trade and other payables	(262)
Current portion of long-term debts	(162)
Other current liabilities	(177)
Long-term debts	(1,108)
<b>Net assets</b>	<b>8,193</b>
Non-controlling interests of the acquiree (based on fair value method)	(4,878)
Goodwill	15,657
Consideration transferred	18,972
Cash received from acquisition of subsidiaries	(1,372)
<b>Net consideration paid for acquisition of subsidiaries</b>	<b>17,600</b>

The Group had assessed the fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2014). However, if new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional fair values, or any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

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Valuation techniques used in the determination of fair values of identifiable assets are as follows.

<b>Significant identifiable assets</b>	<b>Valuation techniques</b>
Property, plant and equipment	Market comparison approach (used the price and other related information from the market for comparable properties) and cost approach (appraisal technique that reflects the gross current replacement cost of the assets)
Trademarks	Income approach (Relief from Royalty Method)

The factors contributing to the goodwill are potential to promptly enter the poultry business in Russia and used as production base for business expansion in Russia in the future. Goodwill from the business combination will not qualify for any tax deduction.

The consolidated statement of income for the year ended 31 December 2015 includes operating results of Woyskovitsy and Severnaya for the period from 24 November 2015 to 31 December 2015. Significant details are as follows:

	<i>(Unit: Million Baht)</i> For the year ended 31 December 2015
Revenue from sale of goods	817
Profit for the period attributable to equity holders of the Company	57

For business combination by acquisitions of shares during the year 2015, if the acquisitions of CPC, Woyskovitsy and Severnaya had occurred on 1 January 2015, management estimates that revenue from sale of goods and profit of the Group in the consolidated financial statements for the year ended 31 December 2015 would have been as follows:

	<i>(Unit: Million Baht)</i> For the year ended 31 December 2015
Revenue from sale of goods	433,976
Profit for the period attributable to equity holders of the Company	12,029

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**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 43.42% of the Company's voting rights as of the latest closing date of shareholder register book on 28 August 2015.

The pricing policies for particular types of transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
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

**5.1 Significant transactions with related parties for the years ended 31 December 2015 and 2014**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
<b>(a) Revenues</b>				
<b>Significant influence entity</b>				
Gain on sale of investments	-	64	-	26
Software application income	1	2	-	-
Sale of goods	1	1	-	-
Rental, service and other income	-	1	-	-
Training and seminar income	1	1	-	-
<b>Subsidiaries</b>				
Dividend income	-	-	13,413	13,390
Interest income	-	-	3,600	2,396
Sale of goods	-	-	3,113	3,927
Rental, service and other income	-	-	7	-
Gain on sale of equipment and others	-	-	16	-
<b>Associates, joint ventures and related companies</b>				
Sale of goods	34,349	30,830	428	345
Gain on sale of land	766	-	-	-

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		Consolidated		(Unit: Million Baht)	
		financial statements		Separate	
		2015	2014	2015	2014
<b>(a)</b>	<b>Revenues (Continued)</b>				
	<b>Associates, joint ventures and related companies</b>				
	Rental, service and other income	213	372	5	3
	Gain on sale of equipment and others	33	-	1	1
	Dividend income	64	59	37	38
	Software application income	32	30	-	-
	Training and seminar income	25	17	-	-
	Interest income	5	12	-	5
	Gain on sale of investments	-	15	-	-
<b>(b)</b>	<b>Expenses and others</b>				
	<b>Significant influence entity</b>				
	Purchase of raw materials and goods	8,493	7,841	1,850	1,693
	Technical service fees	1,624	1,526	38	41
	Trademark license fees	85	87	6	8
	<b>Subsidiaries</b>				
	Purchase of raw materials and goods	-	-	3,764	4,194
	Software application fees	-	-	190	227
	Rental and service fees	-	-	64	76
	Training and seminar fees	-	-	30	29
	Interest expense	-	-	-	3
	Other expenses	-	-	56	62
	<b>Associates, joint ventures and related companies</b>				
	Purchase of raw materials and goods	51,102	43,224	478	702
	Construction costs of buildings, structures and others	1,806	1,944	205	475
	Rental and service fees	1,582	1,192	435	385
	Insurance premium	243	262	97	110
	Purchase of equipment and others	142	512	24	162
	Trademark license fees	34	36	-	-
	Software application fees	30	54	-	-
	Interest expenses	6	21	-	-
	Other expenses	1,202	1,148	61	165

## 5.2 Investment transactions

The Group invested in related companies as disclosed in note 4 to the financial statements.

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**5.3 Transfer and disposal of significant assets to related companies**

**5.3.1 Disposal of land to related companies**

5.3.1.1 At the Board of Directors' meeting of the Company held on 16 July 2014, the Board of Directors of the Company passed a resolution to approve CPF (Thailand) Public Company Limited ("CPFTH"), a 99.98% directly owned subsidiary, to sell a plot of land to the Group of CPMQ and Greenland Co., Ltd., a related company, for a total consideration of Baht 1,200 million. The selling price was reference from the value appraised by an independent professional valuer. The disposal was completed during the first quarter of 2015 and the Group recognised gain on sale of land in the consolidated financial statements amounted to Baht 705 million.

5.3.1.2 At the Board of Directors' meeting of the Company held on 11 November 2015, the Board of Directors of the Company passed a resolution to approve CPFTH to sell three plots of land to Charoen Pokphand Agriculture Co., Ltd. and Charoen Pokphand Produce Co., Ltd., related companies, for a total consideration of Baht 123 million. The selling price was reference from the value appraised by an independent professional valuer and the transaction prices of land in the nearby area. The disposal was completed during the forth quarter of 2015 and the Group recognised gain on sale of land in the consolidated financial statements amounted to Baht 61 million.

**5.3.2 Transfer of building and other assets to a subsidiary**

On 1 July 2015, the Company transferred the assets of a processing factory to CPFTH for a total consideration of Baht 557 million. The transfer of the assets is considered as the business transfer under common control. The differences between the consideration received from CPFTH and the carrying amount of net assets transferred, amounted to Baht 62 million, are recorded in the account "Surplus on common control transactions" in the separate statement of financial position. The surplus on common control transactions were eliminated in the consolidated financial statements.

**5.4 Balances with related parties as at 31 December 2015 and 2014 were as follows:**

**5.4.1 Accounts receivable - trade and others**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2015</b>	<b>2014</b>	<b>financial statements</b>	<b>2014</b>
Significant influence entity	1	2	-	-
Subsidiaries	-	-	1,713	1,665
Associates and joint ventures	2,719	2,370	32	17
Related companies	4,618	3,821	107	94
<b>Total</b>	<b>7,338</b>	<b>6,193</b>	<b>1,852</b>	<b>1,776</b>



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**5.4.2 Short-term loans**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>			
	Outstanding balance		Average balance	
	2015	2014	2015	2014
Joint ventures	-	-	-	19
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>

*(Unit: Million Baht)*

	<b>Separate financial statements</b>			
	Outstanding balance		Average balance	
	2015	2014	2015	2014
Subsidiaries	33,936	19,733	35,444	18,514
<b>Total</b>	<b>33,936</b>	<b>19,733</b>	<b>35,444</b>	<b>18,514</b>

The Company computes the average balance from the outstanding balances of short-term loans at the end of each month excluding accrued interest income.

The currency denomination of short-term loans as at 31 December 2015 and 2014 was as follows:

*(Unit million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
Functional currencies of each company in the Group	-	-	30,015	19,198
Foreign currencies				
- United States Dollar	-	-	3,669	-
- Euro	-	-	-	369
- Ruble	-	-	252	166
<b>Total</b>	<b>-</b>	<b>-</b>	<b>33,936</b>	<b>19,733</b>

**5.4.3 Accrued dividend income**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
Associates	189	-	-	-
Joint ventures	-	95	-	-
Subsidiaries	-	-	5,927	3,902
<b>Total</b>	<b>189</b>	<b>95</b>	<b>5,927</b>	<b>3,902</b>

**5.4.4 Accrued interest income**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
Subsidiaries	-	-	97	89
<b>Total</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>89</b>

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**5.4.5 Long-term loans**

*(Unit: Million Baht)*

	<b>Separate financial statements</b>			
	Outstanding balance		Average balance	
	2015	2014	2015	2014
<b>Subsidiaries</b>	<b>23,367</b>	<b>16,957</b>	<b>18,008</b>	<b>18,099</b>
Less current portion	(387)	(120)		
<b>Net</b>	<b>22,980</b>	<b>16,837</b>		

The Company computes the average balance from the outstanding balances of long-term loans at the end of each month excluding accrued interest income.

The currency denomination of long-term loans as at 31 December 2015 and 2014 was as follows:

*(Unit : Million Baht)*

	<b>Separate financial statements</b>	
	2015	2014
Thai Baht	10,000	10,000
Foreign currencies		
- United States Dollar	12,606	5,943
- Ruble	761	1,014
<b>Total</b>	<b>23,367</b>	<b>16,957</b>

**5.4.6 Accounts payable - trade and others**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
Significant influence entity	758	670	42	46
Subsidiaries	-	-	193	115
Associates and joint ventures	309	399	-	-
Related companies	2,470	4,112	87	136
<b>Total</b>	<b>3,537</b>	<b>5,181</b>	<b>322</b>	<b>297</b>

**5.4.7 Short-term borrowings**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>			
	Outstanding balance		Average balance	
	2015	2014	2015	2014
Joint ventures	378	211	201	77
Related company	-	184	15	183
<b>Total</b>	<b>378</b>	<b>395</b>	<b>216</b>	<b>260</b>

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**5.4.7 Short-term borrowings (Continued)**

*(Unit: Million Baht)*

	<b>Separate financial statements</b>			
	Outstanding balance		Average balance	
	2015	2014	2015	2014
Subsidiaries	-	-	-	95
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95</b>

The Company computes the average balance from the outstanding balances of short-term borrowings at the end of each month excluding accrued interest expense.

**5.5 Balances of loans/borrowings and interest rates**

Balances of loans/borrowings and interest rates as at 31 December 2015 and 2014 are summarised as follows:

	<b>Consolidated financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2015	2014	2015	2014	2015	2014
Short-term borrowings from joint ventures and related company	378	211	-	184	2.00	4.63

	<b>Separate financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	2015	2014	2015	2014	2015	2014
Short-term loans to subsidiaries	3,669	369	30,267	19,364	7.39	7.50
Long-term loans to subsidiaries	23,367	16,837	-	120	5.40	5.37

**5.6 Key management personnel compensation**

Key management personnel compensation consist of:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
<b>For the year ended 31 December</b>				
Short-term employee benefits	538	514	214	204
Post-employment under defined benefit plans	13	13	4	4
<b>Total</b>	<b>551</b>	<b>527</b>	<b>218</b>	<b>208</b>
<b>As at 31 December</b>				
Employee benefit obligations	300	284	82	82
<b>Total</b>	<b>300</b>	<b>284</b>	<b>82</b>	<b>82</b>

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**5.7 Commitments**

As at 31 December 2015 and 2014 the Group had commitments with related parties as follows:

**5.7.1 Capital commitments**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
<i>Contracted but not provided for</i> Mainly represents contracts for construction of buildings and structures, purchase of machinery and others	<b>431</b>	<b>570</b>	<b>144</b>	<b>172</b>

**5.7.2 Commitments under operating lease agreements**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
Within one year	926	915	250	352
Over one year but within five years	1,539	1,474	197	268
Over five years	374	276	-	-
<b>Total</b>	<b>2,839</b>	<b>2,665</b>	<b>447</b>	<b>620</b>

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 10 years, expiring during 2016 to 2024.

**5.8 Significant agreements**

As at 31 December 2015 the Group had the following significant agreements with related parties.

**5.8.1 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 2015 to 31 December 2015. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2016 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.

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### **5.8.2 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 2015 to 31 December 2015. The Company and subsidiaries have extended the agreements for an additional period until 31 December 2016 with the same conditions and fee rates.

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.

### **5.8.3 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.

### **5.8.4 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.

### **5.8.5 Software application agreements**

A subsidiary, CPF IT Center Co., Ltd. has information technology service and software application agreements with local and foreign related companies. The terms and the service fees are stipulated in the agreements. The agreements may be terminated upon either party agreeing to terminate the agreements or either party being in breach of the agreements.

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**6 Cash and cash equivalents**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
Cash at financial institutions and on hand	33,471	26,135	17,400	13,696
Highly liquid short-term investments	2,990	7,417	-	-
<b>Total</b>	<b>36,461</b>	<b>33,552</b>	<b>17,400</b>	<b>13,696</b>

The currency denomination of cash and cash equivalents as at 31 December 2015 and 2014 was as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
Functional currencies of each company in the Group	32,171	19,053	16,347	536
Foreign currencies				
- United States Dollar	3,229	14,098	1,053	13,160
- Norway Krone	661	24	-	-
- Euro	138	24	-	-
- Taiwan Dollar	81	-	-	-
- Renminbi	52	215	-	-
- Pound Sterling	18	10	-	-
- Hongkong Dollar	16	24	-	-
- Swedish Krona	-	19	-	-
- Other	95	85	-	-
<b>Total</b>	<b>36,461</b>	<b>33,552</b>	<b>17,400</b>	<b>13,696</b>

**7 Accounts receivable - trade and others**

	<i>Note</i>	<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2015	2014	2015	2014
Related parties	5	7,338	6,193	1,852	1,776
Other parties		19,552	19,308	2,310	2,628
<b>Total</b>		<b>26,890</b>	<b>25,501</b>	<b>4,162</b>	<b>4,404</b>
Less allowance for doubtful accounts		(734)	(548)	(49)	(64)
<b>Net</b>		<b>26,156</b>	<b>24,953</b>	<b>4,113</b>	<b>4,340</b>
<b>Bad and doubtful debts expense (reversal of allowance for doubtful accounts) for the year ended 31 December</b>		<b>256</b>	<b>6</b>	<b>(2)</b>	<b>(1)</b>

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The outstanding balances of the problem accounts receivable - trade and others as at 31 December 2015 and 2014 classified by aging were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Periods over credit terms:				
Over 3 months to 6 months	194	12	-	-
Over 6 months to 12 months	20	12	-	-
Over 12 months	520	526	49	64
<b>Total</b>	<b>734</b>	<b>550</b>	<b>49</b>	<b>64</b>

The currency denomination of accounts receivable - trade and others as at 31 December 2015 and 2014 was as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Functional currencies of each company in the Group	23,787	21,862	2,146	2,308
Foreign currencies				
- United States Dollar	1,082	1,788	514	876
- Won	591	691	205	235
- Singapore Dollar	389	381	-	-
- Euro	158	98	304	409
- Sweden Krona	67	46	-	-
- Yen	66	70	1	40
- Pound Sterling	1	5	10	18
- Renminbi	-	-	641	359
- Australian Dollar	-	-	254	58
- Ruble	-	-	31	31
- Other	15	12	7	6
<b>Total</b>	<b>26,156</b>	<b>24,953</b>	<b>4,113</b>	<b>4,340</b>

**8 Inventories**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Raw materials	28,621	26,336	1,379	2,140
Chemicals and supplies	2,129	1,803	142	191
Work in progress	1,388	1,225	148	118
Finished goods	14,482	13,539	2,762	1,900
Inventories in transit	6,126	6,457	29	-
<b>Total</b>	<b>52,746</b>	<b>49,360</b>	<b>4,460</b>	<b>4,349</b>
Less allowance for decline in value of inventories adjusted to net realisable value	(634)	(324)	(250)	(148)
<b>Net</b>	<b>52,112</b>	<b>49,036</b>	<b>4,210</b>	<b>4,201</b>

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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 2015 amounted to Baht 269,188 million (2014: Baht 288,507 million) in the consolidated statement of income and Baht 12,875 million (2014: Baht 19,017 million) in the separate statement of income.

In 2015 the Group and the Company recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 634 million and Baht 250 million respectively (2014: Baht 324 million and Baht 148 million respectively) and recognised a recovery of allowance for decline in value of inventories of Baht 324 million and Baht 148 million respectively (2014: Baht 313 million and Baht 185 million respectively).

**9 Biological assets**

Movements for the years ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2015</b>	<b>2014</b>	<b>financial statements</b>	<b>2014</b>
At 1 January	29,973	27,605	1,372	1,266
Increase due to business combination	2,339	-	-	-
Increase due to purchase/raise	127,588	121,668	8,966	11,579
Decrease due to sales/harvest	(129,689)	(118,704)	(9,249)	(11,211)
Depreciation	4,339	4,640	140	90
Gain on change in fair value less cost to sell	404	338	-	-
Currency translation differences	451	(585)	-	-
Other	(427)	(4,989)	(175)	(352)
<b>Balance at 31 December</b>	<b>34,978</b>	<b>29,973</b>	<b>1,054</b>	<b>1,372</b>
<i><b>Current biological assets</b></i>				
Livestock	26,013	22,229	-	-
Aquatic	1,744	2,149	1,054	1,372
<b>Total current biological assets</b>	<b>27,757</b>	<b>24,378</b>	<b>1,054</b>	<b>1,372</b>
<i><b>Non-current biological assets</b></i>				
Livestock	7,221	5,595	-	-
<b>Total non-current biological assets</b>	<b>7,221</b>	<b>5,595</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>34,978</b>	<b>29,973</b>	<b>1,054</b>	<b>1,372</b>

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 reporting date 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, plague etc.

Cost includes all costs incurred from the acquisition of biological assets and throughout the growth cycle e.g. cost of new-born animals, feed costs, and other farm 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 depend on the type of biological asset.



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An analysis of the estimates of physical quantities of the Group's biological assets as at 31 December 2015 and 2014 is as follows:

*(Unit: Tons)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
Livestock	658,867	546,430	-	-
Aquatic	20,842	18,730	5,060	5,354

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:

*(Unit: Million Baht)*

	Carrying amount	<b>Consolidated financial statements Fair value</b>			
		Level 1	Level 2	Level 3	Total
<b>31 December 2015</b>					
Biological assets at fair value					
less cost 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.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
Market comparison approach	<p>Reference market price on the reporting date</p> <ul style="list-style-type: none"> <li>• Suckling swine Baht 2,083 to Baht 2,404 per head</li> <li>• Weanling swine Baht 2,378 to Baht 3,884 per head</li> <li>• Fattening swine Baht 74 to Baht 79 per kilogram</li> </ul>	On the reporting date, if transaction price increases/decreases by 10%, the estimated fair value of swine would have increased/decreased by Baht 930 million.

The fair value of biological assets is performed by the Group's relevant finance department and operations team using a series of systematic procedures. The fair value measurements are categorised into each hierarchy based on inputs of swine market in each country as reference. The fair value of swine are determined based on transaction price per head or weight of swine.

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**10 Available-for-sale investments**

Movements for the years ended 31 December 2015 and 2014 were as follows:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	2015	2014
At 1 January	3,924	1,909
Acquisitions/additional investments	4,923	638
Disposals	(673)	-
Reclassification of change in fair value to profit or loss from disposal	(1,450)	-
Changes in fair value	(3,485)	1,377
Currency translation differences	420	-
<b>At 31 December</b>	<b>3,659</b>	<b>3,924</b>

*Details of available-for-sale investments*

Available-for-sale investments as at 31 December 2015 and 2014 were as follows:

	<i>(Unit: Million Baht)</i>		<b>Consolidated</b>		<b>Separate</b>	
	Ownership interest (both direct and indirect)		<b>financial statements</b>		<b>financial statements</b>	
	(%)		2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014
<b>Marketable securities</b>						
<b>- at fair value</b>						
True Corporation Public Company Limited - at cost	2.21	1.43	6,818	2,148	-	-
Changes in fair value			(3,159)	1,776	-	-
<b>Total</b>			<b>3,659</b>	<b>3,924</b>	<b>-</b>	<b>-</b>

During the year ended 31 December 2015, a subsidiary sold the available-for-sale investments with the original cost of Baht 673 million with a gain on sale of investments amounting to Baht 1,431 million, which was presented in the consolidated statement of income.

**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.

	Carrying amount	<i>(Unit: Million Baht)</i>			
		<b>Consolidated financial statements</b>			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2015</b>					
<b>Non-current</b>					
Equity securities available for sale	3,659	3,659	-	-	3,659

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**11 Investments in subsidiaries**

Movements during the years ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
At 1 January	-	-	68,443	87,565
Acquisitions/additional investments	-	-	18,495	2
Disposals	-	-	-	(19,124)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>86,938</b>	<b>68,443</b>

*(Unit: Million Baht)*

According to the announcement of the Company on 17 October 2014 regarding the announcement made by C.P. Pokphand Co., Ltd. (“CPP”) pursuant to the rules of the Stock Exchange of Hong Kong Limited (“HKEX”) in relation to the proposed spin-off of CPP’s Biochemical business and the interests in industrial business to be grouped under Chia Tai Enterprises International Limited (“CTEI”) (collectively referred to as “the Spin-Off”) and the listing of the ordinary shares of CTEI on HKEX.

On 29 June 2015, CPP made special dividend payment by way of a distribution in specie of CTEI shares to its shareholders in proportion to the respective shareholding (“the Special Dividend”) whereby a CPP ordinary shareholder will be entitled to one CTEI ordinary share for every 100 CPP ordinary shares and a CPP preference shareholder will be entitled to one CTEI preference share for every 100 CPP preference shares in accordance with the resolutions of the Special General Meeting of CPP held on 17 April 2015.

Accordingly, CPF and CPF Investment Limited, in the capacity of CPP shareholders, received 12,610,777 CTEI preference shares (equal to 4.98% of the total issued and paid-up share capital) and 115,137,370 CTEI ordinary shares (equal to 45.45% of the total issued and paid-up share capital) respectively.

The ordinary shares of CTEI have been listed on HKEX and traded starting from 3 July 2015.

During 2014, the Company sold investments in subsidiaries with the carrying amount of Baht 19,124 million with gains on sale of investments amounting to Baht 1,884 million, which was presented in the separate statement of income.

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*Details of investments in subsidiaries and dividend income*

Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income for the years then ended were as follows:

	Separate financial statements												
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost - net		Dividend income		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
<b>Marketable security</b>													
C.P. Pokphand Co., Ltd.	4.98	4.98	7,973	7,973	4,691	5,191	-	-	4,691	5,191	218	553	
Chia Tai Enterprises International Limited	4.98	-	840	-	500	-	-	-	500	-	-	-	
<b>Total</b>													
			<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>5,191</b>	<b>-</b>	<b>-</b>	<b>5,191</b>	<b>5,191</b>	<b>218</b>	<b>553</b>	
<b>Non-marketable securities</b>													
Bangkok Produce Merchandising Public Company Limited	99.44	99.44	600	600	1,230	1,230	-	-	1,230	1,230	1,193	-	
CPF (Thailand) Public Company Limited	99.98	99.98	7,008	7,008	11,883	11,883	-	-	11,883	11,883	2,102	7,357	
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	9,900	5,400	
Chester Food Co., Ltd.	99.99	99.99	80	80	450	450	-	-	450	450	-	80	
CPF Food Research & Development Center Co., Ltd.	99.99	-	125	-	125	-	-	-	125	-	-	-	
C.P. Aquaculture (Beihai) Co., Ltd.	100.00	100.00	602	602	602	602	-	-	602	602	-	-	

(Unit: Million Baht)

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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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
C.P. Aquaculture (Dongfang) Co., Ltd.	100.00	100.00	755	494	755	494	-	-	755	494	-	-
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.	8.57	8.57	6,452	6,452	618	618	-	-	618	618	-	-
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	-	-	8	8	-	-
Charoen Pokphand Foods (Overseas) LLC.	10.21	48.80	2,819	1,057	1,394	1,394	(938)	(938)	456	456	-	-
Charoen Pokphand Foods Philippines Corporation	34.09	37.50	3,196	2,890	1,055	1,055	-	-	1,055	1,055	-	-
CPF Investment Limited	100.00	100.00	42,123	36,929	42,123	36,929	-	-	42,123	36,929	-	-
CPF Tanzania Limited	58.25	58.25	224	224	129	129	-	-	129	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	-	12,541	-	12,915	-	-	-	12,915	-	-	-
<b>Total</b>			<b>82,685</b>	<b>64,190</b>	<b>(938)</b>	<b>(938)</b>	<b>(938)</b>	<b>(938)</b>	<b>81,747</b>	<b>63,252</b>	<b>13,195</b>	<b>12,837</b>
<b>Grand Total</b>			<b>87,876</b>	<b>69,381</b>	<b>(938)</b>	<b>(938)</b>	<b>(938)</b>	<b>(938)</b>	<b>86,938</b>	<b>68,443</b>	<b>13,413</b>	<b>13,390</b>

**Charoen Pokphand Foods Public Company Limited**  
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**12 Non-controlling interests**

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 Woyoskovitsy	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
<b>Carrying amount of non-controlling interests**</b>	<b>43,381</b>	<b>4,127</b>	<b>4,243</b>	<b>304</b>	<b>4,156</b>

\* 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.

**Charoen Pokphand Foods Public Company Limited  
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The following is summarised 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:

*(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 Woykovitsy	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)
<b>Profit attributable to non-controlling interests</b>	<b>4,423</b>	<b>108</b>	<b>548</b>	<b>1</b>	<b>14</b>
<b>Other comprehensive income attributable to non-controlling interests</b>	<b>266</b>	<b>173</b>	<b>(262)</b>	<b>(10)</b>	<b>(89)</b>
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
<b>Dividend paid to non-controlling interests</b>	<b>486</b>	<b>115</b>	<b>19</b>	<b>-</b>	<b>-</b>

**Charoen Pokphand Foods Public Company Limited**  
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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 2014 were as follows:

	C.P. Pokphand Co., Ltd. and its subsidiaries	<i>(Unit: Million Baht)</i> Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries
Non-controlling interests percentage*	49.57	67.59
Current assets	55,411	4,468
Non-current assets	58,932	6,606
Current liabilities	(35,589)	(3,304)
Non-current liabilities	(24,776)	(853)
Net assets	53,978	6,917
Goodwill of non-controlling interests	15,031	-
<b>Carrying amount of non-controlling interests**</b>	<b>41,739</b>	<b>3,743</b>

\* 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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The following is summarised 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 2014:

	C.P. Pokphand Co., Ltd. and its subsidiaries	<i>(Unit: Million Baht)</i> Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries
Revenue	181,445	18,844
Profit for the year	8,673	866
Other comprehensive income	(1,072)	(422)
Total comprehensive income	7,601	444
<b>Profit attributable to non-controlling interests</b>	<b>2,911</b>	<b>594</b>
<b>Other comprehensive income attributable to non-controlling interests</b>	<b>(399)</b>	<b>(290)</b>
Cash flows from operating activities	10,126	1,092
Cash flows from investing activities	(10,784)	(481)
Cash flows from financing activities	(2,053)	(463)
Effect of exchange rate changes on balances held in foreign currencies	(152)	16
Net increase (decrease) in cash and cash equivalents	(2,863)	164
<b>Dividend paid to non-controlling interests</b>	<b>774</b>	<b>-</b>

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**13 Investments in associates**

Movements during the years ended 31 December 2015 and 2014 were as follows:

	Note	<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2015	2014	2015	2014
At 1 January		52,055	40,833	335	335
Share of profit of associates		4,965	4,133	-	-
Dividend income from associates		(2,609)	(3,122)	-	-
Previously held interest in associate before status change to subsidiary	4	(820)	-	-	-
Acquisition/additional investments		15,455	12,507	-	-
Disposals		(3,661)	(2,156)	-	-
Currency translation differences		(23)	(140)	-	-
Other		(50)	-	-	-
<b>At 31 December</b>		<b><u>65,312</u></b>	<b><u>52,055</u></b>	<b><u>335</u></b>	<b><u>335</u></b>

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 2015, the fair value of this investment was Baht 121,652 million (2014: Baht 126,266 million).

During the year 2015, a subsidiary sold a portion of the investments in an associate with the carrying amount of Baht 3,661 million with a gain on sale of investments amounting to Baht 5,697 million, which was presented in the consolidated statement of income (2014: Baht 2,156 million and Baht 4,530 million respectively).

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**Details of investments in associates and dividend income**

Investments in associates as at 31 December 2015 and 2014, 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		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
<b>Marketable security</b>															
CP ALL Public Company Limited	34.50	33.27	8,983	8,983	53,334	41,066	60,863	46,847	-	-	60,863	46,847	2,341	2,608	
<b>Total</b>					<b>53,334</b>	<b>41,066</b>	<b>60,863</b>	<b>46,847</b>	<b>-</b>	<b>-</b>	<b>60,863</b>	<b>46,847</b>	<b>2,341</b>	<b>2,608</b>	
<b>Non-marketable securities</b>															
Nava 84 Co., Ltd.	25.00	25.00	1,203	1,203	159	159	162	162	-	-	162	162	-	-	
Ross Breeders Siam Co., Ltd.	49.99	49.99	70	70	35	35	86	88	-	-	86	88	17	20	
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	183	211	-	-	183	211	95	47	
BHI Kalino Food AB ("BHI")*	15.08	15.08	5	5	24	24	29	28	-	-	29	28	3	-	
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	743	689	-	-	743	689	-	-	
C.P. Cambodia Co., Ltd. Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	-	25.00	-	2,103	-	493	-	787	-	-	-	787	-	82	
	49.75	49.75	353	353	176	176	1,389	1,525	-	-	1,389	1,525	-	-	

**Charoen Pokphand Foods Public Company Limited  
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*Details of investments in associates and dividend income (Continued)*

(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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Conti Chia Tai International Limited	25.21	25.21	767	767	1,052	1,052	1,462	1,231	-	-	1,462	1,231	-	261
Zhan Jiang Deni Carburetor Co., Ltd.**	14.12	14.12	581	581	424	424	395	487	-	-	395	487	153	104
<b>Total</b>			<b>2,048</b>	<b>2,541</b>	<b>2,541</b>	<b>4,449</b>	<b>4,449</b>	<b>5,208</b>	<b>5,208</b>	<b>5,208</b>	<b>4,449</b>	<b>5,208</b>	<b>268</b>	<b>514</b>
<b>Grand total</b>			<b>55,382</b>	<b>43,607</b>	<b>65,312</b>	<b>65,312</b>	<b>52,055</b>	<b>52,055</b>	<b>52,055</b>	<b>52,055</b>	<b>65,312</b>	<b>52,055</b>	<b>2,609</b>	<b>3,122</b>

\* BHJ 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 BHJ using the equity method based on 15.08% shareholding in the consolidated financial statements.

\*\* 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)*

	<b>Separate financial statements</b>											
	Ownership interest (%)		Paid-up capital		Cost method		Accumulated impairment		At cost – net		Dividend income	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<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	-	-
<b>Total</b>					<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>

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The following table summarises the financial information of the material associate as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interests in the associate.

	<i>(Unit: Million Baht)</i>	
	CP ALL Public Company Limited and its subsidiaries	
	2015	2014
Revenue	405,893	371,301
Profit from continuing operations	13,818	10,319
Other comprehensive income	70	(80)
<b>Total comprehensive income</b>	<b>13,888</b>	<b>10,239</b>
Attributable to non-controlling interests	134	119
Attributable to investee's shareholders	13,754	10,120
Current assets	56,973	64,684
Non-current assets	272,110	261,726
Current liabilities	(101,131)	(92,015)
Non-current liabilities	(186,276)	(199,337)
<b>Net assets</b>	<b>41,676</b>	<b>35,058</b>
Attributable to non-controlling interests	4,326	4,276
Attributable to investee's shareholders	37,350	30,782
Group's interest in net assets of investee at 1 January	10,241	9,130
Total comprehensive income attributable to the Group	4,563	3,279
Dividends received during the year	(2,341)	(2,608)
Difference from change in ownership	423	440
Group's interest in net assets of investee at end of year	12,886	10,241
Goodwill	47,977	36,606
<b>Carrying amount of interests in investee at 31 December</b>	<b>60,863</b>	<b>46,847</b>

*Immaterial associates*

The following is summarised financial information for the Group's interest in immaterial associates based on the amounts reported in the Group's consolidated financial statements:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	2015	2014
Carrying amount of interests in immaterial associates	<b>4,449</b>	<b>5,208</b>
Group's share of:		
- Profit from continuing operations	421	841
- Other comprehensive income	(86)	(127)
- Total comprehensive income	335	714

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Contingent liabilities relating to the investments in associates as at 31 December 2015 and 2014 were as follows:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<u>2015</u>	<u>2014</u>
Group's share of the investees' contingent liabilities	417	302

**14 Investments in joint ventures**

Movements during the years ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
At 1 January	4,194	5,266	-	-
Share of profit of joint ventures	255	736	-	-
Dividend income from joint ventures	(81)	(284)	-	-
Disposals	-	(1,483)	-	-
Currency translation differences	51	(41)	-	-
<b>At 31 December</b>	<b><u>4,419</u></b>	<b><u>4,194</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

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*Details of investments in joint ventures*

Investments in joint ventures as at 31 December 2015 and 2014, 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		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
<i>Non-marketable securities</i>															
CP-Meiji Co., Ltd. ("CP-Meiji")*	59.99	59.99	500	500	1,200	1,200	1,402	1,229	-	-	1,402	1,229	-	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	158	129	-	-	158	129	-	-	71
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	(8)	(8)	20	18	-	-	20	18	2	-	-
Jilin Chia Tai Enterprise Co., Ltd.	25.21	25.21	261	261	211	211	233	234	-	-	233	234	-	-	-
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	209	242	-	-	209	242	79	82	-
ECL Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,397	2,342	-	-	2,397	2,342	-	-	131
<b>Total</b>					<b>3,052</b>	<b>3,052</b>	<b>4,419</b>	<b>4,194</b>	<b>-</b>	<b>-</b>	<b>4,419</b>	<b>4,194</b>	<b>81</b>	<b>81</b>	<b>284</b>

\* 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:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	<u>2015</u>	<u>2014</u>
Carrying amount of interests in immaterial joint ventures	<b><u>4,419</u></b>	<b><u>4,194</u></b>
Group's share of:		
- Profit from continuing operations	255	736
- Other comprehensive income	51	(41)
- Total comprehensive income	<b><u>306</u></b>	<b><u>695</u></b>

Contingent liabilities and commitments relating to the investments in joint ventures as at 31 December 2015 and 2014 were as follows:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	<u>2015</u>	<u>2014</u>
Group's share of the investees' commitments	79	58
Group's share of the investees' contingent liabilities	2	-

**15 Investments in related companies**

Movements during the years ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
At 1 January	1,549	1,546	678	678
Currency translation differences	59	3	-	-
<b>At 31 December</b>	<b><u>1,608</u></b>	<b><u>1,549</u></b>	<b><u>678</u></b>	<b><u>678</u></b>

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*Details of investments in related companies*

Investments in related companies as at 31 December 2015 and 2014 were as follows:

*(Unit: Million Baht)*

	Ownership interest (both direct and indirect)		<b>Consolidated</b>		<b>Separate</b>	
	<i>(%)</i>		<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014	2015	2014
<i>Non-marketable securities</i>						
General investments						
- 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	1,217	1,158	528	528
<b>Total</b>			<b>1,608</b>	<b>1,549</b>	<b>678</b>	<b>678</b>

**16 Investment properties**

Movements for the years ended 31 December 2015 and 2014 were as follows:

*(Unit: Million Baht)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
<i>At cost</i>				
At 1 January	1,169	1,930	200	204
Additions	20	63	3	-
Disposal of investment	-	(592)	-	-
Transfers from property, plant and equipment	273	-	-	-
Transfer to property, plant and equipment	-	(46)	-	-
Disposals	(2)	(5)	(2)	(4)
Depreciation	(50)	(126)	-	-
Currency translation difference	(31)	(55)	-	-
<b>At 31 December</b>	<b>1,379</b>	<b>1,169</b>	<b>201</b>	<b>200</b>

Appraisal prices of the Group and the Company's investment properties were revalued by the independent professional valuers using Market Comparison Approach, at fair market values totaling Baht 2,598 million and Baht 609 million respectively (2014: Baht 1,990 million and Baht 608 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.

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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 increase (decrease) if the price per area increase (decrease).

**17 Property, plant and equipment**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>					
	<u>Land</u>	<u>Buildings, building improvements and utilities system</u>	<u>Machinery and equipment</u>	<u>Other</u>	<u>Assets under construction and installation</u>	<u>Total</u>
<i>Cost/revaluation</i>						
As at 1 January 2014	22,666	59,411	52,123	8,866	19,697	162,763
Additions	572	1,248	2,060	1,176	21,175	26,231
Acquired through business acquisitions	67	326	439	65	62	959
Transfers	-	5,925	4,071	1,024	(11,034)	(14)
Transfers from investment properties	-	46	-	-	-	46
Disposals	(11)	(338)	(472)	(427)	(1)	(1,249)
Currency translation differences	(430)	(1,914)	(461)	(540)	(1,634)	(4,979)
<b>At 31 December 2014 and 1 January 2015</b>	<b>22,864</b>	<b>64,704</b>	<b>57,760</b>	<b>10,164</b>	<b>28,265</b>	<b>183,757</b>
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
<b>At 31 December 2015</b>	<b>23,212</b>	<b>82,082</b>	<b>73,030</b>	<b>12,376</b>	<b>26,057</b>	<b>216,757</b>

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(Unit: Million Baht)

	<b>Consolidated financial statements</b>					Total
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Other	Assets under construction and installation	
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2014	-	(21,564)	(25,595)	(4,673)	-	(51,832)
Depreciation charge for the year	-	(3,206)	(4,615)	(1,016)	-	(8,837)
Impairment losses	-	(5)	(56)	-	-	(61)
Transfers	-	220	77	(297)	-	-
Disposals	-	232	399	387	-	1,018
Currency translation differences	-	430	513	(527)	-	416
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>(23,893)</b>	<b>(29,277)</b>	<b>(6,126)</b>	<b>-</b>	<b>(59,296)</b>
Depreciation charge for the year	-	(3,372)	(5,183)	(1,426)	-	(9,981)
Reversal of (impairment loss)	-	3	(26)	-	-	(23)
Transfers	-	28	292	(27)	-	293
Disposals	-	866	1,024	281	-	2,171
Currency translation differences	-	(22)	(317)	17	-	(322)
<b>At 31 December 2015</b>	<b>-</b>	<b>(26,390)</b>	<b>(33,487)</b>	<b>(7,281)</b>	<b>-</b>	<b>(67,158)</b>
<b>Net book value</b>						
Owned assets	22,666	37,847	26,528	4,178	19,697	110,916
Assets under finance leases	-	-	-	15	-	15
<b>At 1 January 2014</b>	<b>22,666</b>	<b>37,847</b>	<b>26,528</b>	<b>4,193</b>	<b>19,697</b>	<b>110,931</b>
Owned assets	22,864	40,811	28,481	4,031	28,265	124,452
Assets under finance leases	-	-	2	7	-	9
<b>At 31 December 2014 and 1 January 2015</b>	<b>22,864</b>	<b>40,811</b>	<b>28,483</b>	<b>4,038</b>	<b>28,265</b>	<b>124,461</b>
Owned assets	23,212	55,692	39,542	5,083	26,057	149,586
Assets under finance leases	-	-	1	12	-	13
<b>At 31 December 2015</b>	<b>23,212</b>	<b>55,692</b>	<b>39,543</b>	<b>5,095</b>	<b>26,057</b>	<b>149,599</b>

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(Unit: Million Baht)

	<b>Separate financial statements</b>					Total
	Land	Buildings, building improve- ments and utilities system	Machinery and equipment	Other	Assets under construction and installation	
<b>Cost/revaluation</b>						
At 1 January 2014	4,533	11,870	10,822	1,128	1,759	30,112
Additions	58	12	435	82	1,619	2,206
Transfers	-	485	368	23	(876)	-
Disposals	(11)	(95)	(116)	(16)	-	(238)
<b>At 31 December 2014 and 1 January 2015</b>	<b>4,580</b>	<b>12,272</b>	<b>11,509</b>	<b>1,217</b>	<b>2,502</b>	<b>32,080</b>
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)
<b>At 31 December 2015</b>	<b>4,583</b>	<b>11,905</b>	<b>11,022</b>	<b>1,161</b>	<b>1,632</b>	<b>30,303</b>
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2014	-	(5,670)	(5,818)	(837)	-	(12,325)
Depreciation charge for the year	-	(789)	(1,096)	(125)	-	(2,010)
Impairment losses	-	(5)	(56)	-	-	(61)
Disposals	-	56	107	15	-	178
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>(6,408)</b>	<b>(6,863)</b>	<b>(947)</b>	<b>-</b>	<b>(14,218)</b>
Depreciation charge for the year	-	(830)	(1,076)	(116)	-	(2,022)
Reversal of (impairment loss)	-	5	(26)	-	-	(21)
Business transfers	-	245	331	35	-	611
Transfers	-	-	288	6	-	294
Disposals	-	516	587	63	-	1,166
<b>At 31 December 2015</b>	<b>-</b>	<b>(6,472)</b>	<b>(6,759)</b>	<b>(959)</b>	<b>-</b>	<b>(14,190)</b>
<b>Net book value</b>						
Owned assets	4,533	6,200	5,004	291	1,759	17,787
<b>At 1 January 2014</b>	<b>4,533</b>	<b>6,200</b>	<b>5,004</b>	<b>291</b>	<b>1,759</b>	<b>17,787</b>
Owned assets	4,580	5,864	4,646	270	2,502	17,862
<b>At 31 December 2014 and 1 January 2015</b>	<b>4,580</b>	<b>5,864</b>	<b>4,646</b>	<b>270</b>	<b>2,502</b>	<b>17,862</b>
Owned assets	4,583	5,433	4,263	202	1,632	16,113
<b>At 31 December 2015</b>	<b>4,583</b>	<b>5,433</b>	<b>4,263</b>	<b>202</b>	<b>1,632</b>	<b>16,113</b>

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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 2015 amounted to Baht 39,028 million (2014: Baht 34,040 million) in the consolidated statement of financial position, and Baht 7,160 million (2014: Baht 6,499 million) in the separate statement of financial position.

Capitalised borrowing cost in 2015 of the Group and the Company was Baht 1,003 million and Baht 57 million respectively (2014: Baht 667 million and Baht 54 million respectively).

**Fair value measurement**

Appraisal prices of the Group and the Company's land were revalued by the independent professional valuers using Market Comparison Approach, at fair market values totaling Baht 23,212 million and Baht 4,583 million respectively (2014: Baht 22,864 million and Baht 4,580 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 increase (decrease) if the price per area increase (decrease).

**18 Goodwill**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>	<u>financial statements</u>
	2015	2014	2015	2014
<b>Cost</b>				
At 1 January	60,699	59,293	-	-
Acquired through business acquisitions	16,413	1,425	-	-
Currency translation differences	4,186	(19)	-	-
<b>At 31 December</b>	<b>81,298</b>	<b>60,699</b>	<b>-</b>	<b>-</b>
<b>Impairment losses</b>				
At 1 January	-	-	-	-
Impairment loss	-	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>				
At 1 January	60,699	59,293	-	-
<b>At 31 December</b>	<b>81,298</b>	<b>60,699</b>	<b>-</b>	<b>-</b>

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*Impairment testing for carrying amount of goodwill*

Goodwill is allocated to cash-generating unit by segment and countries of operation. In evaluating and testing of impairment, the Group based the recoverable amount on its value in use by estimating discounted future cash flows by reference to five-year financial budgeted forecasts.

The assigned assumptions were from the management's assessment by considering the future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were discount rate which was determined based on weighted average cost of capital, terminal growth rate and historical growth rate of earnings before income tax, depreciation and amortisation.

**19 Other intangible assets**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		
	Development cost of software applications	Trademarks, rights and other	Total
<i>Cost</i>			
At 1 January 2014	<b>348</b>	<b>5,316</b>	<b>5,664</b>
Additions	127	103	230
Acquired through business acquisitions	3	1,328	1,331
Transfers	(3)	86	83
Disposals	-	(21)	(21)
Currency translation differences	3	89	92
<b>At 31 December 2014 and 1 January 2015</b>	<b>478</b>	<b>6,901</b>	<b>7,379</b>
Additions	103	72	175
Acquired through business acquisitions	2	396	398
Transfers	14	4	18
Disposals	-	(4)	(4)
Currency translation differences	3	129	132
<b>At 31 December 2015</b>	<b>600</b>	<b>7,498</b>	<b>8,098</b>
<i>Accumulated amortisation</i>			
At 1 January 2014	(235)	(1,534)	(1,769)
Amortisation charge for the year	(36)	(781)	(817)
Transfers	-	(60)	(60)
Disposals	-	(18)	(18)
<b>At 31 December 2014 and 1 January 2015</b>	<b>(271)</b>	<b>(2,393)</b>	<b>(2,664)</b>
Amortisation charge for the year	(51)	(863)	(914)
Transfers	-	(8)	(8)
Disposals	-	3	3
<b>At 31 December 2015</b>	<b>(322)</b>	<b>(3,261)</b>	<b>(3,583)</b>
<i>Net book value</i>			
<b>At 1 January 2014</b>	<b>113</b>	<b>3,782</b>	<b>3,895</b>
<b>At 31 December 2014 and 1 January 2015</b>	<b>207</b>	<b>4,508</b>	<b>4,715</b>
<b>At 31 December 2015</b>	<b>278</b>	<b>4,237</b>	<b>4,515</b>

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(Unit: Million Baht)

	<b>Separate financial statements</b>		
	Development cost of software applications	Other	Total
<b>Cost</b>			
At 1 January 2014	7	86	93
Additions	-	6	6
<b>At 31 December 2014 and 1 January 2015</b>	<b>7</b>	<b>92</b>	<b>99</b>
Additions	-	4	4
Decrease due to business transfer	-	(1)	(1)
Disposals	-	(3)	(3)
<b>At 31 December 2015</b>	<b>7</b>	<b>92</b>	<b>99</b>
<b>Accumulated amortisation</b>			
At 1 January 2014	(5)	(35)	(40)
Amortisation charge for the year	-	(9)	(9)
<b>At 31 December 2014 and 1 January 2015</b>	<b>(5)</b>	<b>(44)</b>	<b>(49)</b>
Amortisation charge for the year	(1)	(8)	(9)
Disposals	-	2	2
<b>At 31 December 2015</b>	<b>(6)</b>	<b>(50)</b>	<b>(56)</b>
<b>Net book value</b>			
<b>At 1 January 2014</b>	<b>2</b>	<b>51</b>	<b>53</b>
<b>At 31 December 2014 and 1 January 2015</b>	<b>2</b>	<b>48</b>	<b>50</b>
<b>At 31 December 2015</b>	<b>1</b>	<b>42</b>	<b>43</b>

The gross amount of the Group's and the Company's fully amortised intangible assets that was still in use as at 31 December 2015 amounted to Baht 458 million in the consolidated statement of financial position, and Baht 12 million in the separate statement of financial position (2014: Baht 373 million and Baht 6 million respectively).

## 20 Restricted deposits at financial institutions

As at 31 December 2015 certain subsidiaries had restricted deposits at financial institutions totaling Baht 1,948 million in order to comply with conditions for using credit facilities of foreign financial institutions (2014: Baht 2,054 million).

## 21 Deferred income tax

Deferred tax assets and liabilities as at 31 December 2015 and 2014 were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2015	2014	2015	2014
Deferred tax assets	4,434	3,815	3,061	2,604
Deferred tax liabilities	(5,531)	(5,677)	-	-
<b>Net deferred tax assets (liabilities)</b>	<b>(1,097)</b>	<b>(1,862)</b>	<b>3,061</b>	<b>2,604</b>

(Unit: Million Baht)



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Movements of deferred tax assets and liabilities during the year 2015 was as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>						<b>At 31 December 2015</b>
	<b>At 1 January 2015</b>	<b>Profit or loss</b>	<b>Charged/Credited to Other comprehensive income</b>	<b>Equity</b>	<b>Acquired in business combination</b>	<b>Currency translation differences</b>	
<b>Deferred tax assets (liabilities)</b>							
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)
<b>Net</b>	<b>(1,862)</b>	<b>642</b>	<b>423</b>	<b>95</b>	<b>(128)</b>	<b>(267)</b>	<b>(1,097)</b>

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Movements of deferred tax assets and liabilities during the year 2014 was as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>					
	<b>At 1 January 2014</b>	<b>Charged/Credited to (Note 35)</b>	<b>Other comprehensive income</b>	<b>Acquired in business combination</b>	<b>Currency translation differences</b>	<b>At 31 December 2014</b>
<i>Deferred tax assets (liabilities)</i>						
Biological assets	(394)	(105)	-	-	4	(495)
Investments	(200)	(7)	(275)	-	(1)	(483)
Tax losses	3,107	770	-	-	(58)	3,819
Other intangible assets	(807)	161	-	(328)	(3)	(977)
Property, plant and equipment	(4,037)	67	-	(147)	36	(4,081)
Employee benefit obligations	912	75	(5)	-	(10)	972
Other	(202)	(405)	-	(48)	38	(617)
<b>Net</b>	<b>(1,621)</b>	<b>556</b>	<b>(280)</b>	<b>(523)</b>	<b>6</b>	<b>(1,862)</b>

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Movements of deferred tax assets and liabilities during the year 2015 and 2014 were as follows:

	<i>(Unit: Million Baht)</i>		
	<b>At 1 January 2015</b>	<b>Profit or loss</b>	<b>At 31 December 2015</b>
		<b>Equity</b>	
		<b>Charged/Credited to (Note 35)</b>	
			<b>Separate financial statements</b>
<b>Deferred tax assets (liabilities)</b>			
Investments	1	-	1
Land	(319)	-	(319)
Employee benefit obligations	345	17	358
Tax losses	2,598	327	2,915
Other	(21)	(1)	106
<b>Net</b>	<b>2,604</b>	<b>472</b>	<b>3,061</b>

	<i>(Unit: Million Baht)</i>		
	<b>At 1 January 2014</b>	<b>Profit or loss</b>	<b>At 31 December 2014</b>
		<b>Other comprehensive income</b>	
		<b>Charged/Credited to (Note 35)</b>	
			<b>Separate financial statements</b>
<b>Deferred tax assets (liabilities)</b>			
Investments	1	-	1
Land	(319)	-	(319)
Employee benefit obligations	322	23	345
Tax losses	1,721	877	2,598
Other	(21)	-	(21)
<b>Net</b>	<b>1,704</b>	<b>900</b>	<b>2,604</b>

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As at 31 December 2015 the Group had temporary differences arising from the unutilised tax losses carry forward which have not been recognised as deferred tax assets in the statement of financial position totaling Baht 9,033 million (2014: Baht 9,023 million) because it is not probable that it will be able to utilise the tax benefit in the foreseeable future.

**22 Leasehold rights prepayment**

Movements for the years ended 31 December 2015 and 2014 were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
At 1 January	5,039	4,866	-	-
Additions	2,111	440	-	-
Acquired through business acquisition	-	298	-	-
Transfer to other current assets	(61)	(5)	-	-
Amortisation	(292)	(192)	-	-
Disposals	(102)	(378)	-	-
Currency translation difference	251	10	-	-
<b>At 31 December</b>	<b>6,946</b>	<b>5,039</b>	<b>-</b>	<b>-</b>

**23 Interest-bearing liabilities**

	<i>Note</i>	<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2015	2014	2015	2014
<b><i>Current</i></b>					
Overdrafts		4,073	1,628	6	5
Bill of exchange		18,731	1,989	18,731	1,989
Promissory notes		13,076	9,112	-	-
Short-term borrowings from financial institutions		62,387	42,932	7,251	-
Packing credits		7,515	6,128	-	-
Liabilities under trust receipts		968	3,886	-	-
<b>Total</b>		<b>106,750</b>	<b>65,675</b>	<b>25,988</b>	<b>1,994</b>
<b>Short-term borrowings from joint ventures and related company</b>	<b>5</b>	<b>378</b>	<b>395</b>	<b>-</b>	<b>-</b>

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		<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
<i>Note</i>		2015	2014	2015	2014
<b>Current portion of long-term debts</b>					
	Long-term borrowings from financial institutions	13,865	8,427	616	616
	Debentures	6,060	5,000	6,060	5,000
	Exchangeable Bonds	10,794	-	-	-
42	Liabilities under finance leases	5	6	-	-
	<b>Total</b>	<b>30,724</b>	<b>13,433</b>	<b>6,676</b>	<b>5,616</b>
	<b>Total current</b>	<b>137,852</b>	<b>79,503</b>	<b>32,664</b>	<b>7,610</b>
<b>Non-current</b>					
<b>Long-term debts</b>					
	Long-term borrowings from financial institutions and other companies	49,354	48,761	1,855	2,463
	Debentures	70,940	58,060	70,940	58,060
	Exchangeable Bonds	-	9,599	-	-
	Liabilities under finance leases	5	6	-	-
	<b>Total</b>	<b>120,299</b>	<b>116,426</b>	<b>72,795</b>	<b>60,523</b>
	<b>Total non-current</b>	<b>120,299</b>	<b>116,426</b>	<b>72,795</b>	<b>60,523</b>
	<b>Grand total</b>	<b>258,151</b>	<b>195,929</b>	<b>105,459</b>	<b>68,133</b>

**Exchangeable Bonds**

On 8 January 2014 the Board of Directors of C.P. Foods Holdings Limited (“CPFH”), a 100.00% directly owned subsidiary, passed a resolution to approve CPFH to issue and offer USD 290 million 0.5% Exchangeable Bonds due 2019 (“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 180 million shares in CP ALL Public Company Limited (“CPALL Shares”), which belong to CPFH and which were deposited with the Custody Account with Merrill Lynch International (the “Custodian” or “Merrill Lynch”) 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 the option to deliver CPALL Shares to the EB holders or redeem the EBs using cash of equivalent market value of CPALL shares. The initial exchange ratio of EBs is 123,966.94 CPALL Shares for each USD 200,000 principal amount of EBs (1 CPALL share equivalent to Baht 53.29 (rounded up) at the exchange rate USD 1: Baht 33.03).

The issuance and offering of the EBs was completed on 15 January 2014 and the EBs were listed on Singapore Exchange Securities Trading Limited on 16 January 2014.

As at 31 December 2015 the carrying amount of the EBs were USD 300 million or equivalent to Baht 10,794 million (2014: USD 292 million or equivalent to Baht 9,599 million). CPFH reclassified the amount as current portion of long-term debts because the EBs was falling 2 years from the issue date and the EB holders exercised their put options pursuant to the terms and conditions of EBs (see note 42 to financial statements).

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In addition, CPFH has a securities lending agreement over the Exchange Property (“CPALL Shares”) with Merrill Lynch (the “Borrower”). Under the terms of the agreement, CPFH agrees to lend to the Borrower up to 110 million CPALL Shares (equal to 1.22% 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 EB holders, if there are insufficient CPALL Shares in the Custody Account. As at 31 December 2015 CPFH lent to the Borrower approximately 0.4 million CPALL Shares. The fair value of these shares was Baht 16 million (2014: 28.9 million shares and fair value was Baht 1,221 million).

The currency denomination of interest-bearing liabilities as at 31 December 2015 and 2014 was as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
Functional currencies of each company in the Group	233,732	184,253	95,308	64,822
Foreign currencies				
- United States Dollar	22,320	10,137	10,151	3,311
- Euro	2,099	1,539	-	-
<b>Total</b>	<b>258,151</b>	<b>195,929</b>	<b>105,459</b>	<b>68,133</b>

The periods to maturity of interest-bearing liabilities, excluding liabilities under finance leases, as at 31 December 2015 and 2014 were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
Within one year	137,847	79,498	32,664	7,610
After one year but within five years	74,113	83,671	32,855	33,023
After five years	46,181	32,748	39,940	27,500
<b>Total</b>	<b>258,141</b>	<b>195,917</b>	<b>105,459</b>	<b>68,133</b>

The Group has secured interest-bearing liabilities as at 31 December 2015 totaling Baht 35,729 million (2014: Baht 38,160 million). Value of assets used for secured interest-bearing liabilities totaled Baht 40,745 million (2014: Baht 45,321 million).

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*Long-term borrowings from financial institutions*

As at 31 December 2015 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 local and foreign financial institutions. Details were as follows:

<u>Borrowing agreement</u>	<u>Approved credit facilities</u>	<u>Carrying amount as at 31 December 2015</u>	<u>Interest rate (% per annum)</u>	<u>Term of payment</u>
Facility 1	U.S. Dollar 277.50 million	U.S. Dollar 138.78 million (equivalent Approximately Baht 5,000 million)	Floating interest rate at 3-month LIBOR plus specified rate	Every 6 months for 5 years
Facility 2	U.S. Dollar 462.50 million	U.S. Dollar 379.86 million (equivalent Approximately Baht 13,686 million)	Floating interest rate at 3-month LIBOR plus specified rate for year 1 to year 5 and 3-month LIBOR plus specified rate for year 6 and year 7	Every 6 months for 7 years

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 specific covenants such as to maintain debt to equity ratio not exceeding 1.5:1 etc.

As at 31 December 2015 CPFI pledged 5,545 million shares of CPP with a fair value of Baht 21,137 million.

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*The second agreement*

On 2 July 2012 CPFI entered into a secured long-term borrowing agreement with a foreign financial institution which has a branch in Thailand. Details were as follows:

Approved credit facilities	Carrying amount as at 31 December 2015	Interest rate (% per annum)	Term of payment
U.S. Dollar 100.00 million	U.S. Dollar 89.83 million (equivalent Approximately Baht 3,237 million)	Floating interest rate at 3-month BBA LIBOR plus specified rate	1st installment: 10% (36th month after the first drawdown date) 2nd installment: 10% (42th month after the first drawdown date) 3rd installment: 10% (48th month after the first drawdown date) 4th installment: 10% (54th month after the first drawdown date) 5th installment: 60% (60th month after the first drawdown date)

CPFI drewdown the above long-term borrowing facilities to finance investment and for general corporate operations.

CPFI must pledge CPP shares as collateral for the above borrowing and must comply with the specific covenants such as to maintain debt to equity ratio not exceeding 2:1 etc.

As at 31 December 2015 CPFI pledged 1,234 million shares of CPP with a fair value of Baht 4,705 million.

*Debentures*

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>	<b>financial statements</b>	<b>Separate</b>	<b>financial statements</b>
	2015	2014	2015	2014
Debentures #1/2009	-	3,000	-	3,000
Debentures #2/2009	-	1,000	-	1,000
Debentures #1/2010	-	1,000	-	1,000
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	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	-
Debentures #2/2015	6,940	-	6,940	-
<b>Total</b>	<b>77,000</b>	<b>63,060</b>	<b>77,000</b>	<b>63,060</b>
Less current portion	(6,060)	(5,000)	(6,060)	(5,000)
<b>Net</b>	<b>70,940</b>	<b>58,060</b>	<b>70,940</b>	<b>58,060</b>

\* See note 39 to the financial statements



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***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 have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 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 as at the end of year 15.

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 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 as at the end of year 15.

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 and were registered with the Thai Bond Market Association on 21 December 2011.

***Debenture # 1/2012***

On 15 March 2012 the Company issued Baht 6,060 million unsubordinated and unsecured debentures in registered name form with a term of 4 years, fully repayable on 15 March 2016 and bearing interest at the fixed rate of 4.17% per annum.

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 and were registered with the Thai Bond Market Association on 15 March 2012.

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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 have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 and were registered with the Thai Bond Market Association on 3 August 2012.

The Company must comply with the specific covenants such as to maintain debt to equity ratio in the semi-annual and annual consolidated and separate financial statements through the terms of debentures, etc.

***Debenture # 1/2013***

On 9 May 2013 the Company issued Baht 6,000 million 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 have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 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 have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 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 6,500 million with the term of 5 years, bearing interest at the fixed rate of 3.21% per annum
- The second series of Baht 5,500 million with the term of 8 years, bearing interest at the fixed rate of 3.98% per annum

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 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 1,940 million with the term of 8 years, bearing interest at the fixed rate of 3.97% per annum
- The second series of Baht 3,000 million with the term of 10 years, bearing interest at the fixed rate of 4.28% per annum
- The third series of Baht 2,000 million with the term of 12 years, bearing interest at the fixed rate of 4.51% per annum.

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 29 July 2015 and were registered with the Thai Bond Market Association on 29 July 2015.

In this regards, 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 through the terms of debentures, etc.

**24 Accounts payable - trade and others**

	Note	Consolidated		<i>(Unit: Million Baht)</i>	
		financial statements		Separate financial statements	
		2015	2014	2015	2014
Related parties	5	3,537	5,181	322	297
Other parties		24,485	20,451	1,199	1,300
<b>Total</b>		<b>28,022</b>	<b>25,632</b>	<b>1,521</b>	<b>1,597</b>

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The currency denomination of accounts payable - trade and others as at 31 December 2015 and 2014 was as follows:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Functional currencies of each company in the Group	22,831	19,208	1,443	1,535
Foreign currencies				
- United States Dollar	4,548	5,997	78	62
- Euro	567	369	-	-
- Yen	37	8	-	-
- Other	39	50	-	-
<b>Total</b>	<b><u>28,022</u></b>	<b><u>25,632</u></b>	<b><u>1,521</u></b>	<b><u>1,597</u></b>

**25 Employee benefit obligations**

The Group has defined benefit plans for employee's retirement based on the Labour 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 2015 and 2014 were as follows:

	<b>Consolidated financial statements</b>		<i>(Unit: Million Baht)</i> <b>Separate financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Present value of funded - defined benefit obligations	721	624	-	-
Fair value of plan assets	(28)	(21)	-	-
	<b>693</b>	<b>603</b>	-	-
Present value of unfunded - defined benefit obligations	6,551	6,082	1,969	1,894
<b>Total</b>	<b><u>7,244</u></b>	<b><u>6,685</u></b>	<b><u>1,969</u></b>	<b><u>1,894</u></b>

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Movements in the present value of the defined benefit obligations and the fair value of plan assets for the year ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Defined benefit obligations at				
1 January	6,706	6,307	1,894	1,762
Benefits paid by the plans	(246)	(204)	(48)	(65)
Current service costs and interest	719	687	191	197
Defined benefit plan actuarial (gains) losses	94	(31)	-	-
Business transfer	-	-	(68)	-
Other	(1)	(53)	-	-
<b>Defined benefit obligations at 31 December</b>	<b>7,272</b>	<b>6,706</b>	<b>1,969</b>	<b>1,894</b>
Fair value of plan assets at 1 January	21	42	-	-
Expected return on plan assets	1	1	-	-
Contributions paid	21	21	-	-
Benefits paid by the plans	(16)	(42)	-	-
Currency translation differences	1	(1)	-	-
<b>Fair value of plan assets at 31 December</b>	<b>28</b>	<b>21</b>	<b>-</b>	<b>-</b>

Expenses or income recognised in the statement of income for the years ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current service costs	469	426	120	123
Interest costs	250	261	71	74
Expected return on plan assets	(1)	(1)	-	-
<b>Total</b>	<b>718</b>	<b>686</b>	<b>191</b>	<b>197</b>

Expenses classified by function were recognised in the statements of income for the years ended 31 December 2015 and 2014 as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Cost of sales of goods	297	277	88	94
Selling expenses	89	86	22	23
Administrative expenses	332	323	81	80
<b>Total</b>	<b>718</b>	<b>686</b>	<b>191</b>	<b>197</b>
<b>Actual return on plan assets</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>

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Actuarial gains (losses) recognised in other comprehensive income for the years ended 31 December 2015 and 2014 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Included in retained earnings:				
At 1 January	(637)	(668)	(236)	(236)
Recognised during the year	(115)	31	-	-
<b>At 31 December</b>	<b>(752)</b>	<b>(637)</b>	<b>(236)</b>	<b>(236)</b>

Principal actuarial assumptions at 31 December 2015 and 2014 were as follows:

	<b>Consolidated</b>		<i>(Unit: %)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Discount rate	1.25 - 10.70	1.75 - 9.10	4.20	4.20
Future salary increases	2.00 - 8.00	2.00 - 8.00	4.00 - 8.00	4.00 - 8.00

Assumptions regarding future mortality are based on mortality tables of each country.

***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.

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
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)

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**26 Share capital**

*(Unit: Million Shares/Million Baht)*

	<i>Par value per share (in Baht)</i>	<b>Consolidated financial statements/ Separate financial statements</b>			
		<u>2015</u>		<u>2014</u>	
		Number of shares	Baht	Number of shares	Baht
<b>Authorised</b>					
At 1 January					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>
<b>At 31 December</b>					
<b>- ordinary shares</b>	<i>1</i>	<u><b>7,743</b></u>	<u><b>7,743</b></u>	<u><b>7,743</b></u>	<u><b>7,743</b></u>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	<i>1</i>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>	<u>7,743</u>
<b>At 31 December</b>					
<b>- ordinary shares</b>	<i>1</i>	<u><b>7,743</b></u>	<u><b>7,743</b></u>	<u><b>7,743</b></u>	<u><b>7,743</b></u>

**27 Treasury shares**

*(Unit: Million Baht)*

	<b>Consolidated</b>		<b>Separate</b>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Ordinary shares of the Company held by subsidiaries	<u><b>1,135</b></u>	<u><b>1,135</b></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 regards, 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. The Board of Directors shall determine the share resale procedures after 6 months from the completion date of share repurchase. However, the last date to resale such repurchase shares shall not be later than 9 March 2019.

As at 31 December 2015 the Company had not repurchased shares under the above Program.

**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.

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*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, buildings and equipment until such assets are disposed.

**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 and 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.



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**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

Detail of the reportable segments financial information of the Group as at 31 December 2015 and 2014 and for the years then ended were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>					
	Livestock business		Aquaculture business		Total	
	2015	2014	2015	2014	2015	2014
<b>Statements of income</b>						
Revenue from sale of goods	358,517	357,889	62,838	68,150	421,355	426,039
Operating profit	<u>17,247</u>	<u>22,172</u>	<u>476</u>	<u>(2,578)</u>	17,723	19,594
Central income						
(expenses), net					5,350	2,674
Finance costs					(9,614)	(8,903)
Net foreign exchange						
gains (losses)					1,348	(356)
Share of profit of associates						
and joint ventures					5,221	4,869
Income tax expense					(3,654)	(3,649)
<b>Profit for the year</b>					<u><b>16,374</b></u>	<u><b>14,229</b></u>
<b>Assets</b>						
Property, plant and						
equipment and intangible						
assets (excluded						
goodwill), net	<u>120,425</u>	<u>94,791</u>	<u>32,310</u>	<u>33,025</u>	152,735	127,816
Central assets, net					1,379	1,360
Other assets					340,149	287,588
<b>Total</b>					<u><b>494,263</b></u>	<u><b>416,764</b></u>

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*Information about geographical areas*

In presenting information on the basis of information about geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The Group comprises the following main information about geographical areas:

- Area 1 : Thailand
- Area 2 : Asia
- Area 3 : Europe
- Area 4 : America
- Area 5 : Other

Detail of the geographic segment financial information of the geographical area of the Group as at 31 December 2015 and 2014 and for the years then ended were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>			
	Revenue from external customers		Property, plant and equipment and intangible assets (excluded goodwill) and central assets	
	2015	2014	2015	2014
Thailand	140,589	148,284	57,124	55,521
Asia	241,560	235,084	81,490	65,599
Europe	33,336	35,749	15,418	7,963
America	4,177	5,847	37	34
Other	1,693	1,075	45	59
<b>Total</b>	<b>421,355</b>	<b>426,039</b>	<b>154,114</b>	<b>129,176</b>

*Information about major customer*

In 2015 and 2014, there was no single external customer that contributed 10% or more of the Group's total revenue.

**30 Selling expenses**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
Employee benefit expenses	8,691	8,409	640	655
Advertising and sale promotion expenses	3,056	3,109	175	195
Vehicle and traveling expenses	2,808	2,725	77	97
Transportation expenses	1,901	1,711	-	-
Office expenses	1,460	1,328	74	73
Depreciation and amortisation	1,179	958	6	6
Building and equipment rental fees	1,061	1,053	89	92
Other	734	847	15	18
<b>Total</b>	<b>20,890</b>	<b>20,140</b>	<b>1,076</b>	<b>1,136</b>

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**31 Administrative expenses**

*(Unit: Million Baht)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
Employee benefit expenses	14,818	13,536	2,403	2,323
Office expenses	3,616	3,338	492	473
Depreciation and amortisation	1,514	1,527	150	121
Vehicle and traveling expenses	994	956	79	82
Professional fees	859	735	89	128
Taxes, government and bank fees and other	806	773	45	33
Building and equipment rental fees	665	345	90	88
Public relationship expenses	427	184	12	10
Donation	339	216	12	30
Insurance premium	205	179	16	18
Other	1,756	882	558	174
<b>Total</b>	<b>25,999</b>	<b>22,671</b>	<b>3,946</b>	<b>3,480</b>

**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 551 million and Baht 218 million in the consolidated and separate statements of income for the year ended 31 December 2015 respectively (*2014: Baht 527 million and Baht 208 million respectively*).
- (b) Employee benefit expenses consisted of salaries, wages and other benefit expenses of employees other than management totaling Baht 43,394 million and Baht 6,250 million in the consolidated and separate statements of income for the year ended 31 December 2015 respectively (*2014: Baht 41,111 million and Baht 6,530 million respectively*).

**33 Expenses by nature**

*(Unit: Million Baht)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
Changes in inventories of finished goods, work in progress and biological assets	(2,549)	(2,592)	(575)	(38)
Raw materials and consumables used	289,679	299,893	14,071	15,928
Employee benefit expenses	43,945	41,638	6,468	6,738
Factory and office expenses	31,806	30,503	4,604	6,565
Depreciation and amortisation	11,506	9,965	2,032	2,019
Transportation expenses	8,601	7,940	403	520
Building and equipment rental fees	4,937	4,068	581	608
Vehicle and traveling expenses	4,711	4,617	256	321
Advertising, public relationship and sale promotion expenses	3,611	3,416	203	223
Taxes, government and bank fees	1,261	1,125	62	47
Professional fees	964	827	89	128
Others	11,704	10,172	609	306
<b>Total cost of sales of goods, selling expenses and administrative expenses</b>	<b>410,176</b>	<b>411,572</b>	<b>28,803</b>	<b>33,365</b>

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**34 Finance costs**

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
Finance cost paid to:				
Subsidiaries	-	-	-	3
Joint ventures	4	2	-	-
Related company	1	19	-	-
Other parties	9,609	8,882	3,590	3,359
<b>Total</b>	<b>9,614</b>	<b>8,903</b>	<b>3,590</b>	<b>3,362</b>

**35 Income tax expense (income)**

*Income tax recognised in profit and loss*

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
<b>Current tax</b>				
Current year	4,542	4,350	25	34
Under (over) provided in prior years	(246)	(145)	-	2
	<b>4,296</b>	<b>4,205</b>	<b>25</b>	<b>36</b>
<b>Deferred income tax</b>				
Movements in temporary differences	(56)	214	(145)	(23)
Benefit of tax losses recognised	(586)	(770)	(327)	(877)
	<b>(642)</b>	<b>(556)</b>	<b>(472)</b>	<b>(900)</b>
<b>Income tax expense (income)</b>	<b>3,654</b>	<b>3,649</b>	<b>(447)</b>	<b>(864)</b>
Income tax on gain from partial business transfer under common control	-	-	15	-

*Income tax recognised in other comprehensive income*

	<i>(Unit: Million Baht)</i>					
	<b>Consolidated financial statements</b>					
	2015			2014		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Fair value changes on investments	(4,935)	400	(4,535)	1,377	(275)	1,102
Currency translation differences	1,663	-	1,663	(2,391)	-	(2,391)
Defined benefit plan actuarial gains (losses)	(139)	23	(116)	36	(5)	31
<b>Total</b>	<b>(3,411)</b>	<b>423</b>	<b>(2,988)</b>	<b>(978)</b>	<b>(280)</b>	<b>(1,258)</b>

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*Income tax recognised in equity*

(Unit: Million Baht)

	<b>Consolidated financial statements</b>					
	2015			2014		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Revaluation differences on land transferred to retained earnings	477	(95)	382	-	-	-

(Unit: Million Baht)

	<b>Separate financial statements</b>					
	2015			2014		
	Before tax	Tax (expense) income	Net of tax	Before tax	Tax (expense) income	Net of Tax
Surplus on common control transaction	77	(15)	62	-	-	-

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*Reconciliation of effective tax rate*

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>				
	0%	10%	20%	Other	Total
<b>2015</b>					
Applicable tax rates					
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)
<b>Net</b>	<b>-</b>	<b>589</b>	<b>332</b>	<b>2,733</b>	<b>3,654</b>
<b>2014</b>					
Accounting profit before income tax, net	243	957	4,661	12,018	17,879
Tax at the applicable tax rates	-	96	932	2,485	3,513
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	356	(455)	380	281
Under (over) provided in prior years	-	-	20	(165)	(145)
<b>Net</b>	<b>-</b>	<b>452</b>	<b>497</b>	<b>2,700</b>	<b>3,649</b>

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*Reconciliation of effective tax rate*

*(Unit: Million Baht)*

Applicable tax rates	<b>Separate financial statements</b>		
	0%	20%	Total
<b>2015</b>			
Accounting profit 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)
<b>Net</b>	<b>-</b>	<b>(447)</b>	<b>(447)</b>
<b>2014</b>			
Accounting profit before income tax, net	(156)	8,228	8,072
Tax at the applicable tax rates	-	1,646	1,646
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(2,512)	(2,512)
Under provided in prior years	-	2	2
<b>Net</b>	<b>-</b>	<b>(864)</b>	<b>(864)</b>

***Income tax reduction***

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants an order to maintain the corporate income tax rate at 20% for the accounting period which begins on or after 1 January 2015 until 31 December 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Company has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

**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

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- (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 2015 and 2014 were summarised as follows:

*(Unit: Million Baht)*

	<b>Separate financial statements</b>					
	Promoted businesses being granted exemption of corporate income tax		Non-promoted business being granted exemption of corporate income tax		Total	
	2015	2014	2015	2014	2015	2014
Local sales	4,747	4,295	17,049	17,650	21,796	21,945
Export sales	118	190	2,762	4,763	2,880	4,953
<b>Total revenue from sale of goods</b>	<b>4,865</b>	<b>4,485</b>	<b>19,811</b>	<b>22,413</b>	<b>24,676</b>	<b>26,898</b>
Other income	-	1	18,545	17,900	18,545	17,901
<b>Total revenues</b>	<b>4,865</b>	<b>4,486</b>	<b>38,356</b>	<b>40,313</b>	<b>43,221</b>	<b>44,799</b>
<i>Less costs and expenses</i>	<i>(4,961)</i>	<i>(4,642)</i>	<i>(26,986)</i>	<i>(31,221)</i>	<i>(31,947)</i>	<i>(35,863)</i>
<b>Profit for the year</b>	<b>(96)</b>	<b>(156)</b>	<b>11,370</b>	<b>9,092</b>	<b>11,274</b>	<b>8,936</b>

Direct costs and expenses are charged to the related businesses as incurred. Indirect costs and expenses are allocated to individual businesses based on revenues of each business.

### 37 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2015 and 2014 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:

*(Unit: million Baht/million shares)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
<b>Profit for the year attributable to ordinary shareholders of the Company</b>	<b>11,059</b>	<b>10,562</b>	<b>11,274</b>	<b>8,936</b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at 1 January	7,743	7,743	7,743	7,743
Treasury shares held by subsidiaries	(355)	(355)	-	-
<b>Net</b>	<b>7,388</b>	<b>7,388</b>	<b>7,743</b>	<b>7,743</b>
<b>Basic earnings per share (in Baht)</b>	<b>1.50</b>	<b>1.43</b>	<b>1.46</b>	<b>1.15</b>



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**38 Dividends**

Details of dividends for the years ended 31 December 2015 and 2014 were as follows:

Approval date to pay dividends	Rate per share (Baht)	Number of entitled shares (Shares)	Total (in million Baht)	Source
<b>2015</b>				
22 April 2015	0.10	7,742,941,932	774	Dividends received from subsidiaries appropriated from taxable profit which were subject to 23% corporate income tax
22 April 2015	0.35	7,742,941,932	2,710	Dividends received from subsidiaries appropriated from taxable profit 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 profit 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 profit which were subject to 20% corporate income tax
<b>Total</b>			<b>5,807</b>	
<b>2014</b>				
25 April 2014	0.20	7,742,941,932	1,549	Dividends received from subsidiaries appropriated from taxable profit which were subject to 23% corporate income tax
25 April 2014	0.05	7,742,941,932	387	Dividends received from subsidiaries appropriated from taxable profit which were subject to 20% corporate income tax
13 August 2014	0.30	7,742,941,932	2,323	Dividends received from subsidiaries appropriated from taxable profit which were subject to 20% corporate income tax
<b>Total</b>			<b>4,259</b>	

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**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.

The average interest rates of loans receivable as at 31 December 2015 and 2014 and the periods in which the loans receivable mature were as follows:

	Average interest rates (% per annum)	(Unit: Million Baht)			
		<b>Consolidated financial statements</b>			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2015</b>					
<b>Current</b>					
Short-term loans to subsidiaries	7.39	33,936	-	-	33,936
Current portion of long-term loans to subsidiaries	10.00	387	-	-	387
<b>Non Current</b>					
Long-term loans to subsidiaries	5.33	-	22,980	-	22,980
<b>Total</b>		<b>34,323</b>	<b>22,980</b>	<b>-</b>	<b>57,303</b>
<b>2014</b>					
<b>Current</b>					
Short-term loans to subsidiaries	7.50	19,733	-	-	19,733
Current portion of long-term loans to subsidiaries	7.38	120	-	-	120
<b>Non Current</b>					
Long-term loans to subsidiaries	5.37	-	16,837	-	16,837
<b>Total</b>		<b>19,853</b>	<b>16,837</b>	<b>-</b>	<b>36,690</b>

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The interest rates of interest-bearing liabilities as at 31 December 2015 and 2014 and the periods in which those liabilities mature were as follows:

*(Unit: Million Baht)*

	Interest rates <i>(% per annum)</i>	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
<b>2015</b>					
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
<b>Total</b>		<b>137,852</b>	<b>74,118</b>	<b>46,181</b>	<b>258,151</b>
<b>2014</b>					
Overdrafts	4.00 - 11.21	1,628	-	-	1,628
Short-term borrowings from financial institutions	1.15 - 15.18	64,047	-	-	64,047
Short-term borrowings from joint ventures and related company	3.00 - 6.50	395	-	-	395
Long-term borrowings from financial institutions and other companies	1.55 - 14.00	8,427	43,512	5,249	57,188
Debentures	3.18 - 4.60	5,000	40,159	27,500	72,659
Finance lease liabilities	0.10 - 21.04	6	6	-	12
<b>Total</b>		<b>79,503</b>	<b>83,677</b>	<b>32,749</b>	<b>195,929</b>

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(Unit: Million Baht)

	Interest rates (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years	After 5 years	
<b>2015</b>					
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	3.75 - 4.44	6,060	31,000	39,940	77,000
<b>Total</b>		<b>32,664</b>	<b>32,855</b>	<b>39,940</b>	<b>105,459</b>
<b>2014</b>					
Overdrafts	MOR	5	-	-	5
Short-term borrowings from financial institutions	2.41 - 2.50	1,989	-	-	1,989
Long-term borrowings from financial institutions	4.11	616	2,463	-	3,079
Debentures	3.75 - 5.42	5,000	30,560	27,500	63,060
<b>Total</b>		<b>7,610</b>	<b>33,023</b>	<b>27,500</b>	<b>68,133</b>

The Group has 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 2015 the Group had long-term borrowings under interest rate swap agreements totaling Baht 28,482 million (2014: Baht 29,775 million). The above average interest rates are interest rates after adjusted with rates stipulated in the interest rate swap agreements.

As at 31 December 2015, the Group has the interest rate swap agreements with the financial institutions to manage exposure of fluctuations in interest rates as follows:

- 1) The Company has entered into a cross currency and interest rate swap agreement with a financial institution for debentures totaling Baht 6,060 million to be USD 200 million. The Company has commitments to make payments for the fixed interest rate in USD for the principal amount of USD 200 million and the counterparty has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 6,060 million.
- 2) The Company has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowings totaling USD 80 million to be Baht 2,466 million. The Company has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 2,466 million and the counterparty has commitments to make payments in USD for the interest rate refer to USD-LIBOR-BBA for the principal amount of USD 80 million.
- 3) A foreign subsidiary has entered into interest rate swap agreements with certain financial institutions for long-term borrowings totaling USD 520 million (equivalent approximately to Baht 18,747 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 for the interest rate refer to USD-LIBOR-BBA.

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- 4) A foreign subsidiary has entered into a cross currency and interest rate swap agreement with a financial institution for long-term borrowing amounting to USD 17 million to be PHP 706 million. The subsidiary has commitments to make payments for the fixed interest in Peso and the counterparty has commitments to make payments in USD for the interest rates refer to USD-LIBOR-BBA.
- 5) A subsidiary has entered into several cross currency and interest rate swap agreements with a financial institution for long-term borrowings totaling USD 20 million to be Baht 722 million. The subsidiary has commitments to make payments for the fixed interest rate in Baht for the principal amount of Baht 722 million and the counterparty has commitments to make payments in USD for the interest rate refer to USD-LIBOR-BBA for the principal amount of USD 20 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 utilises 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 2015 and 2014 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		<i>(Unit: Million)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
Foreign currency		2015	2014	2015	2014
<b>Accounts receivable - trade and others</b>					
Foreign currencies	United States Dollar	30	55	14	27
	Won	19,262	23,195	6,665	7,875
	Singapore Dollar	15	16	-	-
	Euro	4	2	8	10
	Ruble	-	-	63	57
	Yen	222	259	5	147
	Swedish Krona	16	11	-	-
	Australian Dollar	-	-	10	2
	Rand	2	2	2	2
	Renminbi	-	-	118	69
Currency forwards	United States Dollar	37	58	28	42
	Won	19,262	23,195	6,665	7,875
	Singapore Dollar	15	16	-	-
	Euro	1	-	8	10
	Ruble	-	-	63	56
	Yen	222	259	5	147
	Australian Dollar	-	-	10	2
	Rand	2	2	2	2
	Renminbi	-	-	118	69
	<b>Short-term loans to subsidiaries</b>				
Foreign currencies	United States Dollar	-	-	102	-
	Ruble	-	-	500	300
	Euro	-	-	-	9
Currency forwards	Ruble	-	-	500	-
	Euro	-	-	-	9

**Charoen Pokphand Foods Public Company Limited  
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*(Unit: Million)*

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
Foreign currency		2015	2014	2015	2014
<b>Long-term loans to subsidiaries</b>					
Foreign currencies	United States Dollar	-	-	385	200
	Ruble	-	-	1,503	1,703
Currency forward	United States Dollar	-	-	200	200
	Ruble	-	-	953	953
<b>Interest-bearing liabilities</b>					
Foreign currencies	United States Dollar	618	310	280	100
	Euro	53	39	-	-
Currency forward	United States Dollar	203	100	80	100
<b>Accounts payable - trade and others</b>					
Foreign currencies	United States Dollar	126	182	2	2
	Euro	14	9	-	-
	Yen	122	29	-	-
Currency forwards	United States Dollar	160	241	1	1
	Euro	2	3	-	-
	Yen	122	29	-	-
<b>Forecast sales</b>					
Currency forwards	United States Dollar	22	78	5	7
	Pound Sterling	11	21	-	-
	Euro	6	12	-	1
	Yen	1,557	742	39	41
	Singapore Dollar	5	14	-	-
	Won	1,424	3,216	79	382
	Hongkong Dollar	12	18	-	-
	Danish Krone	13	12	-	-
	Australian Dollar	2	2	-	-
	Renminbi	3	3	-	-
<b>Forecast purchases</b>					
Currency forwards	United States Dollar	495	28	248	6
	Euro	5	4	-	-
	Yen	56	32	-	-
	Danish Krone	1	1	-	-

***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 over a certain amount. 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.

**Charoen Pokphand Foods Public Company Limited  
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*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 receivables, short-term loans, other current assets, overdrafts, short-term borrowings, trade and other payables 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 price 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>			
		<b>Consolidated financial statements</b>			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2015</b>					
<b>Financial assets</b>					
Forward contracts	996	-	851	-	851
<b>Financial liabilities</b>					
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

	Carrying amount	<i>(Unit: Million Baht)</i>			
		<b>Separate financial statements</b>			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2015</b>					
<b>Financial assets</b>					
Forward contracts	728	-	654	-	654
<b>Financial liabilities</b>					
Cross currency and interest rate swaps	764	-	665	-	665
Debentures	77,000	-	82,677	-	82,677

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Level 2 fair values for simple 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 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 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.

**40 Commitments with non-related parties**

As at 31 December 2015 and 2014 the Group had commitments with non-related parties as follows:

**40.1 Capital commitments**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<i>Contracted but not provided for</i>				
Land, buildings and constructions	4,704	5,455	19	16
Machinery, equipment and others	3,054	6,743	53	69
<b>Total</b>	<b><u>7,758</u></b>	<b><u>12,198</u></b>	<b><u>72</u></b>	<b><u>85</u></b>

**40.2 Commitments under operating lease agreements**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Within one year	3,166	2,688	115	229
Over one year but within five years	8,201	6,569	103	204
Over five years	10,706	9,327	-	12
<b>Total</b>	<b><u>22,073</u></b>	<b><u>18,584</u></b>	<b><u>218</u></b>	<b><u>445</u></b>

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 2016 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. This agreement is effective starting from 1 January 2013 to 31 December 2015. The Company has extended the agreement for an additional period until 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 2015 totaled Baht 33 million (2014: Baht 32 million).



# Charoen Pokphand Foods Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 40.4 Letters of credit

The Company and certain subsidiaries had commitments under the issued letters of credit totaling Baht 1 million and Baht 1,966 million respectively (2014: Baht 174 million and Baht 895 million respectively).

### 40.5 Letters of guarantee

- (a) The Company and certain subsidiaries had commitments to financial institutions for letters of guarantee issued by the financial institutions in favor of government agencies and others totaling Baht 753 million and Baht 6,029 million respectively (2014: Baht 1,351 million and Baht 5,100 million respectively). The letters of guarantee are principally covering the guarantee of taxes, duties and sell of products.
- (b) Certain foreign subsidiaries have commitments to foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totaling Baht 1,808 million (2014: Baht 1,693 million).

## 41 Guarantees

As at 31 December 2015 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 6,779 million shares with a fair value of Baht 25,843 million (31 December 2014: 9,691 million ordinary shares with a fair value of Baht 35,374 million).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totaling 51,000 shares with a carrying value of Baht 154 million (31 December 2014: 51,000 ordinary shares with a carrying value of Baht 177 million).
- (c) NNPP Limited Liability Company with an authorised share capital of Baht 238 million (31 December 2014: Baht 131 million).

41.2 Property, plant and equipment with net book value of Baht 9,788 million (31 December 2014: Baht 6,046 million).

41.3 Current assets and non-current assets mainly comprising of inventories and net accounts receivable and payable, with a carrying value of Baht 4,722 million (31 December 2014: Baht 3,409 million).

## 42 Events after the reporting period

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 USD 274.8 million or approximately Baht 9,991.7 million as the EBs was falling 2 years from the issue date and the EB holders exercised their put options pursuant to the terms and conditions of EBs. For the aggregate principal amount of USD 15.6 million or approximately Baht 567.2 million of the EBs, CPFH had taken a step to redeem the remaining EBs on 18 January 2016.

As at 31 December 2015, the EBs with the carrying amount of USD 299.6 million or equivalent to Baht 10,793.5 million were reclassified as current portion of long-term debts in the statement of financial position.

**Charoen Pokphand Foods Public Company Limited  
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**43 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 2016.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 3 (revised 2015)	Business Combinations
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

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Notes to the financial statements

TFRS	Topic
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) <i>Employee Benefits</i> - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers

The impact of the adoption of such revised TFRS and interpretations from 1 January 2016 on the Group's financial statements is still under consideration by management.

**44 Reclassification of accounts**

Certain accounts in the 2014 financial statements have been reclassified to conform to the presentation in the 2015 financial statements as follows:

*(Unit: Million Baht)*

	2014					
	<u>Consolidated financial statement</u>			<u>Separate financial statement</u>		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After reclassi- fication
<b><i>Statement of income</i></b>						
Selling expenses	18,753	1,388	20,141	965	171	1,136
Administrative expenses	24,085	(1,414)	22,671	3,651	(171)	3,480
Finance costs	8,880	23	8,903	-	-	-
Net foreign exchange losses	353	3	356	-	-	-
		<u>-</u>			<u>-</u>	

## **Independent Auditor’s Report on Review of Interim Financial Information**

### **To the Board of Directors of Charoen Pokphand Foods Public Company Limited**

I have reviewed the accompanying consolidated and separate statements of financial position of Charoen Pokphand Foods Public Company Limited and its subsidiaries, and of Charoen Pokphand Foods Public Company Limited, respectively as at 30 June 2016; the consolidated and separate statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2016; and the related statement of changes in equity and cash flows for the six-month period ended 30 June 2016; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

#### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

*Emphasis of Matter*

Without qualifying my conclusion in respect of the above interim financial information, I draw attention to note 14 to the interim financial information 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 1,245 million and Baht 1,087 million respectively whereby the Group and the Company have already recorded the additional income tax in the interim financial statements for the three-month and six-month period ended 30 June 2016.

(Munchupa Singsuksawat)  
Certified Public Accountant  
Registration No. 6112

KPMG Phoomchai Audit Ltd.  
Bangkok  
11 August 2016

**Charoen Pokphand Foods Public Company Limited  
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**Statements of financial position**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2016 (Unaudited)	31 December 2015	30 June 2016 (Unaudited)	31 December 2015
<b>Assets</b>					
<i>Current assets</i>					
Cash and cash equivalents		31,192,583	36,460,815	11,085,644	17,399,514
Current investments		6,251,858	7,772,903	-	-
Accounts receivable - trade and others	5	25,625,095	26,155,921	4,025,138	4,112,539
Short-term loans to subsidiaries	4	-	-	46,593,300	33,935,834
Current portion of long-term loans to subsidiaries	4	-	-	392,810	387,151
Inventories		48,996,655	52,111,810	3,348,381	4,210,182
Current biological assets		29,384,864	27,757,337	1,264,477	1,054,173
Advance payments for purchase of goods		3,975,429	2,224,032	-	-
Prepaid expenses		1,548,234	1,550,515	186,838	190,010
Accrued dividend income	4	268,385	188,755	-	5,926,986
Restricted deposits at financial institutions		2,536,898	1,946,451	-	-
Other current assets	4	4,270,408	3,824,841	263,580	951,067
<b>Total current assets</b>		<b>154,050,409</b>	<b>159,993,380</b>	<b>67,160,168</b>	<b>68,167,456</b>

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

**Charoen Pokphand Foods Public Company Limited  
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**Statements of financial position**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2016 (Unaudited)	31 December 2015	30 June 2016 (Unaudited)	31 December 2015
<b>Assets (Continued)</b>					
<i>Non-current assets</i>					
Available-for-sale investments	6	5,331,799	3,659,056	-	-
Investments in subsidiaries	7	-	-	99,999,421	86,937,987
Investments in associates	8	67,347,585	65,312,420	334,809	334,809
Investments in joint ventures	9	4,330,595	4,419,269	-	-
Investments in related companies	10	1,591,014	1,608,434	678,170	678,170
Investments in other companies		289,362	303,916	-	-
Long-term loans to subsidiaries	4	-	-	6,401,563	22,980,106
Investment properties		1,341,163	1,379,047	200,756	200,756
Property, plant and equipment	4, 11	154,418,490	149,599,244	15,598,215	16,112,553
Non-current biological assets		7,264,418	7,220,430	-	-
Goodwill		81,633,043	81,297,865	-	-
Other intangible assets		4,138,493	4,515,179	40,708	43,102
Restricted deposits at financial institutions		1,055	1,081	-	-
Deferred tax assets		3,808,468	4,434,351	2,843,634	3,061,554
Leasehold rights prepayment		7,645,269	6,946,130	-	-
Other non-current assets		2,627,524	3,572,934	199,765	210,509
<b>Total non-current assets</b>		<b>341,768,278</b>	<b>334,269,356</b>	<b>126,297,041</b>	<b>130,559,546</b>
<b>Total assets</b>		<b>495,818,687</b>	<b>494,262,736</b>	<b>193,457,209</b>	<b>198,727,002</b>

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)

		Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
<b>Liabilities and equity</b>	<i>Note</i>	2016	2015	2016	2015
		(Unaudited)		(Unaudited)	
<b><i>Current liabilities</i></b>					
Overdrafts and short-term borrowings					
from financial institutions		65,910,979	88,018,612	6,952	7,257,156
Bills of exchange	13	20,153,882	18,731,169	16,379,870	18,731,169
Accounts payable - trade and others	12	26,925,196	28,022,326	1,346,971	1,520,800
Short-term borrowings from					
joint ventures	4	330,330	378,346	-	-
Current portion of long-term debts		19,044,847	30,723,561	2,162,038	6,676,400
Accrued expenses		11,355,562	8,339,940	596,498	404,751
Income tax payable	14	3,191,045	1,711,550	1,087,043	-
Other current liabilities		10,315,334	10,365,185	1,599,488	2,283,580
<b>Total current liabilities</b>		<b>157,227,175</b>	<b>186,290,689</b>	<b>23,178,860</b>	<b>36,873,856</b>
<b><i>Non-current liabilities</i></b>					
Long-term debts	13	144,441,262	120,299,374	80,000,000	72,794,792
Provisions and others		1,163,950	1,172,319	-	-
Deferred tax liabilities		5,652,651	5,531,193	-	-
Employee benefit obligations		6,988,972	7,244,211	2,061,037	1,969,448
<b>Total non-current liabilities</b>		<b>158,246,835</b>	<b>134,247,097</b>	<b>82,061,037</b>	<b>74,764,240</b>
<b>Total liabilities</b>		<b>315,474,010</b>	<b>320,537,786</b>	<b>105,239,897</b>	<b>111,638,096</b>

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	
		30 June 2016 (Unaudited)	31 December 2015	30 June 2016 (Unaudited)	31 December 2015
<b>Equity</b>					
Share capital					
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	15	(1,135,146)	(1,135,146)	-	-
Additional paid-in capital					
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		4,000,778	3,997,711	-	-
Surplus on common control transactions		(5,159)	(5,159)	490,423	490,423
Retained earnings					
Appropriated					
Legal reserve		820,666	820,666	820,666	820,666
Unappropriated		70,377,892	65,919,003	38,840,482	37,712,076
Other components of equity					
		807,086	(908,246)	1,279,923	1,279,923
<b>Total equity attributable to equity holders of the Company</b>					
		<b>122,541,963</b>	<b>116,364,675</b>	<b>88,217,312</b>	<b>87,088,906</b>
Non-controlling interests					
		57,802,714	57,360,275	-	-
<b>Total equity</b>					
		<b>180,344,677</b>	<b>173,724,950</b>	<b>88,217,312</b>	<b>87,088,906</b>
<b>Total liabilities and equity</b>					
		<b>495,818,687</b>	<b>494,262,736</b>	<b>193,457,209</b>	<b>198,727,002</b>

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

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

**Statements of income (Unaudited)**

(Unit: Thousand Baht)

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		Three-month period ended 30 June		Three-month period ended 30 June	
		2016	2015	2016	2015
<b>Income</b>	4				
Revenue from sale of goods		116,776,864	103,677,345	7,727,381	5,263,411
Interest income		220,922	167,864	1,172,266	885,874
Dividend income		29,903	67,980	4,086,677	2,699,608
Net foreign exchange gains		-	680,556	-	569,726
Gains on changes in fair value of investment in associates		-	235,758	-	-
Gains on sales of investments	6, 8	568,617	2,249,633	-	-
Other income		556,736	561,788	6,075	7,892
<b>Total income</b>		<b>118,153,042</b>	<b>107,640,924</b>	<b>12,992,399</b>	<b>9,426,511</b>
<b>Expenses</b>	4				
Cost of sale of goods		96,498,985	89,696,052	6,869,613	5,232,314
(Gains) losses on changes in fair value of biological assets		(200,050)	130,387	-	-
Selling expenses		4,826,576	5,299,628	257,492	280,214
Administrative expenses		6,721,666	6,497,022	890,659	1,107,614
Net foreign exchange losses		74,851	-	34,224	-
Finance costs		2,586,993	2,364,385	963,319	825,741
<b>Total expenses</b>		<b>110,509,021</b>	<b>103,987,474</b>	<b>9,015,307</b>	<b>7,445,883</b>
Share of profits of associates and joint ventures	8, 9	1,665,450	1,229,763	-	-
<b>Profit before income tax expense (income)</b>		<b>9,309,471</b>	<b>4,883,213</b>	<b>3,977,092</b>	<b>1,980,628</b>
Income tax expense (income)	14	3,120,153	756,852	1,335,420	(94,340)
<b>Profit for the period</b>		<b>6,189,318</b>	<b>4,126,361</b>	<b>2,641,672</b>	<b>2,074,968</b>
<b>Profit for the period attributable to:</b>					
Equity holders of the Company		4,016,201	2,982,551	2,641,672	2,074,968
Non-controlling interests		2,173,117	1,143,810	-	-
<b>Profit for the period</b>		<b>6,189,318</b>	<b>4,126,361</b>	<b>2,641,672</b>	<b>2,074,968</b>
<b>Basic earnings per share (in Baht)</b>	17	<b>0.54</b>	<b>0.40</b>	<b>0.34</b>	<b>0.27</b>

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

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

**Statements of comprehensive income (Unaudited)**

(Unit: Thousand Baht)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Three-month period ended 30 June		Three-month period ended 30 June	
	2016	2015	2016	2015
<b>Profit for the period</b>	<b>6,189,318</b>	<b>4,126,361</b>	<b>2,641,672</b>	<b>2,074,968</b>
<b>Other comprehensive income</b>				
<i>Items that will never be reclassified to profit or loss subsequently</i>				
Revaluation differences on assets	190,079	13,501	-	-
Defined benefit plan actuarial (losses) gains	(2,469)	12,754	-	-
Income tax on other comprehensive income	(8,650)	(2,877)	-	-
	<b>178,960</b>	<b>23,378</b>	-	-
<i>Items that are or may be reclassified to profit or loss subsequently</i>				
Fair value changes on available-for-sale investments	(117,908)	(662,116)	-	-
Reclassification of net change in fair value of available-for-sale investment to profit or loss	-	(432,203)	-	-
Currency translation differences	(208,382)	3,893,278	-	-
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	8,829	130,873	-	-
	<b>(317,461)</b>	<b>2,892,956</b>	-	-
<b>Other comprehensive income for the period, net of income tax</b>	<b>(138,501)</b>	<b>2,916,334</b>	-	-
<b>Total comprehensive income for the period</b>	<b>6,050,817</b>	<b>7,042,695</b>	<b>2,641,672</b>	<b>2,074,968</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	4,551,851	4,185,887	2,641,672	2,074,968
Non-controlling interests	1,498,966	2,856,808	-	-
<b>Total comprehensive income for the period</b>	<b>6,050,817</b>	<b>7,042,695</b>	<b>2,641,672</b>	<b>2,074,968</b>

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

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

**Statements of income (Unaudited)**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Six-month period ended 30 June		Six-month period ended 30 June	
		2016	2015	2016	2015
<b>Income</b>	4				
Revenue from sale of goods		222,289,438	199,901,619	14,266,966	10,424,665
Interest income		354,313	322,575	2,192,943	1,615,056
Dividend income		29,903	67,980	6,111,677	5,624,608
Net foreign exchange gains		-	487,093	70,065	389,796
Gain on changes in fair value of investment in associate		-	235,758	-	-
Gains on sales of investments	6, 8	1,471,827	4,754,596	-	-
Other income		1,051,336	1,759,613	17,067	17,569
<b>Total income</b>		<b>225,196,817</b>	<b>207,529,234</b>	<b>22,658,718</b>	<b>18,071,694</b>
<b>Expenses</b>	4				
Cost of sale of goods		185,485,860	173,764,190	12,744,620	10,771,832
(Gains) losses on changes in fair value of biological assets		(875,383)	261,995	-	-
Selling expenses		9,356,747	9,887,377	493,883	520,574
Administrative expenses		13,094,014	12,103,473	1,696,431	1,889,595
Net foreign exchange losses		7,436	-	-	-
Finance costs		5,187,165	4,538,452	1,806,091	1,606,858
<b>Total expenses</b>		<b>212,255,839</b>	<b>200,555,487</b>	<b>16,741,025</b>	<b>14,788,859</b>
Share of profits of associates and joint ventures	8, 9	3,218,114	2,496,928	-	-
<b>Profit before income tax expense (income)</b>		<b>16,159,092</b>	<b>9,470,675</b>	<b>5,917,693</b>	<b>3,282,835</b>
Income tax expense (income)	14	4,814,955	1,368,542	1,304,963	(420,280)
<b>Profit for the period</b>		<b>11,344,137</b>	<b>8,102,133</b>	<b>4,612,730</b>	<b>3,703,115</b>
<b>Profit for the period attributable to:</b>					
Equity holders of the Company		7,780,493	5,939,016	4,612,730	3,703,115
Non-controlling interests		3,563,644	2,163,117	-	-
<b>Profit for the period</b>		<b>11,344,137</b>	<b>8,102,133</b>	<b>4,612,730</b>	<b>3,703,115</b>
<b>Basic earnings per share (in Baht)</b>	17	<b>1.05</b>	<b>0.80</b>	<b>0.60</b>	<b>0.48</b>

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

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

**Statements of comprehensive income (Unaudited)**

(Unit: Thousand Baht)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Six-month period ended 30 June		Six-month period ended 30 June	
	2016	2015	2016	2015
<b>Profit for the period</b>	<b>11,344,137</b>	<b>8,102,133</b>	<b>4,612,730</b>	<b>3,703,115</b>
<b>Other comprehensive income</b>				
<i>Items that will never be reclassified to profit or loss subsequently</i>				
Revaluation differences on assets	190,079	(685)	-	-
Defined benefit plan actuarial (losses) gains	(4,942)	321	-	-
Income tax on other comprehensive income	(7,794)	(388)	-	-
	<b>177,343</b>	<b>(752)</b>	<b>-</b>	<b>-</b>
<i>Items that are or may be reclassified to profit or loss subsequently</i>				
Fair value changes on available-for-sale investments	406,178	(669,943)	-	-
Reclassification of net change in fair value of available-for-sale investment to profit or loss	-	(1,449,938)	-	-
Currency translation differences	(96,548)	2,224,958	-	-
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	(24,532)	216,019	-	-
	<b>285,098</b>	<b>284,220</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income for the period, net of income tax</b>	<b>462,441</b>	<b>283,468</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>11,806,578</b>	<b>8,385,601</b>	<b>4,612,730</b>	<b>3,703,115</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	9,498,876	3,422,727	4,612,730	3,703,115
Non-controlling interests	2,307,702	4,962,874	-	-
<b>Total comprehensive income for the period</b>	<b>11,806,578</b>	<b>8,385,601</b>	<b>4,612,730</b>	<b>3,703,115</b>

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 (Unaudited)

(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				
<b>Six-month period ended</b>																
<b>30 June 2016</b>																
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	(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	-	-	-	-	-	-	-	(3,324,943)	-	-	-	(3,324,943)	(1,919,488)	(5,244,431)		
<i>Total distributions to owners</i>																
<i>Changes in ownership interests in subsidiaries and associates</i>																
Acquisition of non-controlling interests without a change in control	-	-	-	-	38	-	-	(14)	232	-	70	302	(329)	(3)		
Changes in interests in associates	-	-	-	-	3,029	-	-	-	-	-	-	3,029	-	3,029		
New shares issued by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	54,554	54,554		
<i>Total changes in ownership interests in subsidiaries and associates</i>																
	-	-	-	-	3,067	-	-	(14)	232	-	70	302	3,355	54,225	57,580	
Total transactions with equity holders, recorded directly in equity	-	-	-	-	3,067	-	-	(3,324,957)	232	-	70	302	(3,321,589)	(1,865,263)	(5,186,851)	
<b>Comprehensive income for the period</b>																
Profit	-	-	-	-	-	-	-	7,780,493	-	-	-	7,780,493	3,563,644	11,344,137		
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
- Actuarial losses	-	-	-	-	-	-	-	(3,231)	-	-	-	(3,231)	-	(3,231)		
- Other	-	-	-	-	-	-	-	381,097	180,575	1,159,942	1,721,614	1,721,614	(1,255,942)	465,672		
<b>Total comprehensive income for the period</b>																
	-	-	-	-	-	-	-	7,777,262	180,575	1,159,942	1,721,614	9,498,376	2,307,702	11,806,578		
Transferred to retained earnings	-	-	-	-	-	-	-	6,584	(6,584)	-	(6,584)	-	-	-		
Balance at 30 June 2016	7,742,942	(1,135,146)	36,462,883	3,470,021	4,000,778	(5,159)	820,666	70,377,892	7,446,328	(3,874,496)	807,086	122,541,963	57,802,714	180,344,677		

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 (Unaudited)**

(Unit: Thousand Baht)

	Note	Separate financial statements							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
<b>Six-month period ended 30 June 2015</b>										
Balance at 1 January 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 of the Company</i>										
Dividends paid	18	-	-	-	-	-	(3,484,324)	-	-	(3,484,324)
<i>Total distributions to owners of the Company</i>							(3,484,324)			(3,484,324)
Total transactions with equity holders, recorded directly in equity							(3,484,324)			(3,484,324)
Comprehensive income for the period										
Profit							3,703,115			3,703,115
Total comprehensive income for the period							3,703,115			3,703,115
Balance at 30 June 2015		7,742,942	35,572,855	3,470,021	428,671	820,666	32,463,623	1,280,169	1,280,169	81,778,947
<b>Six-month period ended 30 June 2016</b>										
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 of the Company</i>										
Dividends paid	18	-	-	-	-	-	(3,484,324)	-	-	(3,484,324)
<i>Total distributions to owners of the Company</i>							(3,484,324)			(3,484,324)
Total transactions with equity holders, recorded directly in equity							(3,484,324)			(3,484,324)
Comprehensive income for the period										
Profit							4,612,730			4,612,730
Total comprehensive income for the period							4,612,730			4,612,730
Balance at 30 June 2016		7,742,942	35,572,855	3,470,021	490,423	820,666	38,840,482	1,279,923	1,279,923	88,217,312

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



**Charoen Pokphand Foods Public Company Limited  
and its Subsidiaries**  
**Statements of cash flows (Unaudited)**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Six-month period ended 30 June		Six-month period ended 30 June	
		2016	2015	2016	2015
<b><i>Cash flows from operating activities</i></b>					
Profit for the period		11,344,137	8,102,133	4,612,730	3,703,115
<i>Adjustments for</i>					
Depreciation		5,927,435	4,773,451	913,224	1,039,194
Amortisation		607,991	559,010	4,228	4,573
Depreciation of biological assets		2,458,847	2,139,771	67,107	73,627
Bad and doubtful debts expense (reversal of allowance for doubtful accounts)	5	100,550	18,775	15,228	(1,763)
Losses on decline in value of inventories adjusted to net realisable value		35,982	197,561	5,422	129,222
Interest income		(354,313)	(322,575)	(2,192,943)	(1,615,056)
Dividend income		(29,903)	(67,980)	(6,111,677)	(5,624,608)
Finance costs		5,187,165	4,538,452	1,806,091	1,606,858
Gains on sales of investments	6, 8	(1,471,827)	(4,754,596)	-	-
Employee benefit obligations		364,496	305,102	98,656	97,264
(Gains) losses on sale and write-off of properties, plant, equipment and investment properties and other intangible assets		184,241	(828,865)	49,365	8,442
Reversal of impairment losses of plant and equipment		(1,878)	(325)	-	(325)
Unrealised (gains) losses on exchange rates		96,336	(195,032)	(83,175)	(447,005)
(Gains) losses on changes in fair value of biological assets		(875,383)	261,995	-	-
Gains on changes in fair value of investment in associates		-	(235,758)	-	-
Share of profits of associates and joint venture	8, 9	(3,218,114)	(2,496,928)	-	-
Income tax expense (income)	14	4,814,955	1,368,542	1,304,963	(420,280)
		25,170,717	13,362,733	489,219	(1,446,742)
<i>Changes in operating assets and liabilities</i>					
Accounts receivable - trade and others		468,317	1,216,757	72,173	465,016
Inventories		2,606,547	(5,435,757)	856,379	(1,551,498)
Current and non-current biological assets		(3,334,016)	(2,380,430)	(277,411)	236,003

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

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

**Statements of cash flows (Unaudited)**

(Unit: Thousand Baht)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Six-month period ended 30 June		Six-month period ended 30 June	
<i>Note</i>	2016	2015	2016	2015
<b><i>Cash flows from operating activities</i></b>				
<b><i>(Continued)</i></b>				
Other current assets	(3,097,319)	(2,097,798)	715,151	(262,853)
Other non-current assets	676,532	512,664	10,744	216
Accounts payable - trade and others	(598,459)	(6,461,952)	(173,828)	(327,360)
Other current liabilities	2,753,296	2,153,745	(221,455)	420,163
Employee benefits paid	(575,277)	(45,719)	(7,067)	(1,723)
Income tax paid	(2,522,092)	(2,590,923)	(24,391)	(27,263)
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	<b>21,548,246</b>	<b>(1,766,680)</b>	<b>1,439,514</b>	<b>(2,496,041)</b>
<b><i>Cash flows from investing activities</i></b>				
Interest received	333,803	296,008	2,192,841	1,613,058
Dividends received	3,346,633	2,516,572	12,038,663	6,957,271
Increase in short-term loans to subsidiaries	-	-	(12,635,928)	(13,862,329)
Decrease (increase) in current investments	1,187,330	(785,477)	-	-
Purchase of investments	(4,910,017)	(6,112,814)	(13,274,924)	(3,677,787)
Sale of investments	2,867,699	7,921,418	-	-
Net consideration paid for acquisition of subsidiaries	3 (81,632)	(2,787,532)	-	-
Decrease in long-term loans to subsidiaries	-	-	16,639,919	68,877
Purchase of property, plant and equipment and investment properties	(8,823,470)	(11,078,597)	(440,741)	(636,248)
Sale of property, plant and equipment and investment properties	116,252	1,313,501	11,533	3,833
Purchase of other intangible assets	(134,587)	(100,278)	(1,838)	(306)
Sale of other intangible asstes	-	-	6	-
Purchase of leasehold rights	(182,983)	(1,543,391)	-	-
<b>Net cash provided by (used in)</b>				
<b>investing activities</b>	<b>(6,280,972)</b>	<b>(10,360,590)</b>	<b>4,529,531</b>	<b>(9,533,631)</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(4,971,319)	(3,878,345)	(1,813,782)	(1,525,655)
(Decrease) increase in short-term borrowings from financial institutions	(21,052,008)	609,957	(7,132,158)	-

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

**Charoen Pokphand Foods Public Company Limited  
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**Statements of cash flows (Unaudited)**

*(Unit: Thousand Baht)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Six-month period ended 30 June		Six-month period ended 30 June	
	2016	2015	2016	2015
<b><i>Cash flows from financing activities</i></b>				
<b><i>(Continued)</i></b>				
Increase (decrease) in bill of exchange	1,219,316	2,920,697	(2,534,017)	2,920,697
Decrease in short-term borrowings				
from joint ventures	(31,529)	(246,151)	-	-
Repayment of liabilities under				
finance leases	(9,709)	(2,954)	-	-
Proceeds from long-term borrowings				
from financial institutions	9,220,203	2,538,633	-	-
Repayment of long-term borrowings				
from financial institutions	(6,006,976)	(3,752,161)	(308,200)	(308,200)
Proceeds from issue of debentures	25,060,000	12,000,000	9,060,000	12,000,000
Repayment of debentures	(16,885,878)	(2,000,000)	(6,060,000)	(2,000,000)
Payment of financial transaction costs	(235,237)	(310,635)	(5,694)	(6,709)
Proceeds from issue of new ordinary shares	54,554	-	-	-
Dividend paid by the Company - net of				
dividends paid to subsidiaries (for				
shares held in treasury)	(3,324,842)	(3,424,771)	(3,484,223)	(3,480,125)
Dividends paid to non-controlling				
interests	(1,912,828)	(1,738,978)	-	-
Consideration paid for acquisition of				
non-controlling interests	-	(18,150)	-	-
<b>Net cash provided by (used in)</b>				
<b>    financing activities</b>	<b>(18,876,253)</b>	<b>2,697,142</b>	<b>(12,278,074)</b>	<b>7,600,008</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,608,979)</b>	<b>(9,430,128)</b>	<b>(6,309,029)</b>	<b>(4,429,664)</b>
Cash and cash equivalents at				
beginning of period	32,387,481	31,923,565	17,393,118	13,691,168
Effect of exchange rate changes on				
balances held in foreign currencies	(177,900)	659,245	(5,397)	194,306
<b>Cash and cash equivalents at</b>				
<b>    end of period</b>	<b>28,600,602</b>	<b>23,152,682</b>	<b>11,078,692</b>	<b>9,455,810</b>

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

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

**Statements of cash flows (Unaudited)**

*(Unit: Thousand Baht)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2016	2015	2016	2015
<b>Supplemental disclosures of cash flows information:</b>				
<b>1. Cash and cash equivalents</b>				
These consisted of:				
Cash and cash equivalents	31,192,583	25,008,889	11,085,644	9,462,487
Overdrafts	(2,591,981)	(1,856,207)	(6,952)	(6,677)
<b>Net</b>	<b>28,600,602</b>	<b>23,152,682</b>	<b>11,078,692</b>	<b>9,455,810</b>

**2. Non-cash transactions**

As at 30 June 2016 the Group had accrued dividend income amounting to Baht 268 million (2015: the Group and the Company had accrued dividend income amounting to Baht 188 million and 2,569 million respectively).

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

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These notes form an integral part of the interim financial statements.

The interim 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 for issue by the executive directors on 11 August 2016.

**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 consists of 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 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 30 June 2016 and 31 December 2015 only those with change in ownership interests during the six-month period ended 30 June 2016 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interests (%)	
			30 June 2016	31 December 2015
<i>Indirect subsidiary with change in interests</i>				
1) CPF Trading LLC. <sup>(1)</sup>	Importer and distributor of meat products	Russia	99.99	59.99
<i>Newly incorporated indirect subsidiaries</i>				
1) Beijing CP Consultation Services Co., Ltd. <sup>(2)</sup>	Provision of consulting service on economic and trade	The Republic of China	50.43	-
2) CPF Ryzan LLC. <sup>(1)</sup>	Livestock farming	Russia	99.99	-
3) CP Group (Inner Mongolia)	Production and sale of animal feed	The People’s	50.43	-

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Name of the entity	Type of business	Country of incorporation	Ownership interests (%)	
			30 June 2016	31 December 2015
Nutrition Technology Flocks and Herds Service Co., Ltd. <sup>(2)</sup>		Republic of China		
4) Nanning C.P. Food Co., Ltd. <sup>(2)</sup>	Production and sale of ready meal	The People's Republic of China	50.43	-
5) NNPP-2 Limited Liability Company <sup>(3)</sup>	Livestock farming	Russia	75.82	-
<b>Indirect subsidiaries from business acquisition</b>				
1) Hubei Chia Tai Co., Ltd. <sup>(2)</sup>	Production and sale of animal feed and breeding and processed food	The People's Republic of China	50.43	-
<b>Indirect subsidiary that change name</b>				
1) C.P. Premix (Tianjin) Co., Ltd. <sup>(2)</sup> (Formerly known as Tianjin Chia Tai Feed Tech Co., Ltd.)	Production and sale of animal feed	The People's Republic of China	50.43	50.43
<sup>(1)</sup> a subsidiary of Charoen Pokphand Foods (Overseas) LLC. <sup>(2)</sup> a subsidiary of C.P. Pokphand Co., Ltd. <sup>(3)</sup> a subsidiary of Russia Baltic Pork Invest ASA				

During the six-month period ended 30 June 2016, the Group did not dispose any investment in subsidiaries.

## 2 Basis of preparation of the interim financial statements

### 2.1 Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2015) *Interim Financial Reporting*; including related guidelines promulgated by the Federation of Accounting Professions (“FAP”); applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2015. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2015.

The accounting policies and methods of computation applied in these interim financial

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

## **Notes to the interim financial statements**

### **For the three-month and six-month periods ended 30 June 2016 (Unaudited)**

statements are consistent with those applied in the financial statements for the year ended 31 December 2015 except for the adaption of all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2016 and are relevant to the Group's operations. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

#### **2.2 Functional and presentation currency**

The interim 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 interim financial statements to the nearest million Baht unless otherwise stated.

#### **2.3 Use of judgements and estimates**

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, 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 these estimates.

In preparing these interim financial statements, the judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2015.

#### *Measurement of fair values*

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.

Further information about the assumptions made in measuring fair values of available-for-sale investments, which is financial instrument carried at fair value, is included in note 6 to the interim financial statements.



## Charoen Pokphand Foods Public Company Limited and its Subsidiaries

### Notes to the interim financial statements

For the three-month and six-month periods ended 30 June 2016 (Unaudited)

#### 3 Business combination by acquisition of shares

##### 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 (“CTFI”), an indirect subsidiary of Charoen Pokphand Group Company Limited.

The main business of Hubei is production and sale of animal feed, breeding and processed food. 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 by 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

	<i>(Unit: Million Baht)</i>
	<b>Fair value</b>
Cash	<b>560</b>

##### Identifiable assets acquired and liabilities assumed

	<i>(Unit: Million Baht)</i>
	<b>Fair value</b>
Cash and cash equivalents	478
Accounts receivables - trade and others	636
Inventories	310
Current biological assets	129
Other current assets	86
Property, plant and equipment	2,909
Leasehold rights prepayment	759
Overdrafts and short-term borrowings from financial institutions	(1,292)
Trade and other payables	(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)
<b>Net assets</b>	<b>560</b>
Consideration transferred	560
Cash received from acquisition of subsidiary	(478)
<b>Net consideration paid for acquisition of subsidiary</b>	<b>82</b>

**Charoen Pokphand Foods Public Company Limited  
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The Group had assessed the fair value of the net assets acquired in accordance with TFRS No. 3 (revised 2015). However, if new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional fair values, or any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

If the acquisition of Hubei 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 three-month and six-month periods ended 30 June 2016 would have been as follows:

	<i>(Unit: Million Baht)</i>	
	For the three-month period ended 30 June 2016	For the six-month period ended 30 June 2016
Revenue from sale of goods	118,318	224,055
Profit for the period attributable to equity holders of the Company	4,022	7,779

**4 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 4 May 2016.

The pricing policies for particular types of transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
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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**Notes to the interim financial statements**

**For the three-month and six-month periods ended 30 June 2016 (Unaudited)**

**4.1 Significant transactions with related parties for the three-month and six-month periods ended 30 June 2016 and 2015**

*For the three-month period ended 30 June 2016 and 2015*

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2016</b>	<b>2015</b>	<b>financial statements</b>	<b>2015</b>
<b>(a) Revenues</b>				
<b>Subsidiaries</b>				
Dividend income	-	-	4,075	2,662
Interest income	-	-	1,124	867
Sale of goods	-	-	743	756
Rental, service and other income	-	-	3	1
Gain on sale of fixed assets	-	-	-	1
<b>Associates, joint ventures and related companies</b>				
Sale of goods	9,801	8,452	129	94
Dividend income	26	64	11	37
Rental, service and other income	41	51	-	-
Software application income	7	16	-	-
Training and seminar income	6	4	-	-
Interest income	-	1	-	-
<b>(b) Expenses and others</b>				
<b>Significant influence entity</b>				
Purchase of raw materials and goods	2,322	2,375	731	628
Technical service fees	495	426	12	9
Trademark license fees	23	21	1	2
<b>Subsidiaries</b>				
Purchase of raw materials and goods	-	-	1,253	1,075
Software application fees	-	-	47	49
Rental and service fees	-	-	15	17
Training and seminar fees	-	-	10	9
Other expenses	-	-	16	14

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*For the three-month period ended 30 June 2016 and 2015 (continued)*

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>(b) Expenses and others (continued)</b>				
<b>Associates, joint ventures and related companies</b>				
Purchase of raw materials and goods	11,261	14,880	139	115
Construction costs of buildings, structures and others	360	362	41	64
Rental and service fees	349	382	67	104
Insurance premium	50	65	18	29
Purchase of equipment and others	42	10	14	9
Trademark license fees	9	8	-	-
Software application fees	8	8	-	-
Interest expenses	1	1	-	-
Other expenses	268	301	26	14

*For the six-month period ended 30 June 2016 and 2015*

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>(a) Revenues</b>				
<b>Subsidiaries</b>				
Dividend income	-	-	6,100	5,587
Interest income	-	-	2,119	1,580
Sale of goods	-	-	1,255	1,454
Rental, service and other income	-	-	6	1
Gain on sale of fixed asset	-	-	1	1
<b>Associates, joint ventures and related companies</b>				
Sale of goods	18,801	16,319	285	152
Gain on sale of land	-	705	-	-
Rental, service and other income	96	125	1	1
Dividend income	26	64	11	37
Software application income	13	21	-	-
Interest income	2	1	-	-
Training and seminar income	9	8	-	-

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*For the six-month period ended 30 June 2016 and 2015 (Continued)*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2016	2015	2016	2015
<i>(Unit: Million Baht)</i>				
<b>(b) Expenses and others</b>				
<b>Significant influence entity</b>				
Purchase of raw materials and goods	4,571	4,306	1,264	973
Technical service fees	920	777	22	18
Trademark license fees	44	42	2	4
<b>Subsidiaries</b>				
Purchase of raw materials and goods	-	-	2,593	1,779
Software application fees	-	-	92	100
Rental and service fees	-	-	31	32
Training and seminar fees	-	-	14	13
Other expenses	-	-	27	23
<b>Associates, joint ventures and related companies</b>				
Purchase of raw materials and goods	22,845	27,758	279	230
Construction costs of buildings, structures and others	656	772	70	119
Rental and service fees	758	743	160	217
Insurance premium	106	134	38	57
Purchase of equipment and others	70	42	18	16
Trademark license fees	17	17	-	-
Software application fees	15	15	-	-
Interest expenses	3	4	-	-
Other expenses	487	562	38	26

**4.2 Balances with related parties as at 30 June 2016 and 31 December 2015 were as follows:**

**4.2.1 Accounts receivable - trade and others**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<i>(Unit: Million Baht)</i>				
Significant influence entity	1	1	-	-
Subsidiaries	-	-	1,375	1,713
Associates and joint ventures	2,770	2,719	17	32
Related companies	4,902	4,618	269	107
<b>Total</b>	<b>7,673</b>	<b>7,338</b>	<b>1,661</b>	<b>1,852</b>

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**4.2.2 Short-term loans**

(Unit: Million Baht)

	<b>Separate financial statements</b>		
	Outstanding balance		
	30 June 2016	31 December 2015	Average balance
Subsidiaries	46,593	33,936	50,063
<b>Total</b>	<b>46,593</b>	<b>33,936</b>	<b>50,063</b>

The Company computes the average balance from the outstanding balances of short-term loans at the end of each month excluding accrued interest income.

**4.2.3 Accrued dividend income**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Subsidiaries	-	-	-
Associates and joint ventures	268	189	-	-
<b>Total</b>	<b>268</b>	<b>189</b>	<b>-</b>	<b>5,927</b>

**4.2.4 Accrued interest income**

(Unit: Million Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Subsidiaries	-	-	95
<b>Total</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>97</b>

**4.2.5 Long-term loans**

(Unit: Million Baht)

	<b>Separate financial statements</b>		
	Outstanding balance		
	30 June 2016	31 December 2015	Average Balance
Subsidiaries	6,795	23,367	9,407
Less current portion	(393)	(387)	
<b>Net</b>	<b>6,402</b>	<b>22,980</b>	

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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**4.2.6 Accounts payable - trade and others**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Significant influence entity	532	758	114	42
Subsidiaries	-	-	143	193
Associates and joint ventures	256	309	1	-
Related companies	2,423	2,470	97	87
<b>Total</b>	<b>3,211</b>	<b>3,537</b>	<b>355</b>	<b>322</b>

**4.2.7 Short-term borrowings**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		
	Outstanding balance		
	30 June 2016	31 December 2015	Average Balance
Joint ventures	330	378	303
<b>Total</b>	<b>330</b>	<b>378</b>	<b>303</b>

The Company computes the average balance from the outstanding balances of short-term borrowings at the end of each month excluding accrued interest expense.

**4.3 Balances of loans/borrowings and interest rates**

Balances of loans/borrowings and interest rates as at 30 June 2016 and 31 December 2015 were as follows:

	<b>Consolidated financial statements</b>				Average interest rate	
	<i>(Unit: Million Baht)</i>				Average interest rate (%)	
	Balance with fixed interest rate		Balance with float interest rate		30	31
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	June 2016	December 2015
Short-term borrowings from joint ventures	330	378	-	-	2.00	2.00

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	<b>Separate financial statements</b>					
	<i>(Unit: Million Baht)</i>					
	Balance with fixed interest rate		Balance with float interest rate		Average interest rate (%)	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Short-term loans to subsidiaries	18,872	3,669	27,721	30,267	7.39	7.39
Long-term loans to subsidiaries	6,795	23,367	-	-	5.20	5.40

**4.4 Key management personnel compensations**

Key management personnel compensations consist of:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<i>For the three-month period ended 30 June</i>				
Short-term employee benefits	118	114	58	57
Post-employment under defined benefit plans	3	2	1	1
<b>Total</b>	<b>121</b>	<b>116</b>	<b>59</b>	<b>58</b>
<i>For the six-month period ended 30 June</i>				
Short-term employee benefits	229	221	108	106
Post-employment under defined benefit plans	6	5	2	2
<b>Total</b>	<b>235</b>	<b>226</b>	<b>110</b>	<b>108</b>
<i>As at 30 June</i>				
Employee benefit obligations	254	236	84	80
<b>Total</b>	<b>254</b>	<b>236</b>	<b>84</b>	<b>80</b>



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**4.5 Commitments**

As at 30 June 2016 and 31 December 2015 the Group had commitments with related parties as follows:

**4.5.1 Capital commitments**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<i>Contracted but not provided for</i> Mainly represents contracts for construction of buildings and structures, purchase of machinery and others	<b>399</b>	<b>431</b>	<b>121</b>	<b>144</b>

**4.5.2 Commitments under operating lease agreements**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Within one year	818	926	241	250
Over one year but within five years	1,374	1,539	243	197
Over five years	314	374	-	-
<b>Total</b>	<b>2,506</b>	<b>2,839</b>	<b>484</b>	<b>447</b>

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 2016 to 2024.

**4.6 Significant agreements**

As at 30 June 2016 the Group had the following significant agreements with related parties:


**4.6.1 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 effective starting from 1 January 2016 to 31 December 2016.

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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.

**4.6.2 Trademark agreements**

A subsidiary (CPF Trading Company Limited) has trademark agreement 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 agreement. 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.

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.

**4.6.3 Application system service agreement**

A subsidiary has 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.

**4.6.4 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.

**4.6.5 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 term and the service fees are stipulated in the agreements. The agreements may be terminated upon either party agreeing to terminate the agreements or either party being in breach of the agreements.

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**5 Accounts receivable - trade and others**

		<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30 June	31 December	30 June	31 December
<i>Note</i>		2016	2015	2016	2015
	Related parties	7,673	7,338	1,661	1,852
	Other parties	18,743	19,552	2,429	2,310
	<b>Total</b>	<b>26,416</b>	<b>26,890</b>	<b>4,090</b>	<b>4,162</b>
	Less allowance for doubtful accounts	(791)	(734)	(65)	(49)
	<b>Net</b>	<b>25,625</b>	<b>26,156</b>	<b>4,025</b>	<b>4,113</b>
	<b>Bad and doubtful debts expense</b> (reversal of allowance for doubtful accounts) for the				
	- three-month period ended 30 June	<b>13</b>	<b>(6)</b>	<b>16</b>	<b>(2)</b>
	- six-month period ended 30 June	<b>101</b>	<b>19</b>	<b>15</b>	<b>(2)</b>

The outstanding balances of the problem accounts receivable - trade and others that the Company has considered and already provided the allowance for doubtful accounts as at 30 June 2016 and 31 December 2015 classified by aging were as follows:

		<i>(Unit: Million Baht)</i>			
		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30 June	31 December	30 June	31 December
		2016	2015	2016	2015
	Periods over credit terms:				
	Over 3 months to 6 months	106	194	-	-
	Over 6 months to 12 months	158	20	-	-
	Over 12 months	527	520	65	49
	<b>Total</b>	<b>791</b>	<b>734</b>	<b>65</b>	<b>49</b>

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**6 Available-for-sale investments**

Movements during the six-month periods ended 30 June 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	2016	2015
At 1 January	3,659	3,924
Acquisition/additional investment	1,334	4,923
Disposal	-	(673)
Reclassification of change in fair value to profit or loss from disposal	-	(1,450)
Changes in fair value	406	(670)
Currency translation differences	(67)	181
<b>At 30 June</b>	<b>5,332</b>	<b>6,235</b>
<b>At 31 December</b>		<b>3,659</b>

*Details of available-for-sale investments*

Available-for-sale investments as at 30 June 2016 and 31 December 2015 were as follows:

	<i>(Unit: Million Baht)</i>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Ownership interest (both direct and indirect) (%)		30 June 2016	31 December 2015	30 June 2016	31 December 2015
<i>Marketable securities</i>						
- at fair value						
True Corporation Public Company Limited - at cost	2.21	2.21	8,085	6,818	-	-
Changes in fair value			(2,753)	(3,159)	-	-
<b>Total</b>			<b>5,332</b>	<b>3,659</b>	<b>-</b>	<b>-</b>

During the six-month period ended 30 June 2015, a subsidiary sold the available-for-sale investments with the original cost of Baht 673 million with a gain on sale of investments amounting to Baht 1,431 million, which was presented in the consolidated statement of income.

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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	<b>Consolidated financial statements</b>			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>30 June 2016</b>					
<i>Non-current</i>					
Equity securities available for sale	5,332	5,332	-	-	5,332

**7 Investments in subsidiaries**

Movements during the six-month periods ended 30 June 2016 and 2015 were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
At 1 January	-	-	86,938	68,443
Acquisitions/additional investments	-	-	13,061	3,678
<b>At 30 June</b>	<b>-</b>	<b>-</b>	<b>99,999</b>	<b>72,121</b>
<b>At 31 December</b>		<b>-</b>		<b>86,938</b>



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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 for six months ended		
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015		
C.P. Aquaculture (Dongfang) Co., Ltd.	100.00	100.00	755	755	755	755	-	-	755	755	-	-	755	755	-	-		
C.P. Aquaculture (Hainan) Co., Ltd.	100.00	100.00	126	126	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	-	-	618	618	-	-		
Charoen Pokphand Foods Kenya Co., Ltd.	99.99	99.99	8	8	8	8	-	-	8	8	-	-	8	8	-	-		
Charoen Pokphand Foods (Overseas) LLC.	10.21	10.21	3,409	2,819	1,394	1,394	(938)	(938)	456	456	-	-	456	456	-	-		
Charoen Pokphand Foods Philippines Corporation	27.78	34.09	3,954	3,196	1,055	1,055	-	-	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	-	-	44,663	42,123	-	-		
CPF Tanzania Limited	58.25	58.25	224	224	129	129	-	-	129	129	-	-	129	129	-	-		
C.P. Foods Holdings Limited	100.00	100.00	1	1	1	1	-	-	1	1	-	-	1	1	-	-		
C.P. Foods International Limited	100.00	100.00	1	1	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	-	-	12,926	12,915	-	-		
<b>Total</b>			<b>95,746</b>	<b>82,685</b>	<b>95,746</b>	<b>82,685</b>	<b>(938)</b>	<b>(938)</b>	<b>94,808</b>	<b>81,747</b>	<b>5,981</b>	<b>5,468</b>	<b>99,999</b>	<b>86,938</b>	<b>6,100</b>	<b>5,587</b>		
<b>Grand Total</b>			<b>100,937</b>	<b>87,876</b>	<b>100,937</b>	<b>87,876</b>	<b>(938)</b>	<b>(938)</b>	<b>99,999</b>	<b>86,938</b>	<b>6,100</b>	<b>5,587</b>	<b>99,999</b>	<b>86,938</b>	<b>6,100</b>	<b>5,587</b>		

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**8 Investments in associates**

Movements of investments in associates during the six-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January	65,312	52,055	335	335
Share of profit of associates	3,027	2,373	-	-
Dividend income from associates	(3,199)	(2,457)	-	-
Previously held interest in associate before status change to subsidiary	-	(820)	-	-
Acquisitions/additional investments	3,576	1,190	-	-
Disposals	(1,207)	(2,080)	-	-
Currency translation differences	(161)	7	-	-
Others	-	(6)	-	-
<b>At 30 June</b>	<b><u>67,348</u></b>	<b><u>50,262</u></b>	<b><u>335</u></b>	<b><u>335</u></b>
<b>At 31 December</b>		<b><u>65,312</u></b>		<b><u>335</u></b>

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 30 June 2016 the fair value of this investment was Baht 156,237 million (31 December 2015: Baht 121,652 million).

During the six-month period ended 30 June 2016, a subsidiary sold the investments in an associate with the carrying amount of Baht 1,207 million with a gain on sale of investments amounting to Baht 1,472 million, which was presented in the consolidated statement of income (2015: Baht 2,080 million and Baht 3,323 million respectively).



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#### *Details of investments in associates and dividend income*

Investments in associates as at 30 June 2016 and 31 December 2015, and dividend income for the six-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated financial statements</b>														
	Ownership interest (both direct and indirect)			Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for six months ended	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015	
<b>Marketable security</b>															
CP ALL Public Company Limited	34.78	34.50	8,983	8,983	55,855	53,334	63,166	60,863	-	-	63,166	60,863	2,816	2,341	
<b>Total</b>					<b>55,855</b>	<b>53,334</b>	<b>63,166</b>	<b>60,863</b>	<b>-</b>	<b>-</b>	<b>63,166</b>	<b>60,863</b>	<b>2,816</b>	<b>2,341</b>	
<b>Non-marketable securities</b>															
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	79	86	-	-	79	86	8	17	
Arbor Acres Thailand Co., Ltd.	49.98	49.98	4	4	2	2	158	183	-	-	158	183	44	42	
BHJ Kalino Food AB ("BHJ")*	15.08	15.08	5	5	24	24	24	29	-	-	24	29	4	3	
C.P. Aquaculture (India) Private Limited	31.70	31.70	192	192	176	176	707	743	-	-	707	743	-	-	
Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.	49.75	49.75	353	353	176	176	1,454	1,389	-	-	1,454	1,389	-	-	
Conti Chia Tai International Limited	25.21	25.21	767	767	1,052	1,052	1,187	1,462	-	-	1,187	1,462	327	-	

(Unit: Million Baht)

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#### *Details of investments in associates and dividend income (Continued)*

(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 for six months ended	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
Zhan Jiang Deni Carburetor Co., Ltd.**	14.12	581	581	424	424	410	395	-	-	410	395	-	-	-	54
<b>Total</b>				<b>2,048</b>	<b>2,048</b>	<b>4,182</b>	<b>4,449</b>	-	-	<b>4,182</b>	<b>4,449</b>	-	-	<b>383</b>	<b>116</b>
<b>Grand total</b>				<b>57,903</b>	<b>55,382</b>	<b>67,348</b>	<b>65,312</b>	-	-	<b>67,348</b>	<b>65,312</b>	-	-	<b>3,199</b>	<b>2,457</b>

\* BHJ 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 BHJ using the equity method based on 15.08% shareholding in the consolidated financial statements.

\*\* 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 for six-months ended		
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 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	-	-	
<b>Total</b>			<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>	<b>335</b>	<b>335</b>	<b>-</b>	<b>-</b>	

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**9 Investments in joint ventures**

Movements of investments in joint ventures during the six-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January	4,419	4,194	-	-
Share of profit of joint ventures	191	124	-	-
Dividend income from joint ventures	(202)	(81)	-	-
Currency translation differences	(77)	25	-	-
<b>At 30 June</b>	<b><u>4,331</u></b>	<b><u>4,262</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>At 31 December</b>		<b><u>4,419</u></b>		<b><u>-</u></b>

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### *Details of investments in joint ventures*

Investments in joint ventures as at 30 June 2016 and 31 December 2015 and dividend income for the six-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated financial statements</b>												<i>(Unit: Million Baht)</i>	
	Ownership interest (both direct and indirect)		Paid-up capital		Cost method		Equity method		Accumulated impairment		At equity - net		Dividend income for six-months ended	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
<b>Non-marketable securities</b>														
CP-Meiji Co., Ltd. ("CP-Meiji")*	59.99	59.99	500	500	1,200	1,200	1,524	1,402	-	-	1,524	1,402	-	-
Beijing Chia Tai Feedmill Co., Ltd.	25.21	25.21	157	157	128	128	169	158	-	-	169	158	-	-
Handan Chia Tai Feed Co., Ltd.	25.21	25.21	56	56	-	-	16	20	-	-	16	20	4	2
Jilin Chia Tai Enterprise Co., Ltd.	25.21	25.21	261	261	211	211	198	233	-	-	198	233	33	-
Henan East Chia Tai Co., Ltd.	25.21	25.21	170	170	225	225	149	209	-	-	149	209	77	79
ECI Metro Investment Co., Ltd.	25.21	25.21	378	378	1,296	1,296	2,275	2,397	-	-	2,275	2,397	88	-
<b>Total</b>					<b>3,060</b>	<b>3,060</b>	<b>4,331</b>	<b>4,419</b>	<b>-</b>	<b>-</b>	<b>4,331</b>	<b>4,419</b>	<b>202</b>	<b>81</b>

\* 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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**10 Investments in related companies**

Movements during the six-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i> <b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January	1,608	1,549	678	678
Currency translation differences	(17)	17	-	-
<b>At 30 June</b>	<b><u>1,591</u></b>	<b><u>1,566</u></b>	<b><u>678</u></b>	<b><u>678</u></b>
<b>At 31 December</b>		<b><u>1,608</u></b>		<b><u>678</u></b>

*Details of investments in related companies*

Investments in related companies as at 30 June 2016 and 31 December 2015 were as follows:

	Ownership interest (both direct and indirect)		<b>Consolidated</b>		<b>Separate</b>	
	<i>(%)</i>		<b>financial statements</b>		<b>financial statements</b>	
	<u>30</u> June 2016	<u>31</u> December 2015	<u>30</u> June 2016	<u>31</u> December 2015	<u>30</u> June 2016	<u>31</u> December 2015
<i>Non-marketable securities</i>						
General investments - 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	1,200	1,217	528	528
<b>Total</b>			<b><u>1,591</u></b>	<b><u>1,608</u></b>	<b><u>678</u></b>	<b><u>678</u></b>

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**11 Property, plant and equipment**

Acquisitions, disposals and transfers of property, plant and equipment during the six-month periods ended 30 June 2016 and 2015 were as follows:

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>			
	2016		2015	
	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost/ net book value	Disposals And transfers out - net book value
Land	64	-	247	500
Buildings and building improvements and utilities system	6,572	145	6,921	69
Machinery and equipment	5,453	102	5,068	21
Other	564	29	927	11
Assets under construction and installation	8,246	8,597	10,143	9,598
<b>Total</b>	<b>20,899</b>	<b>8,873</b>	<b>23,306</b>	<b>10,199</b>

*(Unit: Million Baht)*

	<b>Separate financial statements</b>			
	2016		2015	
	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost/ net book value	Disposals and transfers out - net book value
Buildings and building improvements and utilities system	413	44	516	11
Machinery and equipment	191	15	462	1
Other	11	-	34	-
Assets under construction and installation	388	546	550	895
<b>Total</b>	<b>1,003</b>	<b>605</b>	<b>1,562</b>	<b>907</b>

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**12 Accounts payable - trade and others**

	<i>Note</i>	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
		<b>financial statements</b>		<b>Separate</b>	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
Related parties	4	3,211	3,537	355	322
Other parties		23,714	24,485	992	1,199
<b>Total</b>		<b>26,925</b>	<b>28,022</b>	<b>1,347</b>	<b>1,521</b>

**13 Interest-bearing liabilities**

As at 30 June 2016 the increase in long-term debts was principally from the issue and offer of debentures and short-term bills of exchange by the Company and CPF (Thailand) Public Company Limited (“CPFTH”), a 99.98% owned subsidiary. Details are as follows:

13.1 On 20 January 2016 CPFTH issued unsubordinated and unsecured debentures No. 1/2016 in the registered name and without debenture holder representative. With this the aggregate value of Baht 16,000 million. The debentures are divided into:

- The first series of Baht 7,450 million with a term of 5 years, bearing interest at the fixed rate of 3.10% per annum.
- The second series of Baht 2,150 million with a term of 7 years, bearing interest at the fixed rate of 3.47% per annum.
- The third series of Baht 3,350 million with a term of 10 years, bearing interest at the fixed rate of 3.87% per annum.
- The fourth series of Baht 3,050 million with a term of 12 years, bearing interest at the fixed rate of 4.15% per annum.

The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 14 December 2015 and CPFTH registered the debentures with the Thai Bond Market Association on 20 January 2016.

The debentures have been reviewed with a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 4 July 2016.

13.2 On 17 March 2016, CPFTH issued short-term bills of exchange in registered name that have maturities of less than 270 days with total face value of Baht 3,800 million.

13.3 On 12 April 2016 the Company issued unsubordinated and unsecured debentures No. 1/2016 in registered name and without debenture holder representative. With this the aggregate value of Baht 9,060 million. The debentures are divided into:

- The first series of Baht 3,060 million with a term of 4 years, bearing interest at the fixed rate of 2.28% per annum.
- The second series of Baht 3,500 million with a term of 8 years, bearing interest at the fixed rate of 3.11% per annum.
- The third series of Baht 2,500 million with a term of 15 years, bearing interest at the fixed rate of 3.73% per annum.



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The debentures have a credit rating of “A+” rated by TRIS Rating Co., Ltd. on 31 March 2016 and the Company registered the debentures with the Thai Bond Market Association on 12 April 2016.

In addition, 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 USD 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 the EBs (“terms and conditions”). For the remaining principal amount of USD 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.

**14 Income tax payable**

During the second quarter of 2016, the Company and two local subsidiaries adjusted their corporate income tax calculation for the period 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 recognise additional income tax amounted to Baht 1,245 million and Baht 1,087 million respectively. The Group and the Company therefore recorded additional income tax expenses in the consolidated statement of income and separate statement of income amounted to Baht 1,245 million and Baht 1,087 million respectively for the three-month and six-month period ended 30 June 2016 and recorded income tax payables in the consolidated statement of financial position and separate statement of financial position as at 30 June 2016 in the same amount.

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**15 Treasury shares**

	<b>Consolidated</b>		<i>(Unit: Million Baht)</i>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Ordinary shares of the Company held by subsidiaries	1,135	1,135	-	-
	<b>1,135</b>	<b>1,135</b>	<b>-</b>	<b>-</b>

For the treasury shares of the Company, the Board of Directors' meeting of the Company held on 25 August 2015, 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. 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, during such period, the Company did not buy back any share and the Program had ended on 9 March 2016.

**16 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

Revenue and results, based on reportable segments financial information of the Group for the three-month and six-month periods ended 30 June 2016 and 2015 were as follows:

	<i>(Unit: Million Baht)</i>			
	<b>Consolidated financial statements</b>			
	<b>Three-month period</b>	<b>Three-month period</b>	<b>Six-month period</b>	<b>Six-month period</b>
	<b>ended 30 June</b>	<b>ended 30 June</b>	<b>ended 30 June</b>	<b>ended 30 June</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b><i>Segment revenue</i></b>				
Livestock business	96,982	86,980	189,304	171,041
Aquaculture business	19,794	16,698	32,985	28,861
<b>Total</b>	<b>116,776</b>	<b>103,678</b>	<b>222,289</b>	<b>199,902</b>

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(Unit: Million Baht)

	<b>Consolidated financial statements</b>			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2016	2015	2016	2015
<b>Segment results</b>				
Livestock business	9,185	3,368	16,545	7,552
Aquaculture business	985	(30)	1,039	(600)
<b>Total allocated segment results</b>	<b>10,170</b>	<b>3,338</b>	<b>17,584</b>	<b>6,952</b>
Unallocated segment results	(3,981)	788	(6,240)	1,150
<b>Profit for the period</b>	<b>6,189</b>	<b>4,126</b>	<b>11,344</b>	<b>8,102</b>

**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

Details of financial information of the geographical area of the Group as at 30 June 2016 and 2015 and for the three-month and six-month periods then ended were as follows:

(Unit: Million Baht)

	<b>Consolidated financial statements</b>			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2016	2015	2016	2015
<b>Revenue from external customers</b>				
Thailand	37,638	34,108	73,603	67,991
Asia	66,596	60,429	124,819	113,426
Europe	11,331	7,778	21,541	15,662
America	937	1,092	1,836	2,343
Other	274	271	490	480
<b>Total</b>	<b>116,776</b>	<b>103,678</b>	<b>222,289</b>	<b>199,902</b>

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	<i>(Unit: Million Baht)</i>	
	<b>Consolidated financial statements</b>	
	2016	2015
<i>Property, plant and equipment and other intangible assets (excluded goodwill) and central assets as at 30 June</i>		
Thailand	57,762	55,945
Asia	83,705	73,391
Europe	17,016	8,605
America	36	35
Other	38	48
<b>Total</b>	<b>158,557</b>	<b>138,024</b>

**17 Basic earnings per share**

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2016 and 2015 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares held by third parties outstanding during the three-month and six-month periods then ended as follows:

*For the three-month periods ended 30 June 2016 and 2015*

	<i>(Unit: Million Baht/Million shares)</i>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
<b>Profit for the period attributable to ordinary shareholders of the Company</b>	<b>4,016</b>	<b>2,983</b>	<b>2,642</b>	<b>2,075</b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at beginning of period	7,743	7,743	7,743	7,743
Treasury shares held by subsidiaries	(355)	(355)	-	-
<b>Net</b>	<b>7,388</b>	<b>7,388</b>	<b>7,743</b>	<b>7,743</b>
<b>Basic earnings per share (in Baht)</b>	<b>0.54</b>	<b>0.40</b>	<b>0.34</b>	<b>0.27</b>

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*For the six-month periods ended 30 June 2016 and 2015*

*(Unit: Million Baht/Million shares)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Profit for the period attributable to ordinary shareholders of the Company</b>	<b><u>7,780</u></b>	<b><u>5,939</u></b>	<b><u>4,613</u></b>	<b><u>3,703</u></b>
<b>Weighted average number of ordinary shares held by third parties outstanding</b>				
Number of ordinary shares outstanding at beginning of period	7,743	7,743	7,743	7,743
Treasury shares held by subsidiaries	<u>(355)</u>	<u>(355)</u>	<u>-</u>	<u>-</u>
<b>Net</b>	<b><u>7,388</u></b>	<b><u>7,388</u></b>	<b><u>7,743</u></b>	<b><u>7,743</u></b>
<b>Basic earnings per share (in Baht)</b>	<b><u>1.05</u></b>	<b><u>0.80</u></b>	<b><u>0.60</u></b>	<b><u>0.48</u></b>

**18 Dividends**

Details of dividends for the six-month periods ended 30 June 2016 and 2015 were as follows:

<u>Approval date to pay dividends</u>	<u>Rate per share (Baht)</u>	<u>Number of entitled shares (Shares)</u>	<u>Total (in million Baht)</u>	<u>Source</u>
<b>2016</b>				
29 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
<b>Total</b>			<b><u>3,484</u></b>	
<b>2015</b>				
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
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
<b>Total</b>			<b><u>3,484</u></b>	

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**19 Commitments with non-related parties**

The Group had commitments with non-related parties as at 30 June 2016 and 31 December 2015 as follows:

**19.1 Capital commitments**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<i>Contracted but not provided for</i>				
Land, buildings and constructions	2,687	4,704	6	19
Machinery, equipment and others	1,825	3,054	25	53
<b>Total</b>	<b>4,512</b>	<b>7,758</b>	<b>31</b>	<b>72</b>

**19.2 Commitments under operating lease agreements**

*(Unit: Million Baht)*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	3,149	3,166	122	115
Over one year but within five years	7,828	8,201	148	103
Over five years	10,644	10,706	7	8
<b>Total</b>	<b>21,621</b>	<b>22,073</b>	<b>277</b>	<b>226</b>

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 2016 to 2058.

**19.3 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. The agreement will expire on 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 30 June 2016 totaled Baht 32 million (*31 December 2015: Baht 33 million*).

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**19.4 Letters of credit**

The Company and certain subsidiaries had commitments under the issued letters of credit totaling Baht 45 million and Baht 1,887 million respectively (*31 December 2015: Baht 1 million and Baht 1,966 million respectively*).

**19.5 Letters of guarantee**

- (a) The Company and certain subsidiaries had commitments to financial institutions for letters of guarantee issued by the financial institutions in favor of government agencies and others totaling Baht 27 million and Baht 7,741 million respectively (*31 December 2015: Baht 753 million and Baht 6,029 million respectively*). The letters of guarantee are principally covering the guarantee of taxes, duties and sell of products.
- (b) Certain foreign subsidiaries have commitments to foreign financial institutions for letters of financial guarantees issued for the customers in feed business of those subsidiaries totaling Baht 1,438 million (*31 December 2015: Baht 1,808 million*).

**20 Guarantees**

As at 30 June 2016 certain foreign subsidiaries pledged their assets as collateral for their borrowings from financial institutions as follows:

20.1 Ordinary shares of the following foreign subsidiaries:

- (a) C.P. Pokphand Co., Ltd. totaling 6,894 million shares with the fair value of Baht 25,276 million (*31 December 2015: 6,779 million ordinary shares with the fair value of Baht 25,843 million*).
- (b) Pravdinsk Pig Production Closed Joint Stock Company totaling 51,000 shares with the carrying value of Baht 171 million (*31 December 2015: 51,000 ordinary shares with the carrying value of Baht 154 million*).
- (c) NNPP Limited Liability Company with an authorised share capital of Ruble 483 million or equivalent to Baht 265 million (*31 December 2015: Ruble 483 million or equivalent to Baht 238 million*).

20.2 Property, plant and equipment with net book value of Baht 7,047 million (*31 December 2015: Baht 9,788 million*).

20.3 Current assets and non-current assets mainly consist of inventories and net accounts receivable and payable, with the carrying value of Baht 5,258 million (*31 December 2015: Baht 4,722 million*).

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## **21 Others**

- 21.1 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 80 million or approximately Baht 423 million in advance as specified in the agreement and recorded as other non-current assets as at 30 June 2016. Upon the completion of the transaction, Banner will become an associate company 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 interim financial statements were authorised for issue.

- 21.2 During second quarter of 2016, Chia Tai (China) Investment Co., Ltd. (“CTI”), a 100% indirectly owned subsidiary of C.P. Pokphand Co., Ltd. (“CPP”) entered into agreements to subscribe for the newly issued ordinary shares of Qingdao Yi Bang Bio-Engineering Co., Ltd. (“Qingdao Yi Bang”) for 12% of the paid-up share capital of Qingdao Yi Bang after the issue of new ordinary shares with total consideration of Renminbi 260 million or approximately Baht 1,405 million. In this regard, CTI already paid for the newly issued ordinary shares on 12 July 2016.

Qingdao Yi Bang is incorporated in China and principally engaged in manufacture and sale of animal vaccines

## **22 Events after the reporting period**

- 22.1 C.P. Pokphand Co., Ltd. (“CPP”), a 50.43% owned subsidiary has entered into a long term loan agreement with various financial institutions on 17 June 2016 amounting to U.S. Dollar 600 million or approximately Baht 21,072 million. The loan will be used for loan repayment and financing the working capital and/or general corporate requirements of CPP. In this regard, CPP has to render all outstanding liabilities if CPP cease to meet the terms specified in the agreement. As of the date of the interim financial statements were authorised for issue, CPP has already withdrawn the loan under the agreement at the total amount of U.S Dollar 450 million or approximately Baht 15,804 million.



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### **Notes to the interim financial statements**

#### **For the three-month and six-month periods ended 30 June 2016 (Unaudited)**

22.2 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 paid-up share capital being owned by the Company, entered into Share Purchase Agreement ("Share Purchase Agreement") with Expolanka Holdings PLC., Mr. Habeeb Mohamed Ziauddin and Mrs. Hamzathul Zareeha Ziauddin ("the Sellers") to acquire the issued and paid-up share capital of Norfolk Foods (Private) Limited ("Norfolk") which is incorporated in Sri Lanka and engages in manufacturing and distribution of ready-to-eat foods products. The transaction will allow the Company to enter the food business in Sri Lanka and will be used as production base for exporting to the nearby countries. 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 approximately Baht 141 million. In this regard, the first acquisition was completed on 15 July 2016 and the Group is in the assessment process for the final fair value of the net assets acquired.

- **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.

22.3 On 15 July 2016 CPF (Thailand) Public Company Limited ("CPFTH"), a 99.98% owned subsidiary issued unsubordinated and unsecured debentures No. 2/2016 in registered name and without debenture holder representative. With this the aggregate value of Baht 13,000 million. The debentures are divided into:

- The first series of Baht 5,000 million with a term of 4 years, bearing interest at the fixed rate of 2.51% per annum.
- The second series of Baht 3,300 million with a term of 7 years, bearing interest at the fixed rate of 3.09% per annum.
- The third series of Baht 1,400 million with a term of 10 years, bearing interest at the fixed rate of 3.46% per annum.
- The fourth series of Baht 1,100 million with a term of 12 years, bearing interest at the fixed rate of 3.65% per annum.
- The fifth series of Baht 2,200 million with a term of 15 years, bearing interest at the fixed rate of 3.95% per annum.

The debentures have 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.

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

**Notes to the interim financial statements**

**For the three-month and six-month periods ended 30 June 2016 (Unaudited)**

**23 Thai Financial Reporting Standards not yet adopted**

FAP Announcement No. 5/2559 *Accounting Guidance for derecognition of financial assets and financial liabilities* has been issued but are not yet effective and has not been applied in preparing these interim financial information. This FAP Announcement may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017. The Group does not plan to early adopt these FAP Announcement and expects that there will be no material impact on the financial statements in the period of initial application.

**24 Reclassification of accounts**

Certain accounts in the interim financial statements for the three-month and six-month period ended 30 June 2015 have been reclassified to conform to the presentation in the interim financial statements for the three-month and six-month period ended 30 June 2016 as follows:

*(Unit: Million Baht)*

	<b>2015</b>					
	<b>Consolidated financial statement</b>			<b>Separate financial statement</b>		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication	Before reclassi- fication	Reclassi- fication	After reclassi- fication
<b>Statements of income</b>						
<i>Three-month period ended</i>						
<i>30 June</i>						
Selling expenses	4,856	444	5,300	240	40	280
Administrative expenses	6,941	<u>(444)</u>	6,497	1,148	<u>(40)</u>	1,108
		<u>-</u>			<u>-</u>	
<b>Statements of income</b>						
<i>Six-month period ended</i>						
<i>30 June</i>						
Selling expenses	9,164	723	9,887	461	60	521
Administrative expenses	12,826	<u>(723)</u>	12,103	1,950	<u>(60)</u>	1,890
		<u>-</u>			<u>-</u>	

## ISSUER

**C.P. Foods Holdings Limited**  
P.O. Box 957  
Offshore Incorporations Centre  
Road Town, Tortola  
British Virgin Islands

## SPONSOR

**Charoen Pokphand Foods Public Company Limited**  
313 C.P. Tower Building  
Silom Road  
Bangrak, Bangkok 10500  
Thailand

## AUDITORS OF THE SPONSOR

**KPMG Phoomchai Audit Ltd.**  
50th — 51st Floor, Empire Tower  
1 South Sathorn Road  
Yannawa, Sathorn  
Bangkok 10120  
Thailand

## TRUSTEE

**Citicorp International Limited**  
39th Floor, Champion Tower  
3 Garden Road  
Hong Kong

## REGISTRAR

**Citibank, N.A., London Branch**  
c/o Citibank, N.A.  
Ground Floor DUB-01-11, 1 North Wall Quay  
Dublin 1, Ireland

## PRINCIPAL PAYING AND EXCHANGE AGENT AND TRANSFER AGENT

**Citibank, N.A., London Branch**  
c/o Citibank, N.A.  
Ground Floor DUB-01-11, 1 North Wall Quay  
Dublin 1, Ireland

## LEGAL ADVISERS

*To the Issuer as to  
British Virgin Islands law*

**Harneys**  
3601 Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*To the Issuer as to  
Thai law*

**Linklaters (Thailand) Ltd**  
20th Floor, Capital Tower  
All Seasons Place  
87/1 Wireless Road  
Bangkok 10330  
Thailand

*To the Issuer as to  
English law*

**Linklaters**  
10th Floor, Alexandra House  
Chater Road  
Hong Kong

*To the Sole Bookrunner  
as to Thai law*

**Weerawong, Chinnavat  
& Peangpanor Ltd.**  
22nd Floor, Mercury Tower  
540 Ploenchit Road  
Lumpini  
Pathumwan  
Bangkok 10330  
Thailand

*To the Sole Bookrunner  
as to English law*

**Latham & Watkins**  
18th Floor, One  
Exchange Square  
8 Connaught Place  
Hong Kong

**Latham & Watkins**  
#42-02 Republic Plaza  
9 Raffles Place  
Singapore 048619

*To the Trustee as to  
English law*

**Herbert Smith Freehills**  
23rd Floor, Gloucester Tower  
15 Queen's Road Central  
Hong Kong