



KITCHEN  
OF THE WORLD

A small, stylized globe showing the outlines of continents against a blue background, positioned between the words 'OF THE' and 'WORLD'.

# CONTENTS

The Company at a glance	02
Message from the Chairman	06
Message from the President	08
Thailand operations	13
Overseas operations	29
Risk factors	30
Discussion on results and financial status	36
Management	46
Corporate governance	72
Corporate social responsibility	86
Quick fact	91
Past to present	92
Investor information	96
References	108

Please note that: "The Company" or "CPF Group" herein this Annual Report refers to Charoen Pokphand Foods Public Company Limited ("CPF") and its subsidiaries (companies that CPF has shareholding exceeding 50% of their paid-up capital)

# THE COMPANY AT A GLANCE

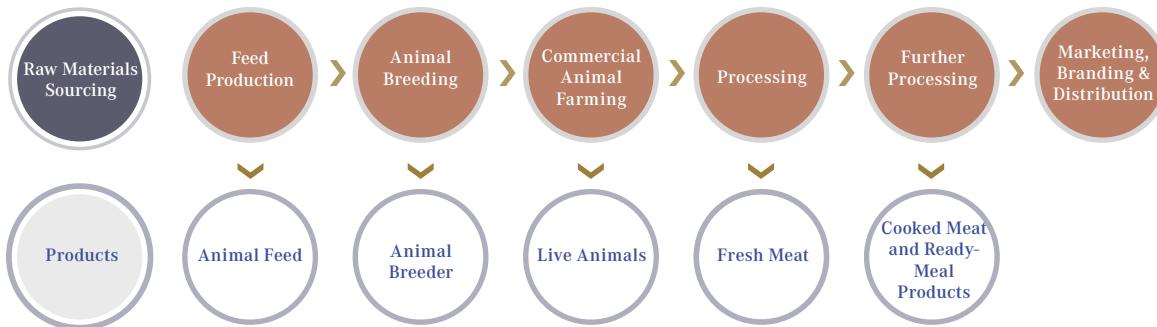
Charoen Pokphand Foods Public Company Limited and its subsidiaries or "CPF Group" is the leading agro-industrial and food conglomerate in Thailand. The greater part of the Company production bases is in Thailand and some operate overseas. As of December 31, 2005, its paid-up capital was THB 7,520 million, and its market capitalization was approximately THB 45,875 million.

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

With vision to be "**Kitchen of the World**", the Company is committed to fulfill the longing of quality food products that are nutritious, hygienic and with food safety integrity from consumers, whose satisfaction and habit have change from time to time.

The CPF group applies the fully integrated operations, from sourcing raw materials for animal feed production, manufacturing and distributing animal feed, breeding the animals, processing meat, to manufacturing further processed food products, and also branding and distribution.

## The Fully Integrated Operations





“the Company has strategic moved to branding its product to be known and accepted from customer, by arranging marketing activities, sales promotions, and enhancing its distribution to spread out and be closed to consumers.”

The Company's core business divides into 2 main business lines: (1) the livestock business and (2) the aquaculture business. The livestock operations include chicken broiler, chicken layer, duck, and swine. For aquaculture business, the two main marine animals are shrimp and fish. The products in each of these 2 business lines can be classified into 3 main categories, namely 1) animal feed, 2) animal breeder, and 3) meat & food products. Moreover, the Company has strategic moved to branding its product to be known and accepted from customer, by arranging marketing activities, sales promotions, and enhancing its distribution to spread out and be closed to consumers.

CPF's listed securities on the Stock Exchange of Thailand are under the name of "CPF" for ordinary shares, "CPF07NA" and "CPF09NA" for debenture issued in 2004 and "CPF086A" and "CPF106A" for debenture issued in 2005.



“With vision to be “Kitchen of the World”,  
the Company is committed to fulfill the longing of quality food products  
that are nutritious, hygienic and with food safety integrity from consumers”





## Financial Highlights in the Past 3 Years

Consolidated Financial Statements	2003	2004	2005	(THB million)
Net sales	83,109	91,790	113,374	
Thailand operations				
• Livestock – domestic sales	43,355	47,117	58,714	
• Livestock – export sales	12,419	9,923	12,182	
• Aquaculture – domestic sales	16,564	16,943	18,273	
• Aquaculture – export sales	5,627	3,697	9,320	
Overseas operations				
• Livestock	4,893	12,089	12,329	
• Aquaculture	281	2,021	2,556	
Net profit	2,242	1,237	6,747	
Earning per share (THB)	0.42	0.23	1.10*	
Total assets	64,721	72,218	89,098	
Total liabilities	34,217	40,589	45,309	
Interest bearing debts	26,136	30,955	33,090	
Shareholders' equity	30,504	31,629	43,789	
Issued and paid-up capital	5,390	5,728	7,520	
Par value per share (THB)	1	1	1	
Book value per share (THB)	5.7	5.9	6.1	

\*Earning per share for the year 2005 was determined based on the net profit for the year divided by the weighted-average number of shares outstanding during the year, net of share held in treasury.

## MESSAGE FROM THE CHAIRMAN

**In 2005, the Charoen Pokphand Foods Public Company Limited has successfully achieved the plan set forth in spreading our business risk among the various product groups and with investment in various countries.**

The Company firmly believes that business success has to be sustainable. As the agro-industry and food business still faces with unpredictable external risk factors which could impact the Company's operating performance. The Board of Directors has set those factors as part of business strategy with emphasis placing on systematic risk management.

Adopting new technology and acquiring data and information are very important in these days and age with constant changes and development of technology. To maintain our leadership in the business, we should have to have information to provide basis for establishing strategies and plans to meet our objectives.

Another factor that contributes to the Company's sustainable success is knowledgeable personnel with expertise in their respective fields. That is why the Company gives great importance to the policy of continuous management and staff development program to ensure that our people are up-to-date with the changing environments.

Apart from operating plan that is in line with changing business conditions, the Company's success today is also attributable to the trust and support from our business stakeholders and shareholders, the dedications and abilities of our management in adjusting strategies and plans to cope with the fast changing environments, and the effort of our staffs in accomplishing the set goals. On behalf of the Board of Directors, I sincerely hope to continuously receive trust and supports from everyone in order to attain sustainable success as plan.



Mr. Dhanin Clearavanont  
Chairman of the Board of Directors  
On behalf of the Board of Directors



## MESSAGE FROM THE PRESIDENT

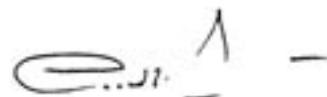
**In 2005, Charoen Pokphand Foods Public Company Limited reported a consolidated sales of THB 113.374 billion and a net profit of THB 6.747 billion, an increase of 24% and 446% respectively over 2004. This accomplishment is a result of an achieved plan that we have put in place for the past 5 years. Thus, we have been able to turn various crises into opportunities providing the Company with steady growth.**

The Company is dedicated to creating an organization with solid foundation. We give great importance to setting strategies that are in tune with changing market conditions. We continue to develop and train our personnel so they can become experts in their fields. Through research and development, we have increased production efficiency and created food products that meet consumers demand. We have adopted new technology that would result in higher efficiency in our operations. In addition, the business structure has been adjusted, by having investments and joint ventures in both domestic and overseas with growth potential and divestment of non-core assets.

Besides changes made in the production processes, in 2005 we have also made changes in our marketing plan. To create global awareness of our products, we have developed and launched ready-meal products under our own brand both in domestic market as well as internationally under our Global Branding strategy. We will also expand our distribution channels and to be more efficient in the logistics. This will be one of our main tasks to ensure wide penetration and acceptance of our branded products by the world consumers.

The Company has realizes the importance of good corporate governance that includes social responsibilities in public, safety, hygiene and the environment areas no less than creating business benefit. In 2005 we are proud to be 1 of the 93 companies, out of total 371 listed Thai companies, rated outstanding in the overall company operation by the Thai Institute of Directors Association. The Company was also ranked among the top ten companies in terms of the disclosure and transparency, and the shareholders rights.

With our vision to be "Kitchen of the World" with solid business foundation and capable teamwork, the Company is confident to maintain our position as the leader in the agro-industry and food business in Thailand, together with in other countries where we have vested interest and operate. We shall conduct our business to achieve appropriate return in an environmentally-friendly manner and be responsibility to social with good corporate governance. This is to strengthen our business for the sustainable growth and ability to compete internationally.



Mr. Adirek Sripratak  
President and Chief Executive Officer



Another factor that contributes to the Company's sustainable **success** is knowledgeable personnel with expertise in their **respective fields**. That is why the Company gives great importance to the policy of continuous management and **staff development** program to ensure that our people are up-to-date with the **changing environments**.





## **Livestock business**

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

### **● Animal Feed**

The Company is the leader and pioneer in the manufacture and distribution of livestock feed. The Company produces livestock feed in the forms of concentrate, powder and pellets for broilers, layers, swine and duck. The livestock feed is distributed by more than 600 sales representatives throughout the country. In addition, a portion of the livestock feed is sold directly to large animal farms in Thailand. Agriculture products such as corn, soybean meal and broken rice are used in the production of livestock feed under fully computerized formulation and production processes to ensure consistent quality as required. The Company has a system to randomly check the quality of raw materials and products. Quality control at different stages of production helps raise confidence in the quality of the Company's products.

As the leader in the business, the Company's products are well-known among customers. Therefore, an important marketing strategy is maintaining high product quality as well as continually providing excellent customer service. The selling prices of livestock feed fluctuate according to the cost of raw materials used. In the case where selling prices need to be adjusted, approval must be granted by the Department of Internal Trade, the Ministry of Commerce.

### **● Animal Breeder**

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

As the Company's operations are fully integrated, livestock breeding is part of a continuous production process. Grandparent stock used in livestock breeding are imported from abroad to breed parent stock which are then raised on the Company's farms. The Company's breeding farms, located in numerous provinces across the country, practice good farm management and use the evaporative cooling system. The evaporative cooling system applies advanced technology to raise livestock and has proven to be an effective method to prevent and control disease, yielding quality products that are sought after in the market. The prices of livestock breeds depend on domestic demand and supply as well as the quality of the breeds.

## ● Meat and Food Products

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

### 1) Animal Farming for Commercial Purposes

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

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

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

The Company has a support program for the farming of swine and broiler. The Company selects farmers who have their own farm and farming equipment. Selected farmers receive support in the areas of animal breeds, animal feed, medication and farming knowledge from the Company. The Company then undertakes to purchase all yield which meets the CPF standards. Most of the farmers participating in this program also use the evaporative cooling system.

### 2) Processing and Manufacture of Cooked Food Products

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

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

The selling prices of cooked food products distributed in Thailand and exported, for example frozen karaage chicken, frozen steamed chicken breast, meatballs and sausages, are determined by agreement with customers during the sell process.

## Aquaculture business

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

### ○ Animal feed

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

As the leader in the business, the Company's products are well-recognized among customers. Therefore, an important marketing strategy is maintaining high product quality as well as continually providing excellent customer service. Customer service is enhanced by providing technical knowledge to sales representatives as well as directly to the farmers by organizing technical seminars, establishing centers to provide laboratory services and consultations to farmers, and distributing printed materials on news related to animal breeding. This will enable the aquatic farming industry to sustainability grow. The selling prices of aquatic feed fluctuate according to the cost of raw materials used. In the case where selling prices need to be adjusted, approval must be granted by the Department of Internal Trade, the Ministry of Commerce.

## ● Aquatic Breeder

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

### 1. Shrimp Culture Farms and Hatcheries

Following the Company's policy of supporting sustained growth and development in the shrimp industry, the Company has developed quality shrimp fry to distribute to farmers, which will increase their opportunity to successfully farm shrimp. In 2004, the Company entered into a joint venture with an American company with shrimp breeding expertise to develop shrimp fry that are suitable to the farming conditions in Thailand.

The Company's culture farms and hatcheries are located in the shrimp farming areas in the eastern and southern regions of Thailand. The culture farms and hatcheries practice good farm management, apply advance technology to raise shrimp and fish and has an effective system to prevent and control disease, yielding quality products that are sought after in the market. The prices of shrimp fry depend on domestic demand and supply as well as the quality of the breeds.

### 2. Fish Culture Farms and Hatcheries

The Company continually expends research and development resources to develop and enhance products that have strong commercial appeal. CPF developed the Tabtim fish fry, which was developed from Tilapia fish. Special characteristics of Tabtim fish include high meat content, good taste that is free of mud odor and has a high nutritional value, have made it a particularly successful domestic product that is relatively easy to farm, provides a reliable source of income to farmers, and is commercially viable.

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

## ● Meat and Food Products

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

### 1) Farming for Commercial Purposes

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

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

### 2.) Processing and Manufacture of Cooked Food Products

Products derived from processing are one of the important products in the meat and food products category of the aquaculture business. The main products are processed fresh shrimp and value-added processed shrimp, most of which are produced for export as chilled and frozen products and distributed through importers in various countries. The selling prices fluctuate according to demand and supply in the country and the world market. The selling prices are also determined by agreement if the products have been manufactured according to customer specifications.

Furthermore, The Company has added value to processed shrimp, producing ready to eat cooked food products. Research and development in this area focuses on processing fresh shrimp into semi-cooked and cooked food products by flavoring and cooking through the process of boiling, streaming, frying, baking, and grilling according to the specifications of customers. These products are then frozen and refrigerated, ready for distribution to wholesalers and retailers, and through modern retail outlets such as hypermarkets and supermarkets. Export products are distributed through importers in various countries, mainly the USA, Japan and countries in the European Union. Besides applying advance technology to ensure production meets international standards, the Company also places great importance on product safety and quality. The selling prices of food products under this category are determined by agreement with customers upon each sale.

## **Raw Materials Sourcing for Feed Production**

The Company has a team of purchasing experts especially to source raw materials for both livestock and aquatic feed production, providing the Company with a competitive edge. The large purchase volume creates bargaining power for the Company as well as helps the Company to save on transportation and related costs.

The Company's procurement policy places great emphasis on obtaining high quality raw materials that meet the requirements of users. In addition, procurement of raw materials produced in the country, especially around the area where the feedmill is located, is given first priority in order to support the country's farmers. In the case where local procurement is inadequate for production needs, whether due to insufficient supply or substandard quality, then raw materials are imported from abroad, with 31% of the raw material procurement imported from abroad. Furthermore, the company places significant importance on traceability, ensuring that the source and production processes of the raw materials meet international quality standards.

Major raw materials for livestock feed production are corn and soybean meal, and for aquatic feed production are fishmeal, soybean meal and wheat flour. In 2005, raw material cost accounted for approximately 40% of the Company's cost of goods sold.

As the raw materials are commodity products, their prices fluctuate according to market demand and supply. Usually, domestic raw material prices are not much different from the price of imports.

## **Branding and distribution**

The Company has moved to brand its own products launched both in Thailand and overseas. This strategy is to differentiate the products and encourage consumers' perception. Presently, the Company's meat and food products are distributed under various brands, include CP, BKP, BK Products, Q-Bite, Thai Thai, Kitchen Joy, V Foods, Five Star Chicken, CPIF, AQ Fresh, AA.

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

## **Businesses related to domestic operations**

The Company has established trading offices or set up joint ventures in trading business in many countries including the United States, Japan, Belgium, England, and Denmark, so as to enable proximity to the market and customers.

## **Research and Development**

Continuous research and development stand behind the Company's success as the leader in the agro-industrial and food industry for over 20 years. The Company's research teams comprise high caliber professionals who are highly regarded in Thailand's agriculture industry. They cooperate with other outside parties, including research institutes both in Thailand and overseas, specialists, customers and various public agencies, with the mutual objective of sustaining the industry, while having business adhering to environmental friendliness.

Aside from developments for the sustainability for the overall industry, the Company emphasizes product development to satisfy consumer requirements. Manufacturing food products to meet the differing regulations and standards of each customer throughout the world, together with the Company's ability to develop products and improve its animal breeding process to meet international standards, have resulted in customers being confident that the Company's products are of high quality, nutritious and safe for consumption. These are important factors for maintaining competitiveness in today's world of free trade.

### ● R&D in Animal Breeds

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

### ● R&D in Animal Feed Production

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

### ● R&D in Animal Farming

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

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

- Probiotic Shrimp Farming - Probiotic Farming yields chemical-free shrimp which are safe for consumption by employing natural products, namely the super biotic bacteria instead of chemicals to combat bad bacteria, which are the cause of various diseases in shrimp. Probiotic farming incorporates efficient pond management, which helps to produce healthy shrimp with high survival rate and good immunity against disease. Production costs are lowered, while yields are higher than through the use of chemicals.
- Pork Free of Beta-agronist and Antibiotics - The Company raises pigs without the use of beta-agronist and antibiotics, so that consumers are able to enjoy top quality pork

## ● R&D in Food Production

The Company places great importance on research and development to add value to the Company's meat products as well as create new recipes with meat products to please consumer tastes around the world. The research team has worked closely with customers to develop a wide variety of ready-to-eat food products in line with customers' requirements. In 2004, the Company established a food product research and development center with a model factory employing many cooking experts. Through development and experimentation, the Company has successfully developed a wide array of food products to serve the ever-changing preferences of consumers throughout the world.

## Production Standards

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

The Company is committed to continuous improvements in its production process to meet internationally recognized standards of production. The Company's production process has been certified with the Good Manufacturing Practices (GMP) which is an award for quality approach to manufacturing, Hazard Analysis and Critical Control Point (HACCP) which is a system that focuses on preventing food

contamination, EST/TH, ISO 9002 which involves operating and production management systems that should be traceable with documentation, the British Retail Consortium Standard which is a standard for the food industry covering process control and personnel management, OHSAS 18000 which is an international occupational health and safety management system specification, ISO 14001 which concerns environmental management and ISO 18001 which involves the safety and welfare of employees.

In addition, the Company is the first company outside the EU to achieve the Animal Welfare Standard in chicken production for export which is the most stringent of all current industry standards. Operators are required to consider the chickens' "happiness" for the duration of the breeding process. The chickens have to be free from hunger and thirst (by ready access to fresh water and food), free from discomfort (by providing an appropriate, spacious environment), free from pain, injury and disease (by prevention and rapid diagnosis and careful handling), free to express normal behavior (by providing sufficient space, proper facilities of the animal's own kind) and free from fear and distress (by ensuring conditions and care, which avoid mental suffering, such as before entering slaughterhouses).

Aside from focusing on achieving internationally recognized standards of production, the Company places great importance on the safe working conditions of its employees. Emphasis is given to accident prevention and reduction in the work place, pollution prevention and control at the plants as well as maintenance of a safe and hygienic working environment that does not cause any damage or harm to the surrounding communities. In 2005, several companies under the CPF group received the Outstanding Place of Business Operation Award in the category of Work Safety, Hygiene and Working Environment from the Department of Labour Protection and Welfare, the Ministry of Labour and Social Welfare. This award is given to business operators who are dedicated to and continuously practice safety management at the work place.

## Tax privileges

The Company are promoted by the Board of Investment (BOI). The significant benefits as of December 31, 2005 are outlined as follows:

Company / Business	Major Privileges	Commencing Year - Expiry Year
<b>Charoen Pokphand Foods Plc.</b>		
Shrimp Feedmill, Bann Phru, Hadd Yai	* 50% Income Tax Exemption	2003-2008
Broiler Farm2, Saraburi	* Income Tax Exemption	2001-2008

<b>Company / Business</b>	<b>Major Privileges</b>	<b>Commencing Year - Expiry</b>
Yeo Shrimp Hatchery, J.R.2	* Income Tax Exemption	2002-2010
Shrimp Hatchery, Tha Bon 2	* Income Tax Exemption	2002-2010
Aquaculture Feedmill, Mahachai 2	* Income Tax Exemption	2004-2012
Grandparent Stock Chicken Breeder Farm, Prajinburi	* Income Tax Exemption	2003-2011
Shrimp Feedmill, Ranod	* Income Tax Exemption	2002-2008
	* 50% Income Tax Exemption	2008-2013
Broiler Farm 3, Saraburi	* Income Tax Exemption	2003-2011
Shrimp Hatchery, J.R.4	* Income Tax Exemption	2004-2012
Shrimp Hatchery, Pratew	* Income Tax Exemption	2004-2012
Broiler Farm 4, Saraburi	* Income Tax Exemption (8 years)	No revenues occur yet.
Sausage Plant, Nakhon Ratchasima	* Income Tax Exemption (8 years)	No revenues occur yet.
Food Processing Plant Nakhon Ratchasima	* Income Tax Exemption	2004-2012
Chicken Breeder Farm, Nakhon Ratchasima	* Income Tax Exemption	2005-2012
Feedmill, Pukthongchai,	* Income Tax Exemption	2005-2013
Broiler Farm, Nakhon Ratchasima	* Income Tax Exemption	2005-2012
Chicken Processing Plant, Nakhon Ratchasima	* Income Tax Exemption	2005-2013
Aquaculture Processing Plant, Mahachai	* Income Tax Exemption	2005-2013
Aquaculture Processing Plant, Klang	* Income Tax Exemption	2005-2013
Aquaculture Processing Plant, Ranod	* 50% Income Tax Exemption	2005-2009
Shrimp Hatchery, Tawan	* Income Tax Exemption (8 years)	No revenues occur yet.
<b>Charoen Pokphand Northeastern Plc.</b>		
Chicken Breeder Farm, Petchaboon	* Income Tax Exemption	1998-2006
	* 50% Income Tax Exemption	2006-2011
Chicken Breeder Farm, Prajinburi	* Income Tax Exemption	2003-2011
<b>Bangkok Agro-Industrial Plc.</b>		
Duck Farm, Prajinburi	* Income Tax Exemption	2002-2010
Swine Farm, Karnchanaburi	* Income Tax Exemption	2004-2012
Swine Farm, Prajinburi, Srakaew, Nakhon Nayok, Chonburi, Chachoengsoa	* Income Tax Exemption	2005-2013
Duck Breeder Farm, Saraburi	* Income Tax Exemption	2003-2011
Duck Farm, Prajinburi	* Income Tax Exemption	2003-2011

<b>Company / Business</b>	<b>Major Privileges</b>	<b>Commencing Year - Expiry Year</b>
<b>Bangkok Produce Merchandising Plc.</b>		
Animal Feedmill, Tha Rua	* Income Tax Exemption	2001-2009
Food Processing Plant 2, Saraburi	* Income Tax Exemption	2002-2010
Food Processing Plant, Saraburi	* Income Tax Exemption	2004-2012
<b>CPF Food Products Co., Ltd.</b>		
Broiler Farm, Prajinburi	* Income Tax Exemption	2002-2010
Broiler Farm, Prajinburi	* Income Tax Exemption	2003-2011
Broiler Farm, Chachoengsao	* Income Tax Exemption	2003-2011
Food Processing Plant, Bangkok	* Income Tax Exemption (8 years)	No revenues occur yet.
Chicken, Duck Slaughterhouse, Bangkok	* Income Tax Exemption (8 years)	No revenues occur yet.
<b>International Pet Foods Co., Ltd.</b>		
Pet Food Plant, Saraburi	* Income Tax Exemption	2004-2012
<b>Pokphand Aquatech Co., Ltd.</b>		
Aquatic Feedmill, Chonburi, Samutsakorn, Songkla	* Income Tax Exemption	2002-2010
<b>CP-Yonekyu Co., Ltd.</b>		
Food Processing Plant, Chachoengsao	* Income Tax Exemption(8 years)	No revenues occur yet.

## Agricultural Economics in 2005 and Outlook in 2006

By the Office of Agricultural Economics

Excerpted from the Livestock Feed Business Magazine, November – December 2005 Issue

### Livestock

The overall livestock industry is expected to grow 9.05 percent in 2005 despite concerns over the spread of bird flu in 2005. The Thai government has ordered related agencies to participate in an X-ray surveillance program around the country to search for the bird flu virus in order to effectively wipe out the disease. In 2005, bird flu was detected in 25 locations in 8 provinces compared to 457 locations in 44 provinces in 2004. On October 18, 2005, the government issued a number of pro-active measures to prevent and control the bird flu virus including thorough daily inspections of areas in provinces considered vulnerable to avian influenza, spraying of anti-viral disinfectant in high-risk areas and buffer zones, improvement of the system for raising birds especially free-range ducks, separation of different animal species on farms according to WHO warning, and effective public communication to create

understanding among all villagers in all provinces. As a result of these measures, the severity of the bird flu outbreak was reduced. Overall livestock production increased, except production of duck-broiler and duck-layer due to restrictions on the movement of free-range ducks which may cause bird flu outbreaks. Meanwhile, exports of processed chicken/cooked chicken increased. Thailand's pork exports also increased. The outbreak of swine flu in China presented an opportunity for Thailand to export to Hong Kong, which had previously imported pork from China. Due to the above mentioned factors, the overall value of livestock production continued to expand.

## **Broiler Production**

Thailand's broiler production increased to 819 million birds in 2005 from 694 million birds in 2004, an 18 percent increase year-on-year. The growth was attributed to domestic consumption which increased close to normal levels. Despite the detection of bird flu in some areas, the outbreak mostly occurred among native chickens and government measures were effective in containing the outbreak. Therefore, the effect on broiler production was limited. In addition, broiler exporters improved and expanded production systems to manufacture processed chicken, resulting in the value of broiler production increasing from 2004.

## **Exports**

In 2005, the export volume of frozen fresh chicken and processed chicken is expected to be 0.27 million tons worth THB 31,114 million , increasing from 0.20 million tons worth THB 22,062 million in 2004, or an increase of 34.3 percent in terms of volume and 37.7 percent in terms of value. Processed chicken accounted for 98 percent of total exports in 2005, compared to 92 percent of total exports in 2004.

Exports of processed chicken have increased both in terms of volume and value as consumers in importing countries are increasingly accepting and consuming processed chicken, especially consumers in the Japanese and EU markets. The United Kingdom has also increased imports of Thai processed chicken.

Positive factors which will contribute to the growth of broiler exports from the end of 2005 until the end of 2006 include the expansion of new export markets especially in the Middle East and Africa and the lifting of the EU's tariff on salted chicken meat from Thailand and Brazil according to the WTO ruling. Consequently, import tariffs on Thai salted chicken meat will fall to 15.4 percent from a previous 58.9 percent. Thai salted chicken meat will have a better opportunity to compete in the EU market even

though Thailand can not export fresh chicken meat at present. Another factor which will benefit Thai broiler exports is the free trade agreements between Thailand and Japan which will lower Japanese import tariffs on chicken products from Thailand.

## **Swine Production**

Swine production in 2005 was at 10.88 million pigs compared to 10.54 million pigs 2004, slightly increasing 3.2 percent year-on-year. The rise was attributable to continued growth in domestic consumption partly because consumers continued substitute pork for chicken and a positive trend in pork exports.

### **Exports**

Exports of frozen fresh pork and processed pork was 8.50 thousand tons worth THB 970 million in 2005, up from 6.42 thousand tons worth THB 674 million in 2004, growing 32.4 percent in terms of volume and 44.0 percent in terms of value. Due to the outbreak of swine flu in Szechuan Province in China, Thailand had an opportunity to expand pork exports to Hong Kong in the second half of 2005. With regards to processed pork (cooked pork), after the pork processing factories passed inspections by the Japanese authorities, Japan is likely to increase pork imports from Thailand.

## **Outlook**

Livestock production in 2006 is expected to expand 10.21 percent from 2005 as production of broiler, layer and swine is expected to rise. Prospects for exports of processed chicken and processed pork remain bright. Despite the detection of bird flu outbreak in some locations at the end of 2005, Thailand's exports of processed chicken will not be affected as Thai manufacturers have changed to closed system poultry farming and adjusted their production systems to produce more processed cooked chicken. Furthermore, Thai manufacturers are in the process of implementing compartmentalization of poultry and swine farms in order to establish high-biosecurity areas that can control and prevent diseases from the outside.

## **Fisheries Production**

Fishery production in 2005 is expected to decline 3.71 percent compared to 2004 as a result of reduced marine fishing and deterioration of marine resources. Fishing boats decreased fishing operations as higher oil prices ate up their profits. Meanwhile, freshwater fishery production is expected to increase slightly as more consumers turn to white meat due to increasing health consciousness and cheaper prices compared to other sources of protein.

According to the Department of Fisheries, overall fishery production in 2005 is expected to be 3,678 thousand tons, down 8.7 percent compared to 2004, mainly from lower marine fishery production. Marine fishery production in 2005 is expected to be 3,107 thousand tons, falling 10.3 percent compared to 2004 production.

Production from marine shrimp farming is expected to decrease slightly in 2005. Production in 2005 is expected to be 360 thousand tons, close to the previous year's production level, as shrimp hatcheries were destroyed by the tsunami at the end of the year 2004. In addition, a slump in shrimp prices in mid-2005 discouraged shrimp farmers from production. The weather during the end of 2005 was also cold and was not conducive to shrimp growth. Furthermore, some areas in the south of Thailand were affected by floods.

Freshwater fishery production is expected to be 571 thousand tons in 2005, increasing 1 percent from 2004. The reasons for the small increase are drought and insufficient water sources for both natural production and farming.

## **Export**

Total fishery export for January - September 2005 amounted to THB 58,324 million, growing 13.7 percent from the same period of the previous year. Exports of chilled fresh shrimp, frozen fresh shrimp, dried shrimp, boiled shrimp and processed shrimp for January - September 2005 amounted to THB 50,595 million and accounted for 86.75 percent of total fishery exports. The value of Thai shrimp exports rose 13.1 percent from 2004 as world supply decreased because production from major shrimp-producing countries such as China, Brazil and countries in Central and South America (except Ecuador) declined. In addition, the USA's major shrimp-producing state, Louisiana, was devastated by Hurricane Katrina. These factors contributed to the increase in world demand and US demand for Thai shrimp exports.

## **Outlook**

Overall fishery production is expected to increase 2.54 percent in 2006 compared to 2005 from both increases in marine fishery production and freshwater fishery production. Key supporting factors include continuously increasing consumption of white meat as well as strategies supporting the development of shrimp farming and production from 360,000 tons in 2005 to 381,000 tons in 2006.

Overall prices of fishery products are expected to rise slightly in light of upbeat exports, especially shrimp exports, as a result of the government's policy to change the structure of shrimp products. Emphasis will be placed on changes in production, from mostly production of white shrimp which is lower priced to increased production of higher value products for export to major markets.

- **The integrated chicken and animal feed business in the Republic of Turkey**

CPF invested in this business through its indirect 84.49% holding subsidiary, C.P. Standart Gida Sanayi ve Ticeret A.S. (“CPS”), who has operations spread out in various part of the country. CPS manufactures and distributes many types of animal feed, most of which are chicken and cattle feed. In the chicken business, CPS started with an integrated broiler business and expanded into the egg business in 2004.

- **Thai restaurant in the People’s Republic of China**

CPF invested in this business through its indirect wholly owned subsidiary, C.P. Food Product (Shanghai) Co., Ltd. The objective of this business is to introduce Thai fast food restaurant that applying the production which yields Thai foods of standard taste. Presently, there are 2 Thai restaurants under “Thai Thai” trademark in the People’s Republic of China.

- **The aquaculture business in the People’s Republic of China**

CPF invested in this business through its indirect wholly owned subsidiaries, C.P. Aquaculture (Beihai) Co., Ltd. and C.P. Aquaculture (Hainan) Co., Ltd. The main objectives are to manufacture and distribute aquatic feed and operate an aquatic culture farm in the People’s Republic of China.

- **The livestock and aquaculture businesses in India**

CPF invested in these businesses through its indirect 71.20% holding subsidiary, Charoen Pokphand (India) Private Limited. The main objectives are to manufacture and distribute animal feed and operate animal farming in India.

- **The aquaculture business in Malaysia**

CPF Invested in this business through its wholly owned subsidiary, Calibre Nature (M) Sdn.Bhd., and its indirect wholly owned subsidiary, Star Feedmills (M) Sdn.Bhd. The main objectives are to manufacture and distribute aquatic feed, operate aquatic farming and aquatic processing in Malaysia.

- **The chilled production plant in England**

CPF invested in this business through its indirect 52% holding subsidiary, Fusion Foods Limited. The main objective is to produce a chilled food products supply in the European Union.



## RISK FACTORS

Investors in CPF's shares and persons with vested interests in the Company should carefully consider the risk factors that may affect the Company. These risk factors may affect the operations and/or the financial status of the Company leading to different consequences than those occurring under normal circumstances and/or may affect the Company's ability to achieve its objectives and goals.

Besides the risk factors mentioned in this report, there may be other risk factors unknown to the Company at this time or risk factors that the Company deems as having no material impact on the Company's operations. Major risk factors directly related and known to the Company that may affect the Company include the following:

### 1. Disease outbreaks in farms

In animal farming, there is the possibility of disease outbreaks caused from both external factors which are uncontrollable and internal factors. To minimize the risk, operators should follow the best practices of farm management and have measures to monitor for ensuring the procedures are strictly followed. Eventhough the operators shall reduce direct impacts, they may face unexpected indirect impacts which in the first place affect the industry and then cause domino effects to the ability of enterprises to generate revenue and profit at the end.

### ● Risk management

The Company has established rules and regulations for its employees to strictly follow and provide training on disease outbreak prevention. The Company has set up a system to prevent disease outbreaks, a system for good hygiene, an internal control system monitoring quality at every step of animal farming as well as strict conditions imposed on visitors to the Company's operations. In addition, the Company has invested in research and development of animal farming under the closed system and increased use of technology in animal farming to reduce animal exposure to carriers of various diseases. Furthermore, the Company has employed veterinarians to study various diseases with the objective of laying down foundations to prevent disease outbreaks in the Company's farms.

With regard to the bird flu outbreak in Thailand in last 2 years, the Company managed risks to lessen the impact on the Company's operations by enforcing stricter disease prevention standards at the Company's farms and educating contract farmers on disease prevention. In addition, the company expanded capacity for the production of cooked chicken products to cater to both local and international markets, decreasing reliance on raw chicken sales and exports. Consequent to the outbreak, consumers placed greater importance on carefully choosing safe and hygienic products for consumption. Through public relations via different media and marketing strategies, the Company communicated and emphasized to consumers product quality and safety under the CPF trademark.

## **2. Volatility of raw material prices**

The Company is engaged in integrated agribusiness with the main production cost being raw materials used in animal feed production, such as corn, fish meal and soybean meal, accounting for approximately 40% of the Company's cost of sales. The prices of these raw materials fluctuate each year depending on the demand and supply for each type of raw material in the world market. Therefore, if the prices of raw materials increase and the Company is unable to increase the prices of animal feed or meat products to compensate for the rise in production costs, the increase in raw material prices may cause the Company's profits to decline.

### **○ Risk management**

The Company gives much consideration to this risk and has a team of raw material sourcing experts to closely follow price trends. In addition, the Company has large silos with efficient management systems to stock up on raw materials for sufficient use when raw material prices are forecast to rise in the future. This has enabled the Company to manage costs with minimum fluctuations. However, this does not guarantee that the cost of raw materials of the Company at one point of time shall below the market price at that time as it is not possible to accurately forecast when entering into raw material purchase contracts. Therefore, the Company has studied, researched and developed methods to use raw materials efficiently and reduce raw material loss during production, providing another important means to effective cost management.

### **3. Volatility of meat prices**

Sales from the Company's meat products, which comprise live animals, fresh meat, and chilled and frozen fresh meat which are both sold locally and exported overseas, account for 62% of total sales in 2005. Meat prices fluctuate according to demand and supply in the market. Therefore, if meat prices decline due to oversupply in the market and/or decrease of consumer confidence, this may cause the Company's profits to decline.

#### **● Risk management**

The Company has adopted a strategy to manage the risk from the volatility of meat prices by diversifying into different product categories such as chicken, eggs, swine, shrimp, fish and duck. Product diversification will lower the impact from the price decline of a particular product. For instance, the bird flu outbreak in Thailand brought about lower consumer confidence in chicken consumption. Consequently, consumers switched to consuming pork, causing the price of pork to rise substantially. Increased profits from the swine business helped to partially offset the Company's losses from the chicken business.

In addition, the Company has adjusted its production and marketing plans to produce and distribute products which are less susceptible to price volatility and/or products whose prices can be adjusted to reflect production costs, such as value-added meat products (eggs boiled in herbs, grilled chicken, sauced duck, grilled duck) and cooked meat products for export (frozen boiled chicken, frozen roasted chicken, frozen karaage chicken, frozen boiled shrimp, frozen breaded shrimp). The Company has also developed ready meals such as chilled rice with spicy-fried meat with basil and chilled spicy shrimp soup which tend to be less price sensitive.

### **4. Reduced consumer and customer confidence**

Consumer and customer confidence in a particular product may decline due to disease outbreak in the farming of a particular animal, the discovery of chemical residue or contamination in a product that is harmful to consumers, substandard quality products or untimely delivery of products. This may cause the Company's sales of the particular product to fall.

## ● Risk management

The Company has built brand awareness and recognition with marketing strategies and public relations through various channels to create consumer and customer confidence in the quality of the Company's products as well as awareness of the attention paid to production processes which have strict quality control at every stage of production.

## 5. Trade barriers in the world market

The Company exports meat products to many countries worldwide. While tariff barriers are playing a lesser role under the global policy of free trade, still, new forms of barriers have been devised to undermine the opportunity for the import and export of meat products. This may cause the Company's meat export sales to decline or indirectly affect other areas of the Company's revenue. Moreover, Thailand is among 6 countries that the USA has applied Anti-dumping Duty on shrimp export to the USA by considering the Duty according to the Dumping Margin. Thus, in case that the USA had reviewed and announced the change by increase the Anti-dumping Duty for Thailand from the current level, this shall impact the overall competitiveness of Thai shrimp export business, including the Company operating results and profitability.

## ● Risk management

Although it is not possible to predict when this type of risk will occur, the Company has always placed great emphasis on research and development on all aspects of production to achieve world-class production standards and develop high quality food products to satisfy consumers, gaining customer acceptance worldwide. Moreover, the Company continues to place great importance on studying the developments in international trade rules and regulations. With updated information on this matter, the Company can develop its business strategy in line with the new rules and regulations.

In addition, the Company continues to expanded its export customer base to diversify risk and has established sales representative offices in numerous countries throughout the world to be closer to country-specific news and information. The Company has also increased investments in various countries to minimize the impact of trade barriers on its operations.

## **6. Foreign exchange risk**

The Company imports raw materials for production which account for 12% of cost of goods sold. Therefore, if the Baht depreciates against the currency used to purchase the raw material, this may cause the Company's animal feed production costs and animal farming cost to rise. In addition, the Company earns revenue from exports which accounts for approximately 19% of total sales in 2005. Therefore, if the Baht appreciates against the currency used in the sale, this may cause revenue to decline when converted into Baht. The occurrence of any of these cases may cause the Company's profits to decline.

### **○ Risk management**

The Company has a policy to enter into forward exchange contracts to protect against currency fluctuations. In addition, this allows the Company to know costs and selling prices in definite Baht terms. For some product types that the power for determining prices belongs to a seller, and accuracy of costing shall result in an efficiency of pricing, guaranteeing that the Company may generate profits as expected. However, entering into forward exchange contracts does not guarantee that the Company can manage foreign exchange at better rates than the market rate since it is not possible to accurately forecast foreign exchange rates when entering into the contract.

## **7. Risk from investment in other countries**

The Company has investments and joint-ventures in agro-industrial businesses in many foreign countries that have potential for business expansion, namely the Republic of Turkey, Malaysia, India, the People's Republic of China, the United Kingdom, Denmark and Vietnam. Each country has risks which may arise from changes in political, regulatory or economic conditions. Any changes, if significant, may affect the business operations in these countries as well as the revenue and profit earned from these overseas businesses.

### **○ Risk management**

The Company recognizes this risk and has established a policy and system to closely monitor and control the performance of overseas operations. Furthermore, the Company posts experienced managers, including controllers, to oversee these foreign operations and present the performance of their operations at least once every quarter in Thailand.

## **8. Risk from dependency on specialists**

The Company's business relies on knowledgeable employees and specialists who have accumulated knowledge and real working experience. Therefore, if the Company loses these experienced personnel, this may affect the Company's operating performance.

### **○ Risk management**

The Company has adopted measures to reduce the risk of losing valuable personnel by establishing a company to provide continuous business training and knowledge to management and employees; a successor program; and a program to attract long-term employment with the Company, such as providing opportunities for advancement to management positions as the company is continually expanding.

## **9. Risk from management of information technology**

The company has implemented information technology system in many areas of its operations, such as the production control system, accounting system and human resource management system. In addition, the Company has adopted information technology system in everyday operations to improve work efficiency as well as reduce time and costs in communication and sending documents. Therefore, if there is any significant failure in the system, such as the spread of a computer virus in the system causing loss of data, this may affect the Company's operations and its ability to achieve its objectives.

### **○ Risk management**

The Company has a subsidiary which especially provides information technology services. The subsidiary studies, develops and oversees the Company's IT system, ensuring efficiency and suitability to the Company's business operations. Employees are continuously trained to effectively use the IT system. In addition, there is a sufficient and effective back-up system. The Company has also restricted access to send and retrieve certain information which may harm or damage the system.



# DISCUSSION ON RESULTS AND FINANCIAL STATUS

## Consolidated Balance Sheets

as of December 31

Unit: THB, million	2003	2004	2005
Current assets	29,607	30,035	39,533
Non-current assets	35,114	42,183	49,565
<b>Total assets</b>	<b>64,721</b>	<b>72,218</b>	<b>89,098</b>
Current liabilities	25,375	24,039	29,751
Non-current liabilities	8,842	16,550	15,558
<b>Total liabilities</b>	<b>34,217</b>	<b>40,589</b>	<b>45,309</b>
<b>Shareholders' equity</b>	<b>30,504</b>	<b>31,629</b>	<b>43,789</b>

## Consolidated Income Statements for the years ended December 31

Unit: THB, million	2003	2004	2005
Net sales	83,109	91,790	113,374
Equity in net profit of associated companies	511	721	811
Other income	1,646	1,029	2,334
<b>Total income</b>	<b>85,266</b>	<b>93,540</b>	<b>116,519</b>
Cost of sales	73,534	81,388	94,485
Selling and administration expenses	7,719	9,161	12,128
Equity in net loss of associated companies	244	3	136
Loss from impairment of assets	938	-	-
Others	35	376	39
Total expenses	82,470	90,928	106,788
<b>Profit before interest and income taxes</b>	<b>2,796</b>	<b>2,612</b>	<b>9,731</b>
Interest expenses	1,004	910	1,245
Income tax	(464)	436	1,593
Loss (Gain) on net monetary position	-	(15)	65
Net profit after income tax	2,256	1,281	6,828
Less profit (loss) minority interests	(14)	(45)	(118)
Net profit from normal operations	2,242	1,236	6,710
Extraordinary items			
Loss arising from Tsunami - net of income tax	-	(52)	-
Insurance recovery - net of income tax	-	53	37
<b>Net profit</b>	<b>2,242</b>	<b>1,237</b>	<b>6,747</b>

## Key Financial Ratios of Consolidated Financial Statements

	2003	2004	2005
<b>Liquidity Ratios</b>			
Current ratio (times)	1.2	1.3	1.3
Quick ratio (times)	0.4	0.5	0.5
Cash flow liquidity ratio (times)	(0.01)	0.2	0.1
Accounts receivable turnover (times)	10.2	10.6	10.4
Collection period (days)	35	34	35
Inventory turnover (times)	18.8	18.0	15.1
Inventory turnover (days)	19	20	24
Accounts payable turnover (times)	17.7	17.8	17.0
Payables period (days)	20	20	21
Cash Cycle (days)	34	34	38
<b>Profitability Ratios</b>			
Gross profit margin (%)	11.5	11.3	16.7
Operating profit margin (%)	2.2	1.3	6.0
Net profit margin (%)	2.6	1.3	5.8
Return on equity (%)	7.8	4.0	17.9
<b>Operating Efficiency Ratios</b>			
Return on fixed assets (%)	19.8	14.5	29.6
Asset turnover (times)	1.4	1.4	1.4
<b>Leverage Ratios</b>			
Debt to equity (times)	1.1	1.3	1.0
Interest coverage	0.41	6.3	4.6
Dividend payout (%)	58.7	51.0	52.5

## **Explanation and Analysis of Financial Position and Operating Results**

The analysis of financial position and operating results is on the financial information from CPF's consolidated financial statements. The 2005 financial statements include the financial statements of Charoen Pokphand Foods Plc. and its 43 subsidiaries, 27 of which are registered in Thailand and 16 of which are registered abroad. In 2005, 5 new subsidiaries were included as follows:

1. CP-Yonekyu Co., Ltd.
2. Calibre Nature (M) Sdn. Bhd.
3. Star Feedmills (M) Sdn. Bhd.
4. Charoen Pokphand (India) Private Limited
5. CPF Denmark A/S

### **○ Operating Results**

#### **General Overview of Operating Results**

The Company's net sales in 2005 amounted to THB 113.374 billion, a 24% increase from the previous year. The increase resulted from the 27% sales growth from operations in Thailand, boosted by 24% growth in livestock business and 34% growth in aquaculture business. The major factors of growth are as follows:

There has been a higher demand for the Company's aquatic products. This is resulted from the Company's readiness to be the fully integrated shrimp producer, the traceability production system and the competitiveness of being able to provide quality products that tailored to customers' requirement. Thus, there has shown a volume growth for the Company's aquaculture sales over the previous year.

The volume of domestic meat sales increased from the previous year. This was due to the return of domestic consumption on chicken meat after the bird flu outbreak in 2004, and changed their consuming behaviors towards quality products. In addition, the Company has been building brand awareness and recognition with marketing activities and sales promotion to create consumer confidence in the quality of the Company's products.

The Company strategies in diversifying into value-added products by developing cooked food products to support higher demand in these types of products made total sales of cooked food products, particularly export sales, to increase from previous year.

The cost of sales in 2005 totaled THB 94.485 billion, increasing 16% from the year before. The gross profit margin increased from 11% to 17%, partly resulted from the increase in volume sales of value added or cooked products, which generated higher profit margin.

Selling and administration expenses in 2005 rose 32% to THB 12.128 billion. From the increase in both revenues and expenses of sales mentioned above, the earnings before interest, income taxes and the extraordinary items (include THB 0.899 billion gain from divestment of investments) of 2005 amounted to THB 9.731 billion, a 273% increase from the previous year. Operating profit margin increased from 1% of the previous year to 6% in 2005. Operating profit margin from livestock business as disclosed in the Notes to Financial Statements for the year 2005 increased from 1% in previous year to 7% in 2005. For aquaculture business, its operating profit margin decreased from 9% of previous year to 8% in 2005. Net profit of 2005 was at THB 6.747 billion, increased from previous year by 446%.

During 2005, CPF made 3 interim dividend payments totaling THB 0.44 per share, equivalent to THB 3.094 billion. On February 27, 2006, the Board of Directors resolved to pay annual dividend from the fourth quarter results of 2005 at THB 0.06 per share. This annual dividend shall be proposed to the Annual Shareholders' Meeting #1/2006 on April 28, 2006 for approval. Noted that the payout of the annual dividend plus those interim dividends that the Company made 3 times during the year 2005 totaled of THB 3.545 billion, or equivalent to 53% of the Company's annual net profit. This dividend payout was in line with the Company's dividend policy which stipulates that total dividends paid each year shall approximately be 50% of net income after income taxes and legal reserve. In addition, the dividend payout was in compliance with the terms and conditions of CPF's 4 issues of debentures which state that the Company is not permitted to pay cash dividends to shareholders in the amount exceeding 60% of net profit of each fiscal year for the duration of the term of the debentures.

## Operating Results of Each Business

Sales structure of CPF and its subsidiaries for the years ended December 31

	2003	2004		2005		Change	
	THB, million	% of Sales	THB, million	% of Sales	THB, million	% of Sales	2005-2004
<b>1. Operations in Thailand</b>	<b>76,466</b>	<b>92%</b>	<b>77,680</b>	<b>85%</b>	<b>98,489</b>	<b>87%</b>	<b>+27%</b>
<b>1.1 Livestock Business</b>	<b>55,744</b>	<b>67%</b>	<b>57,040</b>	<b>62%</b>	<b>70,896</b>	<b>63%</b>	<b>+24%</b>
• Feed	18,059	22%	16,295	18%	19,392	17%	+19%
• Breeder	2,013	2%	2,026	2%	2,710	2%	+34%
• Meat & Foods - Domestic Sales	21,760	26%	27,071	29%	33,715	30%	+25%
• Meat & Foods - Export Sales	12,419	15%	9,923	11%	12,182	11%	+23%
• Others	1,493	2%	1,725	2%	2,897	3%	+68%
<b>1.2 Aquaculture Business</b>	<b>20,722</b>	<b>25%</b>	<b>20,640</b>	<b>23%</b>	<b>27,593</b>	<b>24%</b>	<b>+34%</b>
• Feed	12,636	15%	12,775	14%	14,670	13%	+15%
• Breeder	1,128	2%	1,184	1%	1,869	2%	+58%
• Meat & Foods - Domestic Sales	1,906	2%	2,474	3%	1,220	1%	-51%
• Meat & Foods - Export Sales	4,158	5%	3,697	4%	9,320	8%	+152%
• Others	894	1%	510	1%	514	0%	+1%
<b>2. Overseas Operations</b>	<b>6,643</b>	<b>8%</b>	<b>14,110</b>	<b>15%</b>	<b>14,885</b>	<b>13%</b>	<b>+5%</b>
<b>Net Sales</b>	<b>83,109</b>	<b>100%</b>	<b>91,790</b>	<b>100%</b>	<b>113,374</b>	<b>100%</b>	<b>+24%</b>

Summary of operating results according to business location and business line are as follows:

### ○ Operations in Thailand

#### (a) Livestock Business

Sales from the livestock business in Thailand in 2005 was at THB 70.896 billion, rising 24% from the previous year. Sales from the livestock business accounted for the majority of the Company's sales, or approximately 63% of net sales. The proportion of domestic sales to export sales was 83:17. This was supported by domestic consumer and customer confidence in the quality of the Company's products as well as the expansion in manufacture of value added meat products, processed meat products and cooked food products. As a result, the sales volume in all categories increased from the previous year.

The 2005's gross profit margin of the livestock business in Thailand was 17% of net sales of the livestock business in Thailand, higher than the previous year's gross profit margin of 9%. This was due to the increase in sales volume of valued added products, which generated higher profit margin than other products, and higher average prices of meat products.

#### **(b) Aquaculture Business**

Sales from the aquaculture business in Thailand in 2005 was THB 27.593 billion, increasing 34% from THB 20.640 billion from the previous year. Sales from aquatic feed which accounted for the majority of sales from the aquaculture business in Thailand increased 15% from the previous year. Sales from shrimp breeder increased 58% from the previous year. As a result of customer confidence in the quality of the Company's products and the preliminary determination on the anti-dumping shrimp export the USA, the export meat sales increased 152% from the previous year. In addition, the Company strategy in being integrated shrimp producer and the traceability production system has built the importers confidence in the quality of the Company's products and in the committed volume of shrimp export. Gross profit margin of the aquaculture business slightly decreased from 18% in 2004 to 17% in 2005.

### **o Overseas Operations**

Sales from overseas operations in 2005 amounted to THB 14.885 billion, increasing 5% from the year earlier, mainly attributable to the performance of CPS which operates an integrated chicken business in the Republic of Turkey. CPS's sales in 2005 totaled THB 11.077 billion, or approximately 10% of the Company's net sales in 2005. Eventhough CPS's operations are not located in bird flu outbreak areas and its sales are mostly in the Republic of Turkey, but the bird flu outbreak in the fourth quarter of 2005 lessen the Turkish consumers' confident on chicken consumption. Thus, there was an impact to CPS operations during such period. Gross profit margin of overseas operations increased from 12% of the previous year to 15% in 2005.

## **Financial Position**

### **(1) Assets**

As of December 31, 2005, the Company's total assets amounted to THB 89.098 billion, comprising of THB 39.534 billion in current assets, THB 37.364 billion in property, plant and equipment and THB 12.200 billion in long-term investments and others.

Assets as of December 31, 2005 increased 23% from the previous year. This was due to an increase in operating fixed assets from the business expansion, the increase in account receivable as a result of the Company's sales growth, and the increase in inventories. As of December 31, 2005, the Company had inventories of THB 23.867 billion, increasing 30% from the previous year. Inventories comprised of THB 7.804 billion in finished products, THB 1.728 billion in parent stock (net of breeder depreciation), THB 6.045 billion in work-in-process, THB 6.449 billion in raw materials, THB 1.303 billion in goods in transition, THB 639 million in chemicals and supplies, and THB 102 million in allowance for declining in value of inventories.

### **(2) Liquidity**

In 2005, the Company had net cash from operating activities and financing activities of THB 2.888 billion and THB 5.039 billion, respectively. In 2005, the Company received proceeds from the issuance of CPF086A and CPF106A in the amounts of THB 4.000 billion, received proceeds from share subscriptions in the amounts of THB 7.169 billion. The Company made payment on debentures and long-term loans of THB 4.800 billion. The Company's loans from financial institutions increased by THB 2.712 billion. The Company had net cash used in investing activities of THB 7.249 billion from the investment in fixed assets and invested in long-term investments. As of December 31, 2005, cash and cash equivalents was THB 2.457 billion, increase from that of the previous year of THB 1.708 billion. The long-term loans and debenture that are in due in the period of 2006-2008 are THB 5.768 billion, THB 4.615 billion, and THB 2.239 billion consecutively.

The current ratio as of December 31, 2005 was 1.33 times, improving from 1.25 times in 2004. This was mainly due to the increase in cash and cash equivalents. As of December 31, 2005, the Company's outstanding debentures totaled THB 11.190 billion. THB 1.190 billion worth of debentures have an interest

rate of 4.75% per year. The debentures of THB 6.000 billion were issued on November 17, 2004, divided into 2 series. The first series worth THB 2.500 billion has a maturity of 3 years and fixed interest rate of 4.25% per year. The second series worth THB 3.500 billion have a maturity of 5 years and a fixed interest rate of 5.50% per year. Another debentures of THB 4.000 billion were issued on June 16, 2005, divided into 2 series. The first series worth THB 2.000 billion have a maturity of 3 years and fixed interest rate of 4.25% per year. The second series worth THB 2.000 billion have a maturity of 5 years and a fixed interest rate of 5.00% per year. The interest coverage ratio was 4.60 times, decreasing from 7.42 times in 2004. The debt service coverage ratio was 0.17 times, decreasing from 0.32 times in 2004.

### **(3) Source of Funds**

According to the consolidated financial statements, the debt to equity ratio as of December 31, 2005 was 1.03 times (This ratio is lower than the net debt to equity ratio of not more than 2 times as stated in the Terms and Conditions of the Debentures). Total liabilities of THB 45.309 billion comprised THB 29.751 billion in current liabilities and THB 15.558 billion in long-term liabilities, or in the proportion of 66:34.

As of December 31, 2005, shareholders' equity was at THB 43.789 billion. Major changes in shareholders' equity in 2005 include THB 5.424 billion increased in paid-up capital and the premium on share capital, and THB 3.798 billion increased in retained earnings resulting from net profit of 2005.

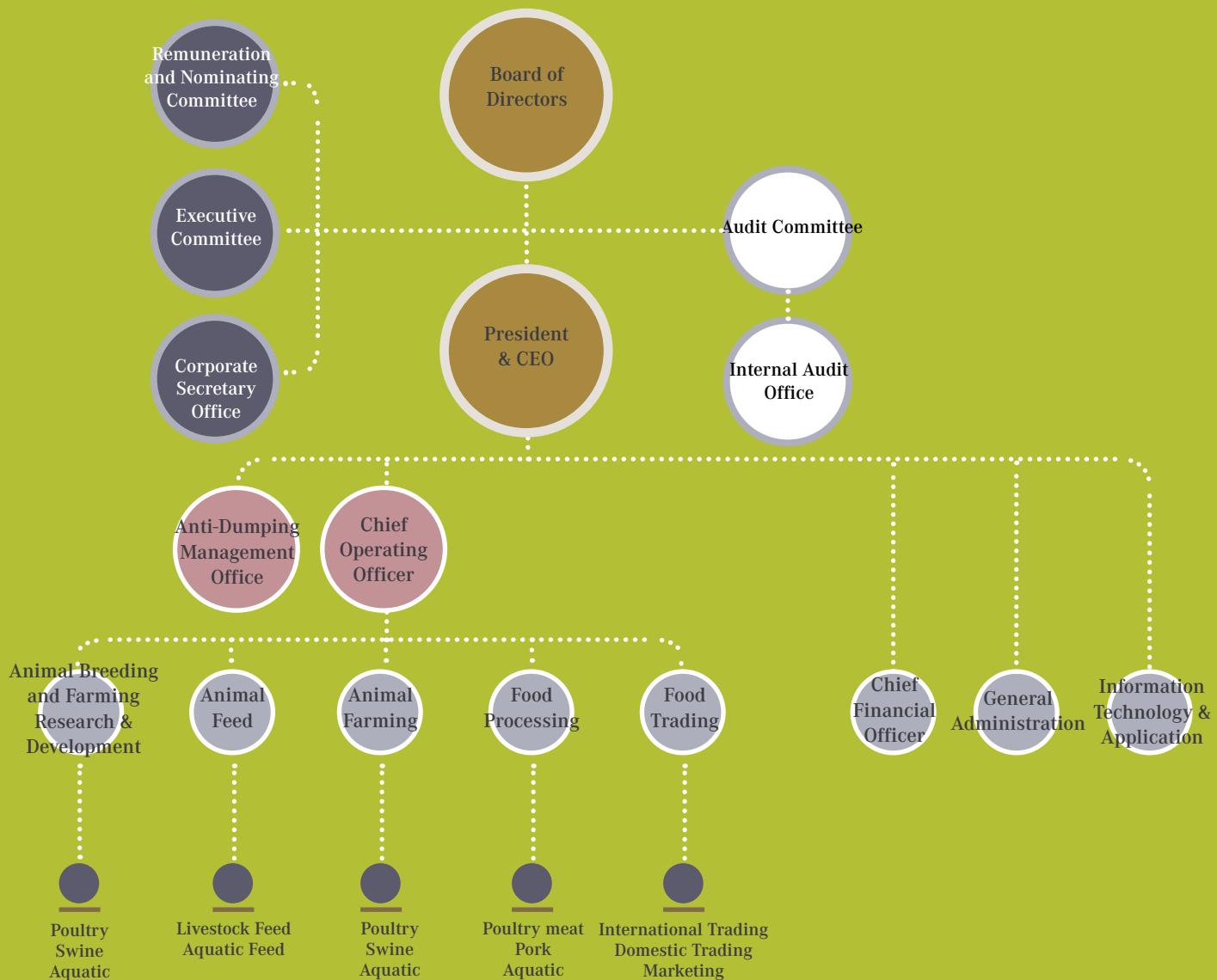
### **(4) Investments in 2006**

In accordance to the approval from the Company's Board of Directors, CPF and its subsidiaries' capital and expenditures of 2006 is amount to THB 8.390 billion. The THB 4.488 billion is for the livestock business, while THB 3.902 billion for the aquaculture business. Investment plans may change according to changes in the business environment.



# MANAGEMENT

## The Company's Management Structure as of April 1, 2006



## ● Board of Directors

As of December 31, 2005, CPF's Board of Directors consists 15 members as follows:

Name	Surname	Position
1. Pol. Gen. Pow	Sarasin	Honorary Chairman & Independent Director <sup>(1)</sup>
2. Mr. Dhanin	Chearavanont	Chairman <sup>(2)</sup>
3. Mr. Prasert	Poongkumarn	Vice Chairman <sup>(2)</sup>
4. Mr. Min	Tieanworn	Vice Chairman <sup>(2)</sup>
5. Mr. Chingchai	Lohawatanakul	Vice Chairman <sup>(2)</sup>
6. Mr. Arsa	Sarasin	Independent Director <sup>(1)</sup>
7. Professor Dr. Athasit	Vejjajiva	Independent Director <sup>(1)</sup>
8. Mr. Thanong	Termpangpun	Independent Director <sup>(1)</sup>
9. Mr. Phongthep	Chiaravanont	Director <sup>(2)</sup>
10. Dr. Veeravat	Kanchanadul	Director <sup>(2)</sup>
11. Mr. Adirek	Sripatak	Director <sup>(2)</sup>
12. Mr. Pong	Visedpaitoon	Director <sup>(2)</sup>
13. Mr. Thong	Chotirat	Director <sup>(2)</sup>
14. Mr. Sunthorn	Arunanondchai	Director <sup>(2)</sup>
15. Mrs. Arunee	Watcharananan	Director <sup>(2)</sup>

- Note:
- (1) The Directors No.1, and 6-8 are independent directors who possess the qualifications in accordance with the Notification of the Office of the Securities and Exchange Commission No. Kor Jor, 12/2543; Re: Application for permission and granting of permission to offer for sale new shares issued
- (2) The Directors No.2-5 and 9-15 are authorized directors whereby any two of the authorized directors shall sign on behalf of the Company with the Company's seal affixed.

### Composition of the Board of Directors

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

As of December 31, 2005, the Company's Board of Directors comprised 4 independent directors, 6 executive directors and 5 non-executive directors. The Board of Directors appoints the Honorary Chairman, the Chairman and the Vice Chairman who may hold an executive director position or a non-executive director position. In case of lack of independence of the chairman or a transaction in which the chairman

has conflict of interest, the honorary chairman or an independent director shall preside as Chairman of the meeting in considering the matter.

Every member of the Company's Board of Directors has residence in Thailand, possesses business and industry-related experience, understands the business obstacles, performs work effectively, can create competitive advantage in the industry and can provide beneficial views on important risks. Furthermore, every member of the Board of Directors is a qualified person and does not have the qualifications which are prohibited under the Public Limited Company Act and the Notification of the Office of the Securities and Exchange Commission.

The Independent Directors possess the qualifications in accordance with the Notification of the Office of the Securities and Exchange Commission No. Kor Jor, 12/2543; Re: Application for permission and granting of permission to offer for sale of new shares issued and the Company's Corporate Governance Policy, Briefly stated, the Independent Directors does not hold more than 1% of the voting shares of the Company, its subsidiaries, or others of the Company's connected persons, do not have any involvement with the Company in terms of management and/or provide professional services, do not have any business involvement with the Company, do not have any personal, business or other relationship with the Company or the management, do not represent any specific shareholder group, and do not have any financial or personal involvement with the Company, thus allowing independent judgment and ensuring that the interests of all shareholders are equally protected.

### **Appointment and Selection**

Each director, including the independent director, has a 3-year term post, excluding the case of being the replaced director for the available position caused by other factors rather than by rotation. At every annual general meeting, one-third of the directors shall retire from office. If the number of directors is not a multiple of three, then the number nearest to one-third shall retire from office. The directors serving the longest shall retire. The departing directors may be re-elected if approved by the shareholders. In case appoint of a new director, the Remuneration and Nominating Committee shall recruit persons with the qualifications, knowledge and expertise suitable for the position, and then propose them to the Board of Directors for considering to propose to shareholders for approval.

In case of a vacancy in the Director position, for reasons other than the completion of the term and the remaining term is at least two months, the Remuneration and Nominating Committee shall recruit persons with required qualification to the Board of Directors for the appointment to serve as Director in the next Board of Directors' Meeting. The resolution must be passed by at least three-fourths of the remaining

number of directors. The newly appointed director shall assume the position for the remaining term of the previous director.

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

**Shareholders have the right to appoint the Board of Directors under the following criteria:**

- Each shareholder shall have a number of votes equal to one share per one vote.
- Each shareholder must exercise all the votes he has in order to appoint an individual or several persons to be the director(s) but a shareholder shall not split his votes among any person or group of persons.
- The persons receiving the highest number of votes in descending order shall be appointed as directors depending on the requirement of directors set at such time. In the event that a number of persons receive an equal number of votes for the last directorship rendering the number of directors more than which is required at such time, the chairman of the meeting shall have a casting vote.
- At shareholders' meeting any director may be dismissed before retirement by rotation by the resolution of not less than three-fourths of the number of shareholders who attend the meeting and have the right to vote and collectively hold not less than half of the number of shares of the shareholders who attend the meeting and have the right to vote.

**Roles and Responsibilities of the Board of Directors**

The Board of Directors are appointed by the Company's shareholders who have considered the personal qualifications, knowledge, competency and ability of the person to devoting his/her time to perform duties for the Company to ensure that the director has the experience and knowledge to operate the business to maximize the benefits of all the stakeholders.

The Board of Directors have been entrusted by the shareholders to honestly and fairly manage the Company's business as indicated in the Memorandum of Association and in compliance with the Articles of Association of the Company, the resolutions of the shareholders' meetings and related regulations. The

Board of Directors, under the authority, may assign one or several directors or any other person to perform any act on its behalf with clear indication of roles and responsibilities to the assignee.

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

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

**The Board of Directors' roles and responsibilities in managing the Company's business include:**

- Determining the Company's overall business policy, financial policy, funding policy and risk management policy
- Approving the Company's budget and investment plans and overseeing the development of the plans
- Overseeing the Company's business according to set goals and determining ways to overcome obstacles
- Arranging for the Company's general and financial information to be reported to shareholders and stakeholders in an accurate and timely manner according to the law
- Acknowledging the audit report on material issues and determining ways to remedy in case there is any deficiency
- Reviewing the adequacy and appropriateness of the Company's internal control systems and risk management
- Arranging for the Company's Succession Plan

## ○ Audit Committee

CPF's Audit Committee was appointed by the Board of Directors to assist the Board of Directors with overseeing the efficiency and effectiveness of financial reporting, internal control and risk management, internal audit and compliance to related rules and regulations and business ethics.

The current members of Audit Committee was appointed by the Board of Directors on December 19, 2005 to be the members for another term of 3 years. The Audit Committee comprises 4 independent directors who have no management duties as follows:

1. Pol. Gen. Pow Sarasin	Chairman of the Audit Committee
2. Mr. Arsa Sarasin	Member
3. Professor Dr. Athasit Vejjajiva	Member
4. Mr. Thanong Termpangpun	Member

*Mr. Voravit Janthanakul carries out duties as Secretary of the Audit Committee.*

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

The term of service of committee members is 3 years to ensure continuity of the performance of the work of the Audit Committee. A departing committee member may be re-appointed for another term. In case that any committee member wishes to resign before the expiration of his term of service, he should give a written notice 1 month in advance. A new committee member who replaces a resigning committee member assumes the remaining term of service of the departing committee member.

In each Audit Committee meeting, the Audit Committee is empowered to invite the President, Chief Operating Officer, Chief Financial Officer, management, Auditor and Head of the Internal Audit Office to attend the meeting for clarification purposes. In necessary cases, the Audit Committee may also meet with the Internal Audit Office and the Company's Auditor without management of an ad hoc basis.

### **Roles and Responsibilities of the Audit Committee**

The Audit Committee's roles and responsibilities for the Board of Directors are as follows:

- Reviewing the financial statements to properly report and sufficient disclose
- Reviewing the proper and effectiveness of the internal control and auditing
- Reviewing compliance to related rules and regulations to business, include those of the Stock Exchange of Thailand
- Considering the selection and appointment of the auditor and the annual audit fee
- Reviewing the Company's information disclosures related to connected transactions and/or possible conflicts of interest to correctly and sufficiency report
- Preparing the Corporate Governance report and the Audit Committee's report proposing to the Board of Directors and disclosing in the Company's annual report.
- Carrying out other duties, that they agree on, as assigned by the Board of Directors.

### **○ The Remuneration and Nominating Committee**

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

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

1. Pol. Gen. Pow Sarasin	Chairman
2. Mr. Arsa Sarasin	Member
3. Mr. Adirek Sripratak	Member

The Board of Directors appoints the Chairman and member of the Remuneration and Nominating Committee. The Chairman appoints secretary of the Committee.

The term of service of committee members is 3 years to ensure continuity of the performance of the work. The term may be changed by the approval from the Board of Directors. A departing committee member may be re-appointed for another term upon the agreement from the Board of Directors. In case that

any committee member wishes to resign before the expiration of his term of service, he should give a written notice 1 month in advance.

The meeting of Remuneration and Nominating Committee shall be held at least 1 time a year. Additional meetings shall be properly arranged upon the agreement of its Chairman. In each Committee meeting, the Committee is empowered to others person such as the Company's executives and/or external consultants to attend the meeting for clarification purposes.

#### **Roles and Responsibilities of the Remuneration and Nominating Committee**

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

#### **○ Executive Committee**

The Board of Directors appoints the Executive Board by considering persons with qualifications, knowledge, competency and experience related to the Company's business to assist with efficient and effective management of operations according to the Company's policies and objectives laid down by the Board of Directors.

As of December 31, 2005, CPF's Executive Board consists of the following members:

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

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

**The primary responsibilities of the Executive Board include the following:**

- Determine the goals and strategies of each business as well as set up policies on human resources performance appraisals and remuneration.
- Scrutinize budgets and investment decisions of each business before submitting to the Board of Directors for approval and subsequently adjust the approved budgets to be suitable for the changing situation if there is any
- Follow-up on the operating performance and the progress of investment projects in each business as well as performance report, problems and obstacles encountered and possible solutions to the Board of Directors
- Follow and monitor developments in management and risk management system of each business.

- Follow and monitor human resource development, management promotion and rotation in each business according to the Company's plans.
- Evaluate alternative sources of funding necessary for various investment projects to be approved by the Board of Directors.
- Follow and monitor uses of funds, fund management and financial status of each business.

## ○ Management

As of December 31, 2005, CPF management comprises the following:

1. Mr. Adirek	Sripratak	President and Chief Executive Officer (CEO)
2. Mr. Pong	Visedpaitoon	Chief Operating Officer (COO)
3. Mr. Teerasak	Urunanon	Executive Vice President, Integrated Food Processing Unit
4. Mr. Virachai	Ratanabanchuen	Executive Vice President, Livestock Feed Unit
5. Mr. Anek	Boonnoon	Executive Vice President, Regional Integration Unit
6. Mr. Vitit	Pootanasap	Executive Vice President, Aquatic Feed Unit
7. DVM. Sujint	Thammasart	Executive Vice President, Aquatic Research & Development Unit
8. Mr. Voravit	Janthanakul	Executive Vice President, General Administration Unit
9. Mr. Praderm	Chotsuparach	Executive Vice President, Information Technology & Application Unit
10. Mr. Paisan	Chirakitcharern	Chief Financial Officer

### Roles and Responsibilities of the President

The President, who has the highest management position in the Company, is appointed by the Board of Directors to manage the operations of the Company in order to achieve the Company's objectives and goals set by the Board of Directors, be responsible for governance of the Company to create maximum benefits for all stakeholders with appropriateness and fairness, and oversee the disclosure of the Company's general and financial information according best practices. In addition, the President has authority in carrying out duties according to the Company's policies and scope of authority, except authority in the following matters which must be approved by the Board of Directors:

- Accepting credit line or borrowing money from financial institutions

- Lending money or providing financial assistance to other parties except for short-term loans to subsidiaries in which the Company directly or indirectly holds shares in excess of 90 percent
- Investing in or divesting from other companies
- Approving new investment projects except for projects that have been approved in the shareholders' meeting or Board of Directors' meeting
- Entering into connected transactions according to the rules and regulations of the Stock Exchange of Thailand
- Entering into the acquisition or disposition of substantial assets that must be processed according to the rules and regulations of the Stock Exchange of Thailand
- Matters in which the President or connected persons to the President may have a conflict of interest with CPF or its subsidiaries
- Other matters that as prescribed by the laws must be approved by the Board of Directors or the shareholders' meeting

## ○ Selection of Management

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

## ○ Remuneration of Management

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

## ○ Remuneration for the Board of Directors

Cash remuneration In 2005, the total remuneration for 15 members of the Board of Directors was THB 26.6 million in accordance with the approval of the shareholders at the Annual General Meeting of Shareholders No. 1/2543 held on March 29, 2000, with details as follows:

Name	Surname	Annually
1. Pol. Gen. Pow	Sarasin	3,500,000
2. Mr. Dhanin	Chearavanont	2,800,000
3. Mr. Prasert	Poongkumarn	2,100,000
4. Mr. Min	Tieanworn	2,100,000
5. Mr. Chingchai	Lohawatanakul	2,100,000
6. Mr. Arsa	Sarasin	1,400,000
7. Professor Dr. Athasit	Vejjajiva	1,400,000
8. Mr. Thanong	Termpangpun	1,400,000
9. Mr. Phongthep	Chiaravanont	1,400,000
10. Dr. Veeravat	Kanchanadul	1,400,000
11. Mr. Adirek	Sripatak	1,400,000
12. Mr. Pong	Visedpaitoon	1,400,000
12. Mr. Thong	Chotirat	1,400,000
14. Mr. Sunthorn	Arunanondchai	1,400,000
15. Mrs. Arunee	Watcharananan	1,400,000

**Other Remuneration** None

### ○ Remuneration for the Audit Committee

Cash Remuneration in 2005, the total remuneration for 4 members of the Audit Committee was THB 7.7 million with details as follows:

Position	Yearly Remuneration (THB)
Chairman of the Audit Committee	3,500,000
Member	1,400,000

**Other Remuneration** None

### ○ Remuneration for the Executive Board and Management

Cash Remuneration in 2005, the total remuneration, including monthly salary and bonus, for 14 members of the Executive Board and the management of CPF amounted to THB 151 million.

**Other Remuneration** None

## BRIEF PROFILE OF DIRECTORS AND MANAGEMENT

### **Pol.Gen. Pow Sarasin - 77 years of age**

- Honorary Chairman
- Independent Director and Chairman of the Audit Committee

#### **Education**

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

#### **% shareholding in the Company as of December 31, 2005**

- 880,000 shares, equivalent to 0.0117%

#### **Family relations with other executives**

- Elder brother of Mr. Arsa Sarasin

#### **Attendance at Board of Directors' Meetings during 2005**

- 13 times out of 15 meetings

#### **Work Experience for the past 5 years**

- Vice Chairman, Kasikornbank Plc.
- Director, Quality House Plc.
- Director, Siam Food Products Plc.



### **Mr. Dhanin Chearavanont - 67 years of age**

- Chairman of the Board of Directors

#### **Education**

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

#### **Family relations with other executives**

- Cousin of Mr. Phongthep Chiaravanont

#### **Attendance at Board of Directors' Meetings during 2005**

- 8 times out of 15 meetings

#### **Positions in the Company's subsidiaries**

- Director, BKP Holdings Limited

#### **Work Experience for the past 5 years**

- Chairman and Chief Executive Officer, Charoen Pokphand Group Co., Ltd.
- Chairman, True Corporation Plc.
- Chairman, C.P. Seven Eleven Plc.
- Honorary Chairman, Siam Makro Plc.
- Director, TA Orange Co., Ltd.



**Mr. Prasert Poongkumarn - 70 years of age**

- Vice Chairman

**Education**

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

**% shareholding in the Company as of December 31, 2005**

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

**Family relations with other executives**

- Older brother-in-law of Mr. Phongthep Chiaravanont

**Attendance at Board of Directors' Meetings during 2005**

- 13 times out of 15 meetings

**Positions in the Company's subsidiaries**

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

**Work Experience for the past 5 years**

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

**Mr. Min Tieanworn - 70 years of age**

- Vice Chairman

**Education**

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

**Attendance at Board of Directors' Meetings during 2005**

- 15 times out of 15 meetings

**Positions in the Company's subsidiaries**

- Director, CPF Investment Limited
- Director, BKP Holdings Limited

**Work Experience for the past 5 years**

- Director, Charoen Pokphand Group Co., Ltd.



**Mr. Chingchai Lohawatanakul - 67 years of age**

- Vice Chairman

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 3,339,140 shares, equivalent to 0.0444%

**Attendance at Board of Directors' Meetings during 2005**

- 12 times out of 15 meetings

**Positions in the Company's subsidiaries**

- Director, Aqua-Agri Foods International, Inc.
- Director, CPF Investment Limited
- Director, C.P. Merchandising Co., Ltd.

**Work Experience for the past 5 years**

- Director, Charoen Pokphand Group Co., Ltd.



**Mr. Arsa Sarasin - 70 years of age**

- Independent Director and a member of the Audit Committee

**Education**

- Bachelor degree in Business Administration from Boston University, USA
- Enrollment in Directors Accreditation Program No. 5/2003, the Thai Institute of Directors

**% shareholding in the Company as of December 31, 2005**

- 1,600,000 shares, equivalent to 0.0213%

**Family relations with other executives**

- Younger brother of Pol. Gen. Pow Sarasin

**Attendance at Board of Directors' Meetings during 2005**

- 12 times out of 15 meetings

**Work Experience for the past 5 years**

- Principal Private Secretary to His Majesty the King of Thailand
- Chairman, Siam Makro Plc.
- Chairman, Padaeng Industrial Plc.
- Director, Siam Cement Plc.
- Director, Thai Pure Drinks Co, Ltd.



**Professor Dr. Athasit Vejjajiva - 70 years of age**

- Independent Director and a member of the Audit Committee

**Education**

- FRCP from the Physician's College of London, UK
- Honorary Doctorate in Internal Medical from Mahidol University, Thailand
- Honorary Doctorate in Clinical Science from Mahidol University, Thailand
- Enrollment in Directors Accreditation Program on May 4, 2005, the Thai Institute of Directors

**Attendance at Board of Directors' Meetings during 2005**

- 14 times out of 15 meetings

**Work Experience for the past 5 years**

- Chairman of the Royal Institute of Thailand

**Mr. Thanong Termpangpun - 70 years of age**

- Independent Director and a member of the Audit Committee

**Education**

- Master of Business Administration from the American University, USA
- Bachelor Degree in Accounting and in Commerce, Thammasart University, Thailand
- Enrollment in Directors Certification Program No. 9/2001, the Thai Institute of Directors

**Attendance at Board of Directors' Meetings during 2005**

- 14 times out of 15 meetings

**Work Experience for the past 5 years**

- Advisor, Worachak International Co., Ltd.



**Mr. Phongthep Chiaravanont - 55 years of age**

- Director and Executive Director

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 500,000 shares, equivalent to 0.0066%

**Family relations with other executives**

- Cousin of Mr. Dhanin Chiaravanont

**Attendance at Board of Directors' Meetings during 2005**

- 11 times out of 15 meetings

**Positions in the Company's subsidiaries**

- Director, C.P. Merchandising Co., Ltd.
- Chief Executive Officer, Charoen Pokphand (USA), Inc.
- Director, Aqua-Agri Foods International, Inc.

**Work Experience for the past 5 years**

- Director, Charoen Pokphand Group Co., Ltd.



**Dr. Veeravat Kanchanadul - 68 years of age**

- Director

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 16,661,270 shares, equivalent to 0.2216%

**Attendance at Board of Directors' Meetings during 2005**

- 15 times out of 15 meetings

**Positions in the Company's subsidiaries**

- Director, BKP Holdings Limited
- Director, CPF Investment Limited

**Work Experience for the past 5 years**

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



**Mr. Adirek Sripratak - 59 years of age**

- President and Chief Executive Officer

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 10,000,000 shares, equivalent to 0.1330%

**Family relations with other executives**

- Elder brother of Mrs. Arunee Watcharananan

**Attendance at Board of Directors' Meetings during 2005**

- 15 times out of 15 meetings

**Positions in the Company's subsidiaries**

- Chairman, Bangkok Agricultural Products Plc.
- Chairman, Bangkok Produce Merchandising Plc.
- Chairman, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, CPF Training Center Co., Ltd.
- Director, CPF Food Products Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, CP-Yonekyu Co.,Ltd.
- Director, Charoen Pokphand (India) Private Limited
- Director, CPF Europe S.A.
- Director, CPF Investment Limited

**Work Experience for the past 5 years**

- Honorary Chairman of the Thai Broiler Export Association
- Director, C.P. Seven Eleven Plc.

**Mr. Pong Visedpaitoon - 61 years of age**

- Director, Executive Director and Chief Operating Officer

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 2,000,000 shares, equivalent to 0.0266%

**Attendance at Board of Directors' Meetings during 2005**

- 12 times out of 15 meetings

**Positions in the Company's subsidiaries**

- Director, C.P. Merchandising Co., Ltd.
- Director, Seafoods Enterprise Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, Calibre Nature (M) Sdn. Bhd.
- Director, Star Feedmills (M) Sdn. Bhd.



**Mr. Thong Chotirat - 54 years of age**

- Director and Executive Director

**Education**

- Professional Diploma from Rajamangala Institute of Technology, Bangkok Commerce Campus, Thailand
- Honorary Bachelor in Science, Economics and Agricultural Administration from Rajamangala Institute of Technology, Bangpra, Thailand

**Attendance at Board of Directors' Meetings during 2005**

- 0 time out of 15 meetings



**Mr. Sunthorn Arunanondchai - 64 years of age**

- Director

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 14,198,299 shares, equivalent to 0.1888%

**Attendance at Board of Directors' Meetings during 2005**

- 13 times out of 15 meetings

**Work Experience for the past 5 years**

- President of C.P. Land Co., Ltd
- Chairman, Ek-Chai Distribution System Co., Ltd.



**Mrs. Arunee Watcharananan - 58 years of age**

- Director and Executive Director

**Education**

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

**% shareholding in the Company as of December 31, 2005**

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

**Family relations with other executives**

- Younger sister of Mr. Adirek Sriratnak

**Attendance at Board of Directors' Meetings during 2005**

- 15 times out of 15 meetings

**Positions in the Company's subsidiaries**

- Director, Bangkok Agricultural Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, C.P. Merchandising Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, CPF Investment Limited

**Work Experience for the past 5 years**

- Vice Chairman – Finance, C.P. Group



**Mr. Voravit Janthanakul - 59 years of age**

- Executive Director and Executive Vice President, General Administrative

**Education**

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

**Positions in the Company's subsidiaries**

- Director, Bangkok Agricultural Products Plc.
- Director, Bangkok Produce Merchandising Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, Chanthaburi Aquaculture Farm Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, C.P. Agro-Industry Co., Ltd.
- Director, C.P. Food Products, Co., Ltd.
- Director, C.P. Food Industry Export Co., Ltd.
- Director CPF Training Center Co., Ltd.
- Director, CPF Food Products Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, Trad Prawn Culture Center Co., Ltd.
- Director, B.P. Feedmill Co., Ltd.
- Director, Bangkok Farm Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.
- Director, Universal Foods and Marketing Co., Ltd.
- Director, Rajburi Feedmill Co., Ltd.
- Director, Vee Food Products Co., Ltd.
- Director, Savee Farming Co., Ltd.
- Director, International Pet Foods Co., Ltd.



**Mr. Teerasak Urunanon - 57 years of age**

- Executive Director and Executive Vice President, Food Integrated Business Unit

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 21,000 shares, equivalent to 0.0003%

**Positions in the Company's subsidiaries**

- Director, Bangkok Produce Merchandising Plc.
- Director, C.P. Food Products, Co., Ltd.
- Director, C.P. Food Industry Export Co., Ltd.
- Director, CPF Food Products Co., Ltd.
- Director, Bangkok Farm Co., Ltd.

**Work Experience for the past 5 years**

- Executive Director of the Thai Feedmill Association



**Mr. Vitit Pootanasap - 52 years of age**

- Executive Director and Executive Vice-President-Aquatic Feed Unit

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 12,100 shares, equivalent to 0.0002%

**Positions in the Company's subsidiaries**

- Director, Seafoods Enterprise Co., Ltd.
- Director, Pokphand Aquatech Co., Ltd.



**Mr. Paisan Chirakitcharern - 47 years of age**

- Secretary of Executive Director and Chief Financial Officer

**Education**

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

**Positions in the Company's subsidiaries**

- Director, Bangkok Agricultural Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, C.P. Agro-Industry Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, B.P. Feedmill Co., Ltd.
- Director, Rajburi Feedmill Co., Ltd.
- Director, CPF Europe S.A.
- Director, Fusion Foods Limited
- Director, CPF Denmark A/S



**Ms. Patchara Chartbunchachai - 48 years of age**

- Executive Director

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 461,000 shares, equivalent to 0.0061%

**Positions in the Company's subsidiaries**

- Director, Chanthaburi Aquaculture Farm Co., Ltd.
- Director, C.P. Merchandising Co., Ltd.
- Director, C.P. Agro-Industry Co., Ltd.
- Director CPF Training Center Co., Ltd.
- Director, CPF IT Center Co., Ltd.
- Director, CP-Yonekyu Co.,Ltd.



**Mr. Virachai Ratanabanchuen - 56 years of age**

- Executive Vice President, Livestock Feed Unit

**Education**

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

**% shareholding in the Company as of December 31, 2005**

- 230 shares, equivalent to 0.0000%

**Positions in the Company's subsidiaries**

- Director, Bangkok Agricultural Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, CP-Yonekyu Co.,Ltd.
- Director, B.P. Feedmill Co., Ltd.
- Director, Rajburi Feedmill Co., Ltd.
- Director, Vee Food Products Co., Ltd.

**Work Experience for the past 5 years**

- President, Thai Feedmill Association



**Mr. Anek Boonnoon - 53 years of age**

- Executive Vice President, Regional Integration Unit

**Education**

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

**Positions in the Company's subsidiaries**

- Director, Bangkok Agricultural Products Plc.
- Director, Charoen Pokphand Northeastern Plc.
- Director, Bangkok Feedmill Co., Ltd.
- Director, Charoen Pokphand Industry Co., Ltd.
- Director, C.P. Agro-Industry Co., Ltd.
- Director, Rajburi Feedmill Co., Ltd.
- Director, Charoen Pokphand (India) Private Limited



**DMV. Sujint Thammasart - 53 years of age**

- Executive Vice President, Aquatic Research & Development Unit

**Education**

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

**Positions in the Company's subsidiaries**

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



**Mr. Praderm Chotsuparach - 57 years of age**

- Executive Vice President-Information Technology and Application

**Education**

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

**Positions in the Company's subsidiaries**

- Director, CPF IT Center Co., Ltd.



## ● Personnel

As of December 31, 2005, CPF's number of employees and labors are 36,364 persons, classified according to business units as follows:

Business	Unit (Persons)
1. Livestock Business	8,949
2. Aquaculture Business	27,415
Total	36,364

CPF remunerated to its employees in 2005 at a total of THB 4,163 million including salary, wage, bonus, welfare, training fees and employee's insurance fees

## ● People Development Policy

People are the key element to the success of the Company's operations. Then, the development on working efficiency, value, and proper working manner is for each level of personnel. This is to enhance the Company to efficiency achieve its target. The Company has always focused on the people development. With its aim to utilize this activity as part of supporting the Company to reach systematic and sustainable success, the Company, then, set the people development plan as follows;

- Focus on the total competency development of employee - means to the development to enhance knowledge to the ability to practically and efficiency apply, including the guide working habit in accordance with the management directions and strategies
- Set up CPF Training Center Co., Ltd. to highly efficient manage the Company's human resource training, by set role and responsibility of the human resource training according to short, medium, and long-term plans to support the change and expansion of the Company's business
- Set and plan the Knowledge Management system to systematic organize all knowledge within the organization in order to achieve rapid, efficient implement and set plan to enhance those accumulated knowledge at all time.

- Set the relation center for related job as Recruitment and Selection center to set recruitment guideline, select potential people, and enhance their abilities to be in line with business need at present and for the future.
- Set project and coordinate with others in public activities in order to create good responsibility for social of people.

## ● **People Safety and Welfare Policy**

Apart from merit principle, fairness, and opportunity equity, the Company has realized on the safety health and welfare of its people as the following plans

- The Company priority emphasizes on the promotion and supporting the preventive safety and health policy, including guidelines to solve and ease down any urgent matters through education and training program, together with the arrangement of safety practices program.
- Place the safety, health and welfare of employee as significant part of working by include these as part of key performance indicators of employee. This is to create on-going safety awareness at work.
- Working equipments and facilities has always been audited for their readiness for use. The procedure and guidelines to systematic taking care of those has been set.
- The Company sets to promote, support and maintain its employees' welfare to be more than the requirements by related laws, as having life assurance policy, accident insurance, health check program, and medical services for employee.

# CORPORATE GOVERNANCE

The Company is well aware of the importance of good corporate governance and has unanimous view that good corporate governance will enhance competitiveness and operating efficiency, thus adding value to the Company and increasing stakeholders' wealth in the long run. Good corporate governance is implemented in line with best international practices which cover honesty, transparency, independence, duties and responsibilities, fairness and social responsibilities to create confidence that the Company operates its business responsibly and treats all stakeholders equitably.

## Corporate Governance Policy

The Board of Directors has approved the Company's Corporate Governance Policy on December 19, 2005 to present corporate values and guide the Board of Directors to conduct business according to related rules and regulations and business ethics. This framework also covers the best practices for directors; composition, roles and responsibilities, and independence of the Board of Directors; rights and equal treatment of shareholders and stakeholders; relations with stakeholders; information disclosure and transparency; supervision of use of internal information; and internal control and risk management.

## Corporate Governance Structure

The Board of Directors is responsible for monitoring the management to perform in line with set strategies and plans for the greatest benefit of the Company and all stakeholders. The Board of Directors delegates authority and responsibility of day-to-day management to the President and top management respectively as well as appoints various committees to assist with specific operations.

The duties of the Chairman of the Board of Directors and the President do not overlap. The President is responsible to the Board of Directors in assigning duties and responsibilities to manage the Company's operations to top management.

## **Rights of Shareholders**

The shareholders of CPF play a vital role in good corporate governance of the Company by appointing a Board of Directors to monitor the Company's business operations to maximize the benefits of shareholders. Therefore, the shareholders must have regular access to accurate and timely information that is necessary for effective assessment, decision-making and voting on matters presented by the Board of Directors for approval at the shareholders' meeting.

The Company adheres to the information disclosure requirements of the Stock Exchange of Thailand which stipulate that listed companies must disclose information that influences share price to the market. The Investor Relations Office has been established to disseminate information to shareholders, analysts and investors through various communication channels and activities for shareholders. Financial reports which reveal the Company's financial status and operating performance are replayed to investors through the Stock Exchange of Thailand and the Company's website. Members of the management also meet with investors and securities analysts to discuss operating results. Other investor-related activities include monthly newsletters, shareholder visits to operating facilities, and report to the SET and SEC including annual reports, year-end financial statements, interim financial statements and related announcements. This ensures that all interested groups, be it major shareholders, minor shareholders, individuals, juristic persons, individuals or institutional investors, and other stakeholders shall receive important information that is timely and adequate to correctly understand the Company.

Moreover, the Company facilitates shareholders who are unable to attend the meeting in person by giving them the option to appoint an Independent Director, a Corporate Secretary Office or other person to act as a proxy.

## **Rights of Stakeholders**

The Company has a policy to protect the right and benefit of all stakeholders groups, include customers, employees, business partners, external auditors, presses, investors, securities analysts, related government organizations and communities where the Company operates its business. In addition, the Company has a policy to take care of the environment both within its operations and the nation as a whole.

The Company has a policy to conduct business with stakeholders with honesty, fairness, transparency and no intention to seek personal gain which may cause conflicts of interest with the

Company and stakeholders, including safeguarding business secrets of stakeholders. This all is to promote the corporation with stakeholders to foster strong ties and maintain business stability.

## **Shareholders' Meeting**

The Board of Directors arranges for the annual general meeting of shareholders to be held within 4 months after the end of the financial year. At the Shareholders' meeting the Company has a policy and guideline in organizing shareholders' meetings to ensure fair treatment of all shareholders at the meeting, convenience in attending the meeting and opportunities for shareholders to raise questions and express their opinions on the subject of discussion on the agenda.

The Company assigns the Corporate Secretary office to ensure that the meeting procedures comply with the laws, from closing of the shareholders' register, notifying the date of the shareholders' meeting, sending documents and the agenda, preparing complete documents for the meeting to support the shareholders' decision-making, preparing minutes of the meeting that are fully noted, including all significant questions and opinions. In addition, the Company encourages directors and top management to present at the meeting.

Shareholders are informed of the meeting agenda through the Stock Exchange of Thailand's communication channels at least 1 month in advance. Notice of the General Meeting of Shareholders, a complete agenda and all relevant information are sent to shareholders at least 7 days or as required by law before the scheduled date of meeting to provide shareholders sufficient time for effective consideration and decision-making on how to vote on the matters proposed by the Board of Directors for approval at the meeting.

Through the website of the Company, the Company has invited shareholders to propose topics for the Board's considerations as agenda for the Annual Shareholders' meeting No.1/2006 prior to the Board of Directors' meeting to set the agendas for the Meeting.

## **Leadership and Vision**

The Board of Directors is responsible for the Company's business plans and operating performance by monitoring that the Company achieves its business goals through set short-term and long-term strategies. The Company's Board of Directors and Executive Board are composed of highly qualified persons with knowledge and related expertise to support the Company's operations, achieve determined goals and maximize shareholders' benefits.

With extensive experience in the agro-industrial and food industry, the Company's Chairman has a vision to develop sustained growth for Thailand's agro-industrial and food industry as well as continuously improve the organization to be able to compete on an international level.

The Board of Directors is responsible for ensuring that the Company formulates a long-term business strategy which reflects business trends, vision, short-term business plans and measurable goals. The Board of Directors approves policies and important business plans which are presented by the management, ensures clear communication so that the plans are effectively carried out, and regularly reviews policies, operating performance and internal control.

In the past year, the Board of Directors has performed their duties to the best of their abilities for the growth and stability of the Company. The Board of Directors has monitored transactions which may cause conflict of interest with caution and good faith to maximize the benefits of the Company, shareholders and stakeholders. The Board of Directors considers various matters at the monthly Board of Directors' Meeting, and in the case where a resolution must be made concerning a transaction with potential conflict of interest, the Director with vested interest shall not attend the meeting and vote on the matter.

The Board of Directors has set a policy to invest only in the Company's core business or businesses related to the core business. Representatives are appointed to assume executive directorship positions in the subsidiaries to monitor the subsidiaries' management, ensuring that it is in line with the Company's policy. At the monthly meetings held with its subsidiaries, the Company reviews the operating performance of its various subsidiaries as well as collectively develops business plans and goals for the following month.

## **Conflicts of Interest**

To prevent conflicts of interest, the Board of Directors has taken into consideration the structure and composition of the Board of Directors and various sub-committees in accordance with principles of good corporate governance as well as encouraged employees at all levels to conduct business with honesty and high ethical standards.

The Company has guidelines for employees to perform their duties with honesty and fairness in adherence to various laws. Employees should not allow personal gain to surpass their obligation to the Company, including using inside information for personal gain.

In the case of transactions with potential conflict of interest, the Company and its subsidiaries apply the same procedures as entering into transactions with outside parties, disclosing information about the connected transaction to ensure transparency. In approval of the connected transaction, the person with vested interest in the transaction has no voting right.

## **Code of Conduct**

The Board of Directors has approved the Code of Conduct of the Company on December 19, 2005. This Code of Conduct states the Company's principles, core values, ethics and responsibilities to stakeholders, with the objective of creating a standard for directors and employees to conduct business with honesty and fairness.

The Company has informed the Code of Conduct throughout the organization as a guidance for employees at all levels to adhere to the Code of Conduct as well as the Company's rules and regulations.

The Company's directors have performed their duties with care and honesty. The directors must monitor the operations of the Company with sufficient knowledge and understanding of the business. In performing their duties in good faith, the directors must protect the Company's interests and comply with the Company's rules and regulations and related laws.

Directors and management have followed high ethical standards and have used careful discretion in conducting business with concern for consumers' safety and health, environmental conservation for the

benefit of society as a whole and development of new products and services with high quality standards through the use of advanced technology which will ultimately benefit business partners and consumers. Management and employees also realize the importance of creating an organization with vision and strategy to ensure that the organization swiftly adapts to changes and maintains sustainable growth, yielding the highest benefits to customers, shareholders, employees and various stakeholders.

Furthermore, the Company realizes that the country and society have provide business opportunities for the Company, therefore the Company holds it a duty to support activities that are beneficial to society, including professional training, education, arts and religion, public welfare and the environment. The Company's highest respects are to the monarchy. The Company's social contributions comprise mainly of the Royal, public, education and religious projects.

## **Balance Provided by Non-executive Directors**

The Board of Directors' role in monitoring the Company's operations includes establishing a management structure that is trustworthy and transparent. The structure of the Board of Directors clearly states roles and responsibilities and prevents any single person or group of persons from having unlimited authority. To provide balance of power, The Board of Directors which comprise 15 persons includes 4 Independent Directors, 5 Non-executive Directors and 6 Executive Directors. All Independent Directors have the qualifications stipulated by the Stock Exchange of Thailand. Independent Directors must be able to express independent opinion at the Board of Directors' Meeting to prevent conflict of interest.

## **Aggregation or Segregation of Power**

In order to segregation of governance and responsibilities, the Board of Directors has clearly defined its roles and responsibilities as well as the roles and responsibilities of the Audit Committee, Executive Board and top management. Aside from stipulating that the position of Chairman of the Board of Directors shall not be assumed by an Executive Director, the Company has appointed the President and Executive Board, who both are not the Chairman of the Company, to manage the organization under the power assigned from the Board of Directors.

## **Remuneration of Directors and Top Management**

CPF's Remuneration and Nominating Committee was appointed by the Board of Directors on February 8, 2006. Its main duties are to select qualified persons with proper knowledge, ability and experience to assume positions in the Board of Directors that are vacant, including set remuneration framework and then propose to the Board of Directors for considerations. The remuneration of Directors should have been in accordance with their responsibilities as well as in comparison to the industry average. The contribution that the Company shall have from each Director is also a factor for considering his/her compensation. However, the compensation should have been in accordance with policy set by the Board of Directors by considering his/her performance results in relation to the Company's operating performance. Any change in the remuneration from the existing shareholder's approval must be approved by the shareholders.

The level and composition of management's remuneration is reasonable and sufficient to attract and retain qualified management. Their remuneration is comparable to similar positions in the same industry with consideration to experience, expertise, work dedication and contribution to the Company.

## **Board of Directors' Meetings**

The Company schedules Board of Directors' Meetings in advance. In 2005, 15 Board of Directors' Meetings were convened. In every Board of Directors' Meeting, the Chairman of the Meeting advocates consideration of presented matters with transparency and allots sufficient time for management to propose issues and the Board of Directors to thoroughly consider and provide opinions on those issues.

The Company's regulations stipulates that a Board of Directors' Meeting be held at least once every 3 months, except where there is a special agenda, additional meetings may be held as appropriate. Advance notice of the meeting is sent to the Board of Directors at least 7 days prior to the meeting date. Written minutes of the meeting, with all relevant matters and opinions, are prepared and properly kept at the head office of the Company.

## **Committees / Sub-committees**

To achieve efficient management of the Company's operations in line with the Company's policy and the highest objective of monitoring operations, the Company has instituted committees to assist with the monitoring of various matters and help alleviate the obligations of the Board of Directors in reviewing or considering the details of various important matters to the Company. The Committee may propose opinions and suggestions to the Board of Directors for approval, or may have decision-making authority on behalf of the Board of Directors only on the boundaries set by the Board of Directors. Committees that have been established by the Company include the Audit Committee, Executive Board, Accounting Policy Sub-Committee and Corporate Governance Sub-Committee.

## **Internal Audit and Internal Control**

The Board of Directors has assigned the duty of conducting business to the Executive Board and top management under the proper and sufficient internal control environment established by the Company. A part of the internal audit's plan covers the assessment of the sufficient and efficient of the internal control system that has to be systematically and regularly performed. The Head of the Internal Audit Office has to report to the Audit Committee the audit results every 6 months. The Board of Directors shall annually assess the sufficient and appropriate of the overall internal control.

The Board of Directors is responsible to set risk management framework to ensure the efficient and effective operations. The Board's duty is also to monitor the framework being proper effectively implement to achieve the set targets.

## **Reports from the Board of Directors**

The Board of Directors has prepared and disclosed financial statements in conformity with accepted accounting principles and rules and regulations set forth by the Securities and Exchange Commission, to which the Company has consistently applied in presenting operating and financial information to shareholders and investors. The Board of Directors has established an effective system of internal control and internal audit to ensure that financial recording is complete and accurate. In addition,

the system of internal control and internal audit will reduce business risk by preventing loss and damage to the Company's assets caused by fraud as well as ensuing the correctness and reliability of the financial reports.

## Investor Relations

CPF established the Investor Relations Office in 1995 to foster relations between the Company and investors, securities analysts and related government organizations. Its objective is to ensure that stakeholders have good understanding of the Company and receive information and news that is accurate, complete, timely and in compliance with related rules and regulations.

Activities of the Investor Relations Office include meetings with securities analysts and investors in person or communication via phone, mail, fax and email; analyst and shareholder visits to operating facilities; information disclosure through various communication channels including the Company's website; participation in various activities with the objective of disclosing information to investors that are arranged by various securities companies and the Stock Exchange of Thailand both locally and abroad; and meeting with securities analysts, media and investors to discuss operating results. The Company's top management including the President and Chief Operating Officer give importance to the activities and participate if they do not have prior important obligations.

In 2005, besides preparing information to be distributed to concerned parties and acting as an information center for shareholders, investors and securities analysts, the Investor Relations Office organized the following activities:

- Organized plant visits for shareholders and investors to increase their understanding of the Company's integrated chicken business. Explanations were provided by the President and/or top management.
- Organized analyst meetings which included visits to operating facilities to discuss operating results and industry trends. The President and top management provided information and answered questions.
- Coordinated with the Press Relations Office which is responsible for communicating with the media to organize meetings with both local and international media to discuss the Company's

operating results and answer questions. Top managements were present to answer questions. In addition, plant visits were organized for the media to increase their understanding of the Company's operations.

- Participated in the Stock Exchange of Thailand's domestic roadshow to provide company information to investors in the provinces.
- Participated in roadshows arranged overseas by securities companies to provide company information to international investors.

## **Supervision of Use of Inside Information**

The Company has regulations concerning the trading of the Company's shares which sets forth procedures and time restrictions for buying and selling of the Company's shares for directors and management to follow. The enforced regulations create transparency, prevent the use of inside information that has not yet been disclosed to the public for personal gain by directors and management, and to prevent accusations of inappropriate trading of share by inside personnel. The regulations stipulate preparation of a Shareholding Report of the Company's Shares held by directors, management and related persons, clearly state the time that directors, management and related persons should not engage in trading of the Company's shares. The Company's directors and managements who are obliged to report shareholding of the Company's shares to the Office of Securities and Exchange Commission have signed documents to acknowledge their duties and responsibilities and the penalties on this matter prescribed by the law.

## **Report of the Audit Committee**

The Audit Committee, that is appointed by the Board of Directors of Charoen Pokphand Foods Public Company Limited comprises 4 independent directors, with Pol Gen. Pow Sarasin as Chairman of the Committee. The other 3 members are Mr. Arsa Sarasin, Prof. Dr. Athasit Vejjajiva and Mr. Thanong Termpangpun.

During the year 2005, major activities that the Audit Committee had done under the power and responsibilities assigned by the Board of Directors as follows:

1. Review quarterly and year-end financial statements, which include assessing compliance to the accounting principles used, the accounting policies adopted, as well as the information disclosed in the financial statements.

2. Review transactions and disclosure of information during the year on connected transactions, as well as those transactions which may cause conflicts of interest in 2005.

3. Review the report on internal audit results, by which the internal auditors reported during the year as well as review the sufficiency and suitability of the internal control system.

4. Meet with the external auditor to discuss their independence, issues or concerns found from their audit, including the opinions on the Company's internal control.

5. Review the Company's compliance with the law and other related regulations.

6. Consider the proposal of appointing the auditors and their remuneration for the year 2006. The Audit Committee has proposed to the Board of Directors to appoint Ms.Kalyarat Chaivaropongsa, Ms. Somboon Supasiripinyo, and Ms. Nittaya Chetchotiros of KPMG Phoomchai Audit Limited to be the Auditors of the Company for the year 2006, with remuneration of THB 3,360,000.

The meetings of the Committee have been constituted 10 times to perform their duties mentioned above. Their reports have already been submitted to the Board of Directors for considerations.

On December 19, 2005, the Board of Directors approved the re-appointed of the Committee to assume their duties for another term of 3 years, effectively on December 24, 2005. Their duties and responsibilities shall be the same.

For and on behalf of the Audit Committee



**Pol.Gen. Pow Sarasin**  
Chairman of the Audit Committee  
February 27, 2006

## **Measures to Govern Related Transactions**

For the transactions that occur on the normal course of business, the Company applies the same approval procedure for both related parties and outsider. In the case of other related transactions, the Audit Committee is assigned to review whether they are conducted on arm's length basis. In this regard, the Audit Committee may seek an opinion from an independent appraiser prior to making recommendation to the Board for consideration and approval.

## **Transactions with Related Companies**

During the year 2005 the Company entered into transaction with related persons, as disclosed in Note 6. of the notes to financial statements as of December 31, 2005. These transactions follow normal trading practices, in accordance with general market price. In the case there is no market price, the transactions follow contracts which have been agreed upon. The audit committee is of the opinion that these related transactions are reasonable. Related transactions during the year 2005 between the Company and parties which may have conflicts of interest can be summarized as follows:

### **● Accounts Receivable**

As of December 31, 2005, the Company had accounts receivable arising from transactions with associated and related companies worth THB 1,499 million, or 12% of total accounts receivable.

### **● Accounts Payable**

As of December 31, 2005, the Company had accounts payable arising from transactions with associated and related companies worth THB 857 million, or 14% of total accounts payable.

### **● Sales**

During 2005, the Company sold products to associated and related companies based on price list. The value of these transactions ending December 31, 2005 was THB 3,012 million, or 3% of total sales.

### **● Purchase of Raw Materials**

During 2005, the Company purchased raw material from associated and related companies based on the price list. The value of these transactions ending December 31, 2005 was THB 14,195 million, or 15% of total cost of sales.

## ● Other Income

In 2005, the Company received other income from dividend, sales of fixed assets, training and seminar fees as well as from leasing land and property to associated and related companies, in the amount of THB 85 million, or 0.07% of total revenues

## ● Rental and Service Charges

The Company rented assets from associated and related companies according to the rates set by the owner. The value of these transactions ending December 31, 2005 was THB 576 million, or 5% of total selling and administrative expenses.

## ● Technical Service Fee

In 2005 the Company paid Charoen Pokphand Group Co., Ltd. for technical service concerning animal feed ingredients worth THB 229 million, or 0.2% of total cost of sales.

## ● Insurance Premium

In 2005, the Company paid insurance premiums to Allianz C.P. Insurance Company Limited and Ayudhaya Allianz C.P. Life Insurance Public Company Limited, which are CPF's related company, worth THB 196 million, or 2% of the Company's total selling and administration expenses. The insurance premium rates were standards set by the insurers.

## ● Other Expenses

In 2005, the Company had other expenses, which were software application service fee and fee of sales under its trademarks, to related companies of THB 26 million and THB 18 million, respectively.

## ● Other

The Company and certain subsidiaries have several hire-of-work agreements to construct/install buildings, structures and others with certain related companies. In 2005 the Group paid Baht 292 million in accordance with the agreements.

During the second quarter of 2005, the Board of Directors of two subsidiaries approved the acquisition of land of approximately Baht 22 million from Chia Tai Group Company Limited which is a related company. In addition, a subsidiary sold land of approximately Baht 3 million to Kanda Enterprise

Partnership Limited which is a related party.

During the third quarter of 2005, the Company's Board of Directors approved the purchase of land and a building valued at approximately Baht 4 million from a connected person.

A subsidiary (CPFI) purchased 120 million common shares of C.P. Seven Eleven Public Company Limited (CP7-11) from Charoen Pokphand Group Company Limited (CPG), a related company, at Baht 5 each totalling Baht 600 million.

## **Litigation**

The Company is involved only with routine litigation arising from normal course of business practices. The Company is not party of legal cases, which the Company is a defendant in lawsuits amounting to more than 5% of shareholders' equity as of December 31, 2005, which affect business operations of the Company but the amount of the loss cannot reasonable be determined, and that not arising from normal course of business of the Company.



# CORPORATE SOCIAL RESPONSIBILITY

## Public activities

The Company realizes that the country and society have provided business opportunities for the Company, therefore the Company holds it a duty to support activities that are beneficial to society, and highest respects are to the monarchy.

The Company's constant social contributions include donation for the Royal projects, public affairs, education and religious projects. Activities in 2005 include the following:

- Supporting Children's Day activities by providing the Company's products to organizations such as the Secretariat of the Senate, the National Museum, the National Art Gallery, the Lang Long Poon community, and the Bang Kae Youth Center
- Supporting the Summer Camps organized by various educational entities by providing the Company's products for students' daily use, such as the donation to support "Environmental Protection by Youth project" of the International Watery Areas Organization in Thailand
- Providing either cash or the Company's products to sport activities, such as organizing the Thai Boxing Tournament to promote Thai art of boxing which is the national art of Thailand
- Constantly donate funds to students in various universities to support the "reviving Mangrove Forests" Project to develop and conserve Thailand's environment since 1993. In 2005, the Company funded this kind of projects, include to Fishery Faculty of Kasetsart University, and Science faculty of Ramkamhang University
- Funding the "Beautiful Sea Project" of Fishery Faculty of Kasetsart University to add more coral lines to the sea and promote the Conservative Traveling project
- Providing the cooked food products of the Company for persons, and officers who were in the Tsunami disaster areas in the Southern part of Thailand
- Joining the House Building project with the Naval personnel Activities Department to build houses for people of Lanta island in Krabi province, which is a area in the Tsunami disaster areas in the Southern part of Thailand

- Funding to “Khun Poom Jansen Foundation”, that has objective to assist persons who face with the Tsunami disaster in the Southern part of Thailand
- Providing Daily Use Bag to persons who faced with the flood in the Southern part of Thailand

## Safety, Hygiene, and Environment

### ○ Safety and Hygiene

In various part operations, the Company has systematic manage safety and health matters. The audit has been implemented to protect and minimize accident and illness of employees. This is a ground for the Company’s 31 plants to achieve the outstanding Place of Business Operation award in the category of Work Safety, Hygiene and Working Environment in 2005.

For the safety on auto vehicle usage, the Company has set strict rule, include the qualification of driver, the driving and physical competency test, the proper guidelines to maintenance the vehicle. This is to specifically protect the occurs of car accident, and has been able to satisfactory reduce the accident rate.

On production, the Company strictly focuses on the safety and hygienic for consumers in accordance with international standard and the traceability system that can be track when there is a concern.

### ○ Environment

With the vision of the Company to preserve environment for the sustainability, the Company then has taken care of the environment, include in the water, air and rubbish, in accordance with the standards set by the law.

#### Feedmills and Meat Processing Plants

Dust and odor may emanate from animal feed production causing possible disturbance to people living in surrounding areas. Realizing this, the Company has installed dust filters and deodorizers to prevent dust and odor emitted from production processes from spreading outside of the production area.

Water that is used in production processes at the feed mills and meat processing plants may cause contamination if released into public water sources. Therefore, the Company has constructed waste water treatment plants to treat used water before release into public water sources.

The Company has governed and taken care of both its livestock and aquaculture plants in Thailand to legally apply the environment standards. The Company has committed to continuous improvements in its production process to meet internationally recognized standards of production, such as ISO standard, Hazard Analysis and Critical Control Point (HACCP), Good Manufacturing Practices (GMP). In addition to those, the Company has also applied the ISO 14001 which concerns environmental management to its plants.

#### **Animal Farms**

Animal farms may have odor from animal feces. Therefore, the Company's animal farms are situated in the provinces outside of the vicinity of communities and far from densely populated animal raising areas. The evaporative cooling system is used on the Company's farms. Rice husks, which are spread on the floor, not only promote the animals' growth, but also help combat odor. In addition the rice husks can easily be removed and used as fertilizer to improve soil conditions. In the rare instances of chicken mortality, the Company has a system to hygienically dispose of chicken carcasses. In addition, golden teak trees have been planted between the chicken houses and other buildings in the farms to help conserve natural resources while creating an appealing environment. In swine farms, the Company has implemented a system to generate biogas for use at the farms through the fermentation of animal feces to produce methane for electricity generation, as well as helping to save the national energy usage. In addition, the Company has seen the benefit from this biogas project, thus the Company has promoted this project to its contract farmers and customers to widely utilize this project.

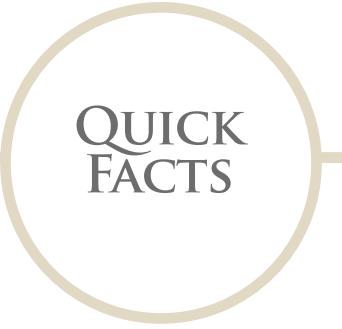
Regarding the aquatic farming, the Company has applied the closed system by using water recycling to save water usage and to protect the contamination caused by water.

#### **Energy Conservation**

The Company has policy in the energy saving program by various activities, such as the efficient use of electric equipments and the improving of sonar utilization, the adjustment of production lines, the utilization of by-product to generate energy, the setting of electricity generation program. The desired goal is to reduce energy consumption without adversely affecting business operations.







## QUICK FACTS

(As of December 31, 2005)

<b>Head Office</b>	C.P. Tower, 15th Floor, Zone A, 313 Silom Road, Bangrak, Bangkok 10500, Thailand
<b>Telephone Number</b>	Main (662) 625-8000 Corporate Secretary Office (662) 625-8353-4 Investor Relations Office (662) 625-8352-6
<b>Facsimile Number</b>	(662) 638-2942
<b>Web Address</b>	<a href="http://www.cpf.co.th">http://www.cpf.co.th</a>
<b>Business Category</b>	Agro-industrial and foods
<b>Legal Status</b>	A public limited company registered in Thailand
<b>Registration Number</b>	0107537000246 (formerly No. Bor Mor Jor 271)
<b>Registered Capital</b>	THB 8,206.7 million (all in ordinary shares)
<b>Paid-up Capital</b>	THB 7,519.9 million (all in ordinary shares)
<b>Par Value</b>	THB1.00 per share
<b>Trading Symbol on the SET</b>	CPF for ordinary shares CPF07NA for debentures No. 1/2004 Series 1 CPF09NA for debentures No. 1/2004 Series 2 CPF086A for debentures No. 1/2005 Series 1 CPF106A for debentures No. 1/2005 Series 2 (Summary of each debenture can be viewed at <a href="http://www.cpf.co.th">www.cpf.co.th</a> , under "Investor Relations" section.)



## FROM PAST TO PRESENT

- 
- |             |  |
|-------------|--|
| <b>I978</b> | <ul style="list-style-type: none"><li>• Founded under the name “Charoen Pokphand Feedmill Co., Ltd. to produce and distribute animal feed in southern Thailand</li></ul>   |
| <b>I987</b> | <ul style="list-style-type: none"><li>• Expanded into livestock farming with the objective of moving towards further integration</li><li>• Listed on the Stock Exchange of Thailand (SET) under the name of “CPF”</li></ul>  |
| <b>I988</b> | <ul style="list-style-type: none"><li>• Entered the aquaculture business (shrimp feed manufacturing and distribution, shrimp farming and shrimp processing for export)</li></ul>   |
| <b>I994</b> | <ul style="list-style-type: none"><li>• Became a public company limited and change its name to “Charoen Pokphand Feedmill Public Company Limited”</li></ul>  |
| <b>I998</b> | <ul style="list-style-type: none"><li>• Share acquisition in the Charoen Pokphand Group’s agro-industrial public limited companies in Thailand to be under its management</li></ul>  |
| <b>I999</b> | <ul style="list-style-type: none"><li>• Share acquisition in 9 agro-industrial and food companies of Charoen Pokphand Group. Under the new structure, resulted from the acquisition in 1998 and this time, CPF group has business operations throughout Thailand. Its business can be classified into 2 main businesses, namely livestock and aquaculture. Both businesses are fully integrated operations, from feed raw materials procurement, feed manufacture and distribution, animal breeding, animal farming, meat processing, and manufacturing of food products from meat.</li><li>• Renamed “Charoen Pokphand Foods Public Company Limited” to reflect the Company’s business structure and strategy to become a world-class food producer</li></ul> |
| <b>2000</b> | <ul style="list-style-type: none"><li>• Changed dividend payout policy (please see detail under “Dividend Policy” page 96)</li></ul>   |
-

- 
- 2001**
- Split its par value of ordinary shares from THB 10 to THB 1 per share
  - Set up a new subsidiary, Aqua Beauty, Inc., to be as an importer and a distribution arm for seafood products in the US market
- 
- 2002**
- Set up 6 new subsidiaries, which CPF directly and indirectly has 99.99% shareholding in these companies as follows:
    - 1) C.P. Aquaculture (Beihai) Co., Ltd., to operate aquatic business in the People's Republic of China
    - 2) C.P. Food Product (Shanghai) Co., Ltd., to operate Thai food restaurants in the People's Republic of China
    - 3) CPF Europe S.A., to import and distribute the processed meat and food products in the European Union
    - 4) CPF IT Center Co., Ltd., to provide information technology services mainly to companies within the CPF Group
    - 5) CPF Training Center Co., Ltd., to provide training services mainly for employees within the CPF Group
  - Invested in Fusion Foods Limited, a joint venture investment with British businessmen, to distribute the Company's products in the United Kingdom. CPF indirectly has 52% shareholdings in this company
- 
- 2003**
- Set up 4 new subsidiaries, which CPF directly and indirectly has 99.99% shareholding in these companies as follows:
    - 1) Aqua - Agri Foods International, Inc., to import and distribute food products in the US market
    - 2) Universal Foods and Marketing Co. Ltd., to distribute ready-to-eat food products both wholesale and retail, and to operate fast food kiosks in Thailand
    - 3) International Pet Foods Co. Ltd., to be a wholesaler and retailer of pet food products in Thailand
    - 4) C.P. Aquaculture (Hainan) Co., Ltd., to operate aquatic feed production and distribution and aquaculture farming in the People's Republic of China

- Increased shareholding from 18.00% to 99.99% in Chanthaburi Aquaculture Farm Co., Ltd., which operates shrimp farming business in Thailand
- Increased shareholding from 19.20% to 31.70% in C.P. Aquaculture (India) Private Limited, which is involved in shrimp feed production and distribution and the operation of shrimp hatchery in India
- Entered into a joint venture with Aviagen, Inc., to establish Ross Breeders Siam Co., Ltd., to produce and distribute parent-stock chicks (broiler line) in Thailand. CPF indirectly has 49.99% shareholding in this company

---

## 2004

- 84.49% share acquisition, by its subsidiaries, in C.P. Standart Gida Sanayi Ve Ticaret A.S. (“CPS”), a company involved in a feed business and an integrated chicken business in the Republic of Turkey
- Set up 2 new subsidiaries as follows:
  - 1) CPF Tokyo Company Limited, to import and distribute processed meat and ready meal products in Japan. CPF indirectly has 99.99% shareholding in this company
  - 2) Joint venture with Shrimp Improvement Systems, L.L.C. to set up Shrimp Improvement system (Thailand) Company Limited to operate shrimp breeding business in Thailand. CPF has 51.00% shareholding in this company
- At the Extraordinary Shareholders’ Meeting No. 1/2004, the shareholders resolved to transfer the aquatic animal processing business of 3 subsidiaries, namely; Seafoods Enterprise Company Limited, Thai Prawn Culture Center Company Limited, and Klang Company Limited to be under CPF. The transfer business includes aquatic feed manufacturing, aquatic farming, and processing. The transfer completed in the first quarter of 2005

---

## 2005

- Set up 3 new companies as follows:
  - 1) Calibre Nature (M) Sdn Bhd, to operate an aquatic feed production and distribution and aquaculture farming and processing in Malaysia. CPF has 100% shareholding in this company
  - 2) CP-Yonekyu Co., Ltd., to manufacture processed meat products. CPF has 80.50% shareholding in this company

- 3) CPF Denmark A/S, to import meat and related products from CPF Group and other sources, and distribute them into Scandinavian and European markets. CPF indirectly has 52.00% shareholding in this company.
- Subscribed newly issued shares of Charoen Pokphand (India) Private Limited (“CP India”), resulting the increase in shareholding from 19.00% to 71.20% in CP India, thus making it the Company’s subsidiary
- Combined the integrated food business among CPF’s subsidiaries in Bangkok Metropolitan area. The transferees are Bangkok Farm Company Limited, C.P. Food Industry Export Company Limited and C.P. Food Products Company Limited. The transferor is CPF Food Products Company Limited
- Disposed ordinary shares of Siam Makro Public Company Limited making its shareholding decreased from 8.30% to 1.01%
- Acquired all ordinary shares of Star Feedmills (M) Sdn. Bhd (“SFM”) resulting CPF indirectly has 100% shareholding in SFM, thus making it the Company’s subsidiary
- At the Extraordinary Shareholders’ Meeting No. 1/2005, the shareholders resolved a subsidiary to purchase business operation in connection with the manufacture and distribution of processed meat and food products from C.P. Interfood (Thailand) Company Limited

## Important Dates in the Fiscal Year 2005

Date	detail
April 4	Annual General Shareholders’ Meeting
June 10	Interim dividend payment of THB 0.12 per share for the 1st quarter results of 2005
September 8	Interim dividend payment of THB 0.18 per share for the 2nd quarter results of 2005
October 18	Extraordinary Shareholders’ Meeting No. 1/2005
December 8	Interim dividend payment of THB 0.14 per share for the 3rd quarter results of 2005

## Dividend Policy

CPF has a policy to pay dividends to shareholders 4 times a year from operating results of each quarter. The interim dividend shall be paid from results of the 1<sup>st</sup>, 2nd and 3<sup>rd</sup> quarter. The annual dividend shall be paid from results of the 4<sup>th</sup> quarter. Total dividend paid each year shall approximately be 50% of net income after income taxes and legal reserve. The annual and interim dividend payments might be subject to change, depending on the Company's operations, financial position, future projects and overall economic conditions.

CPF, in addition, has duty to comply with the terms and conditions of CPF's amortized debentures No. 1/2004 due in 2006, CPF's debentures No. 1/2004 series 1 due in 2007, as well as series 2 due in 2009 and CPF's debentures No. 1/2005 series 1 due in 2008, as well as series 2 due in 2010, which prohibit CPF to pay cash dividends to shareholders in the amount exceeding 60% of net profit in each fiscal year for the duration of the term of those debentures. In addition, if CPF is not able to service interest or any amount becomes due to the debenture holders, it will not be permitted to pay cash dividends to shareholders.

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

## Capital In Brief

Ordinary Shares (as of December 31, 2005)

**Registered capital** : THB 8,206,664,000 comprising 8,206,664,000 ordinary shares with a par value of THB 1

**Issued & paid-up capital** : THB 7,519,937,826 comprising 7,519,937,826 ordinary shares with a par value of THB 1

## Change in Paid-up Capital

	Capital Increase	Paid-Up Capital		Details
	THB Million)	(THB Million)	(No. of Shares)	
January 1978	-	5	500,000	Initial registered capital
March 1987	25	30	3,000,000	Offering to existing shareholders
May 1987	70	100	10,000,000	Offering to existing shareholders
June 1987	100	200	20,000,000	Offering to existing shareholders
August 1987	100	300	30,000,000	Offering to existing shareholders
July 1988	300	600	60,000,000	Offering to existing shareholders
June 1989	600	1,200	120,000,000	Offering to existing shareholders
November 1998	385	1,585	158,529,451	Offering to existing shareholders of Bangkok Agro-Industrial Products Plc. (BAP) Bangkok Produce Merchandising Plc. (BKP) Charoen Pokphand Northeastern Plc. (CPNE) in exchange for shares of the three companies following the acquisition plan
May 1999	159	1,744	174,380,941	Stock dividend for 1998's results
December 1999	174	1,918	191,818,767	Interim stock dividend for 1999 results
July 2000	1,902	3,820	382,028,584	Offering to existing shareholders
July 2001	0.09855	3,820	382,038,439	Exercise of warrant, CPF-W1, 3 times from October 2000 to July 2001
September 2001	-	3,820	3,820,384,390	Par value change from THB 10 to THB 1
January 2002	0.15	3,820	3,820,536,390	Exercise of warrant, CPF-W1
April 2002	73	3,893	3,893,613,330	Exercise of warrant, CPF-W1
July 2002	481	4,374	4,374,439,231	Last exercise of warrant, CPF-W1
October 2002	475	4,849	4,849,590,421	Exercise of warrant, CPF-W
January 2003	859	5,708	5,708,162,731	Last exercise of warrant, CPF-W, and first exercise of warrant, CPF-W2
April 2003	0.009	5,708	5,708,171,806	Exercise of warrant, CPF-W2
July 2003	6	5,714	5,714,071,566	Exercise of warrant, CPF-W2
October 2003	4	5,718	5,718,532,611	Exercise of warrant, CPF-W2
January 2004	9	5,727	5,727,456,606	Exercise of warrant, CPF-W2
July 2004	0.002	5,727	5,727,549,116	Exercise of warrant, CPF-W2
October 2004	0.013	5,727	5,727,562,476	Exercise of warrant, CPF-W2
January 2005	0.058	5,728	5,727,852,576	Exercise of warrant, CPF-W2
April 2005	3	5,731	5,730,976,886	Exercise of warrant, CPF-W2
July 2005	512	6,243	6,243,420,081	Exercise of warrant, CPF-W2
August 2005	1,277	7,520	7,519,937,826	Last exercise of warrant, CPF-W2

#### **Depository Receipts of Ordinary Shares**

US Exchange	:	Over the Counter (OTC), United States Exchange
DR Underlying Share Ratio	:	1DR : 4 ordinary shares
DR Outstanding (December 31, 2005)	:	551,635 units
Registrar	:	The Bank of New York

#### **Non-Voting Depositary Receipts (NVDRs)**

As of December 31, 2005, CPF ordinary shares held by Thai NVDR Co., Ltd. (Thai NVDR) was 333,331,245 shares, equivalent to 4.43 percent of total issued and paid-up capital. Investors holding NVDRs of CPF issued by Thai NVDR will receive all financial benefits similar to investing in CPF ordinary shares, except for voting rights in shareholders' meeting. Therefore, voting rights of other shareholders will increase comparing to total number of voting shares, excluding shares held by Thai NVDR. Investors can find number of CPF shares held by Thai NVDR at [www.set.or.th/nvdr](http://www.set.or.th/nvdr).

## **Shareholders**

(as of the latest closing date of shareholder register book at November 24, 2005)

Number of shareholders Type	shareholding Percentage	Number of share held
1. Thai individuals	20%	1,508,537,322
2. Foreign individuals	0.4%	30,462,809
3. Thai juristic persons	53%	3,974,209,757
4. Foreign juristic persons	27%	2,006,727,938
<b>Total</b>	<b>100%</b>	<b>7,519,937,826</b>

## Top ten major shareholders

Names	No. of shares	% Holding
1. Charoen Pokphand Group Co., Ltd. and related persons *	2,962,791,915	39
2. Thai NVDR Co., Ltd.	284,270,445	4
3. Morgan Stanley & Co International Limited	220,505,681	3
4. Goldman Sachs International	214,911,935	3
5. Government of Singapore Investment Corporation C	197,027,900	3
6. Mellon Bank, N.A.	169,033,519	2
7. The Bank of New York (Nominees) Limited	163,761,214	2
8. UNS Agro-chemical Co., Ltd.	132,550,119	2
9. HSBC (Singapore) Nominees Pte. Ltd.	123,751,237	2
10. State Street Bank and Trust Company	89,085,932	1

Note: \*Refer to "Related Persons" as indicated under Section 258 of the Securities and Exchange Act B.E.2535. Shareholders of Charoen Pokphand Group Co.,Ltd. consists of 46 individuals and 3 juristic persons, details are available at Department of Business Development, Ministry of Commerce.

## Foreign Holding Limit

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

The aliens may acquire ordinary shares of CPF in excess of the restricted ratio prescribed in preceding paragraph by means of subscription of newly issued ordinary shares (including dividend shares or ordinary shares issued to the holders of ordinary shares who have acquired the shares under conditions in this paragraph); issued and offered for sale by CPF; provided that the holding of new ordinary shares in such case, when added to the ordinary shares held by aliens according to previous paragraph, shall not cause the total number of ordinary shares held by aliens exceed 49 percent of the total numbers of ordinary shares then issued by CPF. This 49 percent restriction on shareholding by the aliens shall apply to the case of transfer of ordinary shares from the aliens who have acquired the new ordinary shares by means of subscription of capital increase shares issued and offered for sale by CPF under conditions in this paragraph (including dividend shares or new ordinary shares issued to the holders of ordinary shares who have acquired shares under conditions in this paragraph) to the aliens in every stage of transfer until such shares are transferred to the non-aliens.

As of November 24, 2005, foreign holding in CPF was approximately 27.1% of total issued shares.

## Information of Companies in which the Company has Shareholding

### Subsidiaries

As of December 31, 2005 there are 43 subsidiaries in which CPF or indirectly holds more than 50% of their paid-up capital.

### Livestock Business in Thailand

#### Bangkok Produce Merchandising Public Company Limited

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

#### Bangkok Agro-Industrial Products Public Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2675-9879
Facsimile Number	0-2675-9811
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.90%

#### Bangkok Feedmill Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2675-9859
Facsimile Number	0-2675-9813
Registered Capital	THB 666,600,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

#### Charoen Pokphand Northeastern Public Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2675-9897
Facsimile Number	0-2675-9811
Registered Capital	THB 300,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.61%

#### Charoen Pokphand Industry Company Limited

Type of Business	Animal feedmill and livestock farming
Head Office	Bangkok, Thailand
Telephone Number	0-2675-9879
Facsimile Number	0-2675-9811
Registered Capital	THB 166,650,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.99%

#### CPF Food Products Company Limited (formerly known as Bangkok Livestock Processing Company Limited)

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

<b>C.P. Agro-Industry Company Limited</b>	<b>C.P. Food Industry Export Company Limited*</b>	<b>Bangkok Farm Company Limited*</b>
Type of Business Livestock farming	Type of Business Foods processing plant	Type of Business Livestock farming and processing plant
Head Office Suratthani, Thailand	Head Office Bangkok, Thailand	Head Office Bangkok, Thailand
Telephone Number 0-7728-2229	Telephone Number 0-2989-4506	Telephone Number 0-2641-1234
Facsimile Number 0-7728-2230	Facsimile Number 0-2989-4074	Facsimile Number 0-2641-1979
Registered Capital THB 33,000,000 (all in ordinary shares)	Registered Capital THB 40,000,000 (all in ordinary shares)	Registered Capital THB 166,650,000 (all in ordinary shares)
Par Value THB 100.00 per share	Par Value THB 10.00 per share	Par Value THB 100.00 per share
Shareholding 99.99%	Shareholding 99.99%	Shareholding 99.99%
<b>C.P. Food Products Company Limited*</b>	<b>CP-Yonekyu Company Limited</b>	<b>Universal Foods and Marketing Company Limited</b>
Type of Business Foods processing plant	Type of Business Meat processing plant	Type of Business Wholesale and Retail food products, and fast food outlets
Head Office Bangkok, Thailand	Head Office Bangkok, Thailand	Head Office Bangkok, Thailand
Telephone Number 0-2919-5971	Telephone Number 0-3859-3046	Telephone Number 0-2673-1095
Facsimile Number 0-2919-5979	Facsimile Number 0-3859-3587	Facsimile Number 0-2673-1546
Registered Capital THB 228,200,000 (all in ordinary shares)	Registered Capital THB 200,000,000 (all in ordinary shares)	Registered Capital THB 80,000,000 (all in ordinary shares)
Par Value THB 100.00 per share	Par Value THB 100.00 per share	Par Value THB 10.00 per share
Shareholding 99.99%	Shareholding 80.50%	Shareholding 99.99%
<b>C.P. Merchandising Company Limited</b>	<b>B.P. Feedmill Company Limited</b>	<b>Rajburi Feedmill Company Limited</b>
Type of Business Investment and international trading	Type of Business Livestock feedmill and farming	Type of Business Livestock feedmill and farming
Head Office Bangkok, Thailand	Head Office Saraburi, Thailand	Head Office Rajburi, Thailand
Telephone Number 0-2625-8000	Telephone Number 0-3637-1885	Telephone Number 0-3236-8181-9
Facsimile Number 0-2638-2749	Facsimile Number 0-3637-6578	Facsimile Number 0-3236-8062
Registered Capital THB 1,850,000,000 (all in ordinary shares)	Registered Capital THB 300,000,000 (all in ordinary shares)	Registered Capital THB 470,000,000 (all in ordinary shares)
Par Value THB 10.00 per share	Par Value THB 100.00 per share	Par Value THB 10.00 per share
Shareholding 99.99%	Shareholding 99.99%	Shareholding 99.99%

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

### Vee Food Products Company Limited

Type of Business	Food processing plant and distribution
Head Office	Bangkok, Thailand
Telephone Number	0-2663-4293
Facsimile Number	0-2663-4115
Registered Capital	THB 330,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

### International Pet Foods Company Limited

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

## Aquaculture Business in Thailand

### Thai Prawn Culture Center Company Limited\*\*

Type of Business	Shrimp farming and shrimp processing plant
Head Office	Songkhla, Thailand
Telephone Number	0-7439-1191
Facsimile Number	0-7439-2957
Registered Capital	THB 180,000,000 (all in ordinary shares)
Par Value	THB 100.00 per share
Shareholding	99.89%

### Klang Company Limited\*\*

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

Registered Capital THB 60,000,000  
(all in ordinary shares)

Par Value THB 10.00 per share  
Shareholding 99.91%

### Shrimp Improvement System (Thailand) Company Limited

Type of Business	Shrimp hatchery business
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 8,000,000 (comprise of 792,000 ordinary shares and 8,000 preferred shares)
Par Value	THB 100.00 per share
Shareholding	51.00%

### Chanthaburi Aquaculture Farm Company Limited\*\*

Type of Business	Shrimp farming
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147
Registered Capital	THB 40,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

### Seafoods Enterprise Company Limited\*\*

Type of Business	Shrimp processing plant
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2631-0776
Registered Capital	THB 425,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	99.99%

Type of Business Aquatic feed production and distribution and aquaculture farm

Head Office Chonburi, Thailand  
Telephone Number 0-3829-7493

Facsimile Number 0-3829-7495  
Registered Capital THB 400,000,000  
(all in ordinary shares)

Par Value THB 10.00 per share  
Shareholding 99.99%

### Trad Prawn Culture Company Limited\*\*

Type of Business	Shrimp farming
Head Office	Bangkok, Thailand
Telephone Number	0-2625-8000
Facsimile Number	0-2638-2147

<p><b>Savee Farming Company Limited**</b></p> <table border="0"> <tr><td>Type of Business</td><td>Shrimp farming</td></tr> <tr><td>Head Office</td><td>Bangkok, Thailand</td></tr> <tr><td>Telephone Number</td><td>0-2625-8000</td></tr> <tr><td>Facsimile Number</td><td>0-2638-2147</td></tr> <tr><td>Registered Capital</td><td>THB 70,000,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>THB 100.00 per share</td></tr> <tr><td>Shareholding</td><td>99.84%</td></tr> </table> <p><b>Businesses Related to Operations in Thailand</b></p> <p><b>Aqua-Agri Foods International, Inc.</b></p> <table border="0"> <tr><td>Type of Business</td><td>Importer and distributor of food products</td></tr> <tr><td>Head Office</td><td>USA</td></tr> <tr><td>Telephone Number</td><td>1-410-418-8937</td></tr> <tr><td>Facsimile Number</td><td>1-410-418-8938</td></tr> <tr><td>Registered Capital</td><td>USD 3,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>USD 1.00 per share</td></tr> <tr><td>Shareholding</td><td>99.99%</td></tr> </table> <p><b>Aqua Beauty, Inc.</b></p> <table border="0"> <tr><td>Type of Business</td><td>Importer and distributor of seafood products</td></tr> <tr><td>Head Office</td><td>USA</td></tr> <tr><td>Telephone Number</td><td>1-410-720-6668</td></tr> <tr><td>Registered Capital</td><td>USD 5,000,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>USD 1.00 per share</td></tr> <tr><td>Shareholding</td><td>99.99%</td></tr> </table>	Type of Business	Shrimp farming	Head Office	Bangkok, Thailand	Telephone Number	0-2625-8000	Facsimile Number	0-2638-2147	Registered Capital	THB 70,000,000 (all in ordinary shares)	Par Value	THB 100.00 per share	Shareholding	99.84%	Type of Business	Importer and distributor of food products	Head Office	USA	Telephone Number	1-410-418-8937	Facsimile Number	1-410-418-8938	Registered Capital	USD 3,000 (all in ordinary shares)	Par Value	USD 1.00 per share	Shareholding	99.99%	Type of Business	Importer and distributor of seafood products	Head Office	USA	Telephone Number	1-410-720-6668	Registered Capital	USD 5,000,000 (all in ordinary shares)	Par Value	USD 1.00 per share	Shareholding	99.99%	<p><b>CPF Denmark A/S</b></p> <table border="0"> <tr><td>Type of Business</td><td>Importer and distributor of processed meat and food products</td></tr> <tr><td>Head Office</td><td>Denmark</td></tr> <tr><td>Telephone Number</td><td>45-7526-1330</td></tr> <tr><td>Facsimile Number</td><td>45-7526-1336</td></tr> <tr><td>Registered Capital</td><td>EUR 200,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>EUR 1.00 per share</td></tr> <tr><td>Shareholding</td><td>52.00%</td></tr> </table> <p><b>CPF Europe S.A.</b></p> <table border="0"> <tr><td>Type of Business</td><td>Importer and distributor of processed meat and food products</td></tr> <tr><td>Head Office</td><td>Belgium</td></tr> <tr><td>Telephone Number</td><td>32-2357-5387</td></tr> <tr><td>Registered Capital</td><td>EUR 2,500,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>EUR 1.00 per share</td></tr> <tr><td>Shareholding</td><td>99.99%</td></tr> </table> <p><b>CPF Tokyo Co., Ltd.</b></p> <table border="0"> <tr><td>Type of Business</td><td>Importer and distributor of processed meat and food products</td></tr> <tr><td>Head Office</td><td>Japan</td></tr> <tr><td>Telephone Number</td><td>813-5401-2231</td></tr> <tr><td>Facsimile Number</td><td>813-5401-2236</td></tr> <tr><td>Registered Capital</td><td>JPY 100,000,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>JPY 1,000.00 per share</td></tr> <tr><td>Shareholding</td><td>99.99%</td></tr> </table>	Type of Business	Importer and distributor of processed meat and food products	Head Office	Denmark	Telephone Number	45-7526-1330	Facsimile Number	45-7526-1336	Registered Capital	EUR 200,000 (all in ordinary shares)	Par Value	EUR 1.00 per share	Shareholding	52.00%	Type of Business	Importer and distributor of processed meat and food products	Head Office	Belgium	Telephone Number	32-2357-5387	Registered Capital	EUR 2,500,000 (all in ordinary shares)	Par Value	EUR 1.00 per share	Shareholding	99.99%	Type of Business	Importer and distributor of processed meat and food products	Head Office	Japan	Telephone Number	813-5401-2231	Facsimile Number	813-5401-2236	Registered Capital	JPY 100,000,000 (all in ordinary shares)	Par Value	JPY 1,000.00 per share	Shareholding	99.99%	<p><b>Fusion Foods Limited</b></p> <table border="0"> <tr><td>Type of Business</td><td>Importer and distributor of processed meat and food products</td></tr> <tr><td>Head Office</td><td>England</td></tr> <tr><td>Telephone Number</td><td>44-1299-253131</td></tr> <tr><td>Registered Capital</td><td>GBP 300,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>GBP 1.00 per share</td></tr> <tr><td>Shareholding</td><td>52.00%</td></tr> </table> <p><b>Other Businesses in Thailand</b></p> <p><b>CPF Training Center Company Limited</b></p> <table border="0"> <tr><td>Type of Business</td><td>Training center service provider</td></tr> <tr><td>Head Office</td><td>Bangkok, Thailand</td></tr> <tr><td>Telephone Number</td><td>0-2625-8000</td></tr> <tr><td>Facsimile Number</td><td>0-2638-2139</td></tr> <tr><td>Registered Capital</td><td>THB 20,000,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>THB 10.00 per share</td></tr> <tr><td>Shareholding</td><td>99.99%</td></tr> </table> <p><b>CPF IT Center Company Limited</b></p> <table border="0"> <tr><td>Type of Business</td><td>Information technology services provider</td></tr> <tr><td>Head Office</td><td>Bangkok, Thailand</td></tr> <tr><td>Telephone Number</td><td>0-2625-8000</td></tr> <tr><td>Facsimile Number</td><td>0-2638-2139</td></tr> <tr><td>Registered Capital</td><td>THB 250,000,000 (all in ordinary shares)</td></tr> <tr><td>Par Value</td><td>THB 10.00 per share</td></tr> <tr><td>Shareholding</td><td>99.99%</td></tr> </table>	Type of Business	Importer and distributor of processed meat and food products	Head Office	England	Telephone Number	44-1299-253131	Registered Capital	GBP 300,000 (all in ordinary shares)	Par Value	GBP 1.00 per share	Shareholding	52.00%	Type of Business	Training center service provider	Head Office	Bangkok, Thailand	Telephone Number	0-2625-8000	Facsimile Number	0-2638-2139	Registered Capital	THB 20,000,000 (all in ordinary shares)	Par Value	THB 10.00 per share	Shareholding	99.99%	Type of Business	Information technology services provider	Head Office	Bangkok, Thailand	Telephone Number	0-2625-8000	Facsimile Number	0-2638-2139	Registered Capital	THB 250,000,000 (all in ordinary shares)	Par Value	THB 10.00 per share	Shareholding	99.99%
Type of Business	Shrimp farming																																																																																																																									
Head Office	Bangkok, Thailand																																																																																																																									
Telephone Number	0-2625-8000																																																																																																																									
Facsimile Number	0-2638-2147																																																																																																																									
Registered Capital	THB 70,000,000 (all in ordinary shares)																																																																																																																									
Par Value	THB 100.00 per share																																																																																																																									
Shareholding	99.84%																																																																																																																									
Type of Business	Importer and distributor of food products																																																																																																																									
Head Office	USA																																																																																																																									
Telephone Number	1-410-418-8937																																																																																																																									
Facsimile Number	1-410-418-8938																																																																																																																									
Registered Capital	USD 3,000 (all in ordinary shares)																																																																																																																									
Par Value	USD 1.00 per share																																																																																																																									
Shareholding	99.99%																																																																																																																									
Type of Business	Importer and distributor of seafood products																																																																																																																									
Head Office	USA																																																																																																																									
Telephone Number	1-410-720-6668																																																																																																																									
Registered Capital	USD 5,000,000 (all in ordinary shares)																																																																																																																									
Par Value	USD 1.00 per share																																																																																																																									
Shareholding	99.99%																																																																																																																									
Type of Business	Importer and distributor of processed meat and food products																																																																																																																									
Head Office	Denmark																																																																																																																									
Telephone Number	45-7526-1330																																																																																																																									
Facsimile Number	45-7526-1336																																																																																																																									
Registered Capital	EUR 200,000 (all in ordinary shares)																																																																																																																									
Par Value	EUR 1.00 per share																																																																																																																									
Shareholding	52.00%																																																																																																																									
Type of Business	Importer and distributor of processed meat and food products																																																																																																																									
Head Office	Belgium																																																																																																																									
Telephone Number	32-2357-5387																																																																																																																									
Registered Capital	EUR 2,500,000 (all in ordinary shares)																																																																																																																									
Par Value	EUR 1.00 per share																																																																																																																									
Shareholding	99.99%																																																																																																																									
Type of Business	Importer and distributor of processed meat and food products																																																																																																																									
Head Office	Japan																																																																																																																									
Telephone Number	813-5401-2231																																																																																																																									
Facsimile Number	813-5401-2236																																																																																																																									
Registered Capital	JPY 100,000,000 (all in ordinary shares)																																																																																																																									
Par Value	JPY 1,000.00 per share																																																																																																																									
Shareholding	99.99%																																																																																																																									
Type of Business	Importer and distributor of processed meat and food products																																																																																																																									
Head Office	England																																																																																																																									
Telephone Number	44-1299-253131																																																																																																																									
Registered Capital	GBP 300,000 (all in ordinary shares)																																																																																																																									
Par Value	GBP 1.00 per share																																																																																																																									
Shareholding	52.00%																																																																																																																									
Type of Business	Training center service provider																																																																																																																									
Head Office	Bangkok, Thailand																																																																																																																									
Telephone Number	0-2625-8000																																																																																																																									
Facsimile Number	0-2638-2139																																																																																																																									
Registered Capital	THB 20,000,000 (all in ordinary shares)																																																																																																																									
Par Value	THB 10.00 per share																																																																																																																									
Shareholding	99.99%																																																																																																																									
Type of Business	Information technology services provider																																																																																																																									
Head Office	Bangkok, Thailand																																																																																																																									
Telephone Number	0-2625-8000																																																																																																																									
Facsimile Number	0-2638-2139																																																																																																																									
Registered Capital	THB 250,000,000 (all in ordinary shares)																																																																																																																									
Par Value	THB 10.00 per share																																																																																																																									
Shareholding	99.99%																																																																																																																									

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

## Overseas Business

### BKP Holdings Limited

Type of Business	Investment
Head Office	British Virgin Islands
Registered Capital	USD 7,500,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	99.44%

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

Type of Business	Aquatic feed production and distribution and aquaculture farming
Head Office	Kwangsi, People's Republic of China
Telephone Number	86-779-208-4362
Facsimile Number	86-779-208-3932
Registered Capital	USD 3,000,000 (all in ordinary shares)
Shareholding	100.00%

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

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

### C.P. Food Product (Shanghai) Co., Ltd.

Type of Business	Thai food restaurant
Head Office	Shanghai, People's Republic of China
Telephone Number	86-21-6431-9558
Facsimile Number	8621-6433-0331
Registered Capital	USD 3,000,000 (all in ordinary shares)
Shareholding	100.00%

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

Type of Business	Chicken Integration
Head Office	Turkey
Telephone Number	212-274-8536
Facsimile Number	212-274-7995
Registered Capital	YTL 50,000,000,000 (all in ordinary shares)
Par Value	YTL 1.00 per share
Shareholding	84.49%

### Calibre Nature (M) Sdn.Bhd.

Type of Business	Aquatic feed production and distribution and Aquatic farming and processing plant
Head Office	Malaysia
Telephone Number	03-4021-3761-2
Facsimile Number	03-4021-3832
Registered Capital	RM 100 million (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	100.00%

### Charoen Pokphand (India) Private Limited

Type of Business	Animal Feed production and farming
Head Office	India
Telephone Number	9144 4470790
Facsimile Number	9144 4917480
Registered Capital	RS 730 million (all in ordinary shares)
Par Value	RS 10.00 per share
Shareholding	71.20%

### Charoen Pokphand (USA), Inc.

Type of Business	Broiler integration (Operation wound up in March 2004)
Head Office	USA
Telephone Number	1-410-418-8937
Facsimile Number	1-410-418-8938
Registered Capital	USD 22,000,000 (all in ordinary shares)
Par Value	USD 0.001 per share
Shareholding	99.95%

### CPF Investment Limited

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

<b>Star Feedmills (M) Sdn.Bhd.</b>	<b>Nava 84 Company Limited</b>	<b>Arbor Acres Thailand Company Limited</b>
Type of Business Aquatic feed production and distribution	Type of Business Investment holding, of which invested 99.93% in economic crop plantation companies in Thailand	Type of Business Chicken breeding and distribution
Head Office Malaysia	Head Office Bangkok, Thailand	Head Office Bangkok, Thailand
Telephone Number 03-4021-3761-2	Telephone Number 0-2988-0700	Telephone Number 0-2988-0700
Facsimile Number 03-4021-3832	Facsimile Number 0-2988-0706	Facsimile Number 0-2988-0706
Registered Capital RM 100,000,000 (all in ordinary shares)	Registered Capital THB 1,500,000,000 (all in ordinary shares)	Registered Capital THB 4,000,000 (all in ordinary shares)
Par Value RM 1.00 per share	Par Value THB 10.00 per share	Par Value THB 100.00 per share
Shareholding 100.00%	Shareholding 25.00%	Shareholding 49.99%
<b>Affiliates</b>		
As of December 31, 2005, there are 9 companies in which CPF directly or indirectly holds more than 20.00% to 50.00% of their paid-up capital.		
<b>C.P. Seven Eleven Public Company Limited</b>	<b>Ross Breeders Siam Company Limited</b>	<b>C.P. Aquaculture (India) Private Limited</b>
Type of Business Convenience store business in Thailand, under "7-Eleven" trademark	Type of Business Chicken breeding and distribution	Type of Business Aquatic feed production and distribution and farming in India
Head Office Bangkok, Thailand	Head Office Bangkok, Thailand	Head Office India
Telephone Number 0-2677-9000	Telephone Number 0-2988-0700	Telephone Number 9144-2491-7790
Facsimile Number 0-2631-1082	Facsimile Number 0-2988-0706	Facsimile Number 0-2988-0706
Registered Capital THB 4,500,000,000 (all in ordinary shares)	Registered Capital THB 70,000,000 (all in ordinary shares)	Registered Capital Rs 250,000,000 (all in ordinary shares)
Par Value THB 1.00 per share	Par Value THB 100.00 per share	Par Value Rs 10.00 per share
Shareholding 25.76%	Shareholding 49.99%	Shareholding 31.70%
	<b>Allianz C.P. General Insurance Company Limited</b>	<b>C.P. Vietnam Livestock Company Limited</b>
	Type of Business Insurance business	Type of Business Livestock feed production
	Head Office Bangkok, Thailand	Head Office Vietnam
	Telephone Number 0-2638-9000	Telephone Number 84-6183-6251
	Registered Capital THB 300,000,000 (all in ordinary shares)	Registered Capital USD 40,040,000 (all in ordinary shares)
	Par Value THB 10.00 per share	Par Value USD 1.00 per share
	Shareholding 24.46%	Shareholding 40.00%

### Charoen Pokphand Holdings (Malaysia) Sdn. Bhd.

Type of Business	Investment holding, of which invested 100.00% in 9 livestock feed production and livestock farming companies in Malaysia
Head Office	Malaysia
Telephone Number	60-3317-63061
Registered Capital	RM 36,550,000 (all in ordinary shares)
Par Value	RM 1.00 per share
Shareholding	49.64%

### Lotus-CPF (PRC) Investment Company Limited

Type of Business	Investment holding in 4 companies (81.00%, 90.00%, 90.00%, and 90.00%) which operate the "Lotus Supercenter" superstores in the People's Republic of China
Head Office	British Virgin Islands
Telephone Number	86-208-638-2070
Registered Capital	USD 200,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	40.00%

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

As of December 31, 2005, there are 3 companies in which CPF directly or indirectly holds more than 10.00% but less than 20.00% of their paid-up capital.

### ACME ECI Investment Co., Ltd.

Type of Business	Investment holdings (The Company's dissolution was registered on March 31, 2006)
Head Office	Cayman Island
Registered Capital	USD 8,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	17.95%

### Kinghill Limited

Type of Business	Investment holding, of which invested 100.00% in company that manages shopping center, "Super Brand Mall", in the People's Republic of China
Head Office	Cayman Island

Registered Capital	USD 250,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	19.96%

### Trillion Brewery Company Limited

Type of Business	Investment holding
Head Office	Cayman Island
Registered Capital	USD 50,000,000 (all in ordinary shares)
Par Value	USD 1.00 per share
Shareholding	17.95%

### Companies in which CPF holds less than 10.00%

As of December 31, 2005, there are 7 companies in which CPF directly or indirectly holds less than 10.00% of their paid-up capital.

### CPPC Public Company Limited

Type of Business	Plastic products manufacturing and distribution
Head Office	Bangkok, Thailand
Registered Capital	THB 1,950,000,000 (all in ordinary shares)
Par Value	THB 10.00 per share
Shareholding	6.58%

<b>CP Land Company Limited</b>
Type of Business      Real estate business
Head Office            Bangkok, Thailand
Shareholding           6.49%

<b>True Corporation Public Company Limited</b>
Type of Business      Telecommunication business
Head Office            Bangkok, Thailand
Shareholding           3.33%

<b>Vee Rum Choke Company Limited</b>
Type of Business      Real estate business
Head Office            Bangkok, Thailand
Shareholding           9.00%

<b>Siam Makro Public Company Limited</b>
Type of Business      Wholesale business under "Makro" trademark
Head Office            Bangkok, Thailand
Shareholding           1.01%

<b>Ayudhya Allianz C.P. Life Public Company Limited</b>
Type of Business      Life insurance business
Head Office            Bangkok, Thailand
Shareholding           3.47%

#### **Chia Tai (Jilin) Company Limited**

Type of Business	Investment holding, of which invested 50.00% in company that operates feedmill business and farming in the People's Republic of China
Head Office	People's Republic of China
Shareholding	9.99%

## **References**

### **Share Registrar**

**Thailand Securities Depository Co., Ltd.**

Capital Market Academy Building

2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Road

Tung Song Hong, Laksi, Bangkok 10210, Thailand

**Telephone number: (662) 596-9000**

**Facsimile number: (662) 832-4994**

### **American Depository Receipts Registrar**

The Bank of New York, Depository Receipts Division

101 Barclay Street, 22<sup>nd</sup> Floor, New York 10286, USA

Website: [www.bankofny.com/adr](http://www.bankofny.com/adr)

Contact List:

New York – Vinu Kurian                      Telephone number: 1-212-815-8365

Hong Kong – Eugenia Lee                      Telephone number: (852) 2840-9821

### **Bond Registrar of Amortization Debentures of Charoen Pokphand Foods**

**Plc. #1/2001 due 2006**

Securities Services Department, Bangkok Bank Plc.\

333 Silom Road, Bangrak, Bangkok 10500, Thailand

Telephone number: (662) 230-1477-8

Facsimile number: (662) 626-4545-6

### **Bond Registrar and Bond Holders' Representatives of**

- Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2004 Series 1 due 2007,
- Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2004 Series 2 due 2009,
- Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2005 Series 1 due 2008,
- Unsecured Debentures of Charoen Pokphand Foods Plc. #1/2005 Series 2 due 2010

Securities Services Department, Kasikornbank Plc.  
1 Soi Kasikornthai, Ratburana Road, Ratburana, Bangkok 10140, Thailand  
Telephone number: (662) 470-1982  
Facsimile number: (662) 470-1998

## Auditors

Mrs. Sudchit Boonprakob	C.P.A. (Thailand) Registration No. 2991
Ms. Kalyarat Chaivaropongsa	C.P.A. (Thailand) Registration No. 3460 and
Ms. Nittaya Chetchotiros	C.P.A. (Thailand) Registration No. 4439
KPMG Phoomchai Audit Limited.	Empire Tower, 21 <sup>st</sup> Floor 195 South Sathorn Road, Sathorn, Bangkok 10120, Thailand
Telephone number: (662) 677-2000	
Facsimile number: (662) 677-2232	

## The Auditors' Remunerations

In 2005, KPMG Phoomchai Audit Limited, CPF's auditors, charged the service fees to CPF and subsidiaries as follows:

	<b>CPF</b>	<b>Subsidiaries</b>
The audit fees on company's accounts	THB 2,630,000	THB 11,650,000
Other audit fees on special projects	THB 770,000	THB 680,000

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

## Contact us

**Website**

[www.cpf.co.th](http://www.cpf.co.th)

**Head Office**

C.P. Tower, 15th floor, Zone A, 313 Silom Road, Bangrak,  
Bangkok 10500, Thailand

Telephone Number (662) 625-8000

Facsimile Number (662) 638-2942

**General Information** Investor Relations Office

C.P. Tower, 27th floor, 313 Silom Road, Bangrak,  
Bangkok 10500, Thailand

Telephone Number (662) 625-8352-6

Facsimile Number (662) 638-2942

E-mail address [iroffice@cpf.co.th](mailto:iroffice@cpf.co.th)

**Apply for a Job**

Recruitment Center

C.P. Tower 2, 18<sup>th</sup> floor, 1 Ratchadapisek Road, Dindaeng,  
Bangkok 10400, Thailand

Telephone Number (662) 641-0400

Facsimile Number (662) 641-0100

E-mail address [job@cpf.co.th](mailto:job@cpf.co.th)

# KITCHEN OF THE WORLD





KITCHEN  
OF THE  
WORLD



**CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED**

C.P. TOWER BUILDING, 313 SILOM ROAD, BANGRAK, BANGKOK 10500. THAILAND  
[WWW.CPF.CO.TH](http://WWW.CPF.CO.TH)

FOR FURTHER INFORMATION, PLEASE CONTACT : INVESTOR RELATIONS OFFICE  
TEL : 66 2638 2935-6 FAX : 66 2638 2942  
E-MAIL : [IROFFICE@CPF.CO.TH](mailto:IROFFICE@CPF.CO.TH)