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30 December 2016

Re: Disclosure of the Acquisition of Ordinary Shares of SuperDrob and a Joint Investment in a Newly Established Subsidiary

Attn: President  
The Stock Exchange of Thailand

Charoen Pokphand Foods Public Company Limited ("CPF") would like to inform you regarding (1) the subscription of newly issued ordinary shares of SuperDrob Zakłady Drobiarsko - Mięsne S.A. ("SuperDrob") and acquisition of ordinary shares from existing shareholders of SuperDrob by CPF, and (2) the joint investment in a newly established subsidiary in Poland ("JV Co.") between CPF and SuperDrob. Details of the transactions are in attachments 1 and 2, respectively.

The transaction size of the investment in SuperDrob and JV Co. were 0.89 percent of net tangible assets of CPF and its subsidiaries based on the latest reviewed consolidated financial statements ended 30 September 2016, which is not under the criteria specified in the rule concerning acquisition and disposition of material assets.

Please be informed accordingly.

Sincerely yours,  
Patchara Chartbunchachai  
(Miss Patchara Chartbunchachai)  
Company Secretary

**Information Memorandum on the Acquisition of Assets**  
**Acquisition of Existing Ordinary Shares and Subscription of Newly Issued Ordinary Shares**  
**of SuperDrob Zakłady Drobiarsko - Mięsne S.A.**

**1. Transaction Date**

On 30 December 2016, Charoen Pokphand Foods Public Company Limited ("CPF") signed the Preliminary Share Subscription Agreement ("PSSA") with SuperDrob Zakłady Drobiarsko - Mięsne S.A. ("SuperDrob") and the Preliminary Share Purchase Agreement ("PSPA") with Mr. Henri Lipka and Mr. Zygmunt Lipka (together referred to as the "Agreements"), per items no. 2.1 and no. 2.2, respectively. The transaction is expected to be completed within 3 months following the signing date, after all conditions precedent within the PSSA and PSPA have been satisfied (details of which are under section 8).

**2. Involved Parties and Relationship with CPF**

**2.1 Subscription of Newly Issued Shares of SuperDrob under PSSA**

Subscriber : CPF  
 Issuer : SuperDrob  
 Relationship : The Issuer is not a connected person of CPF according to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions.

**2.2 Acquisition of Ordinary Shares of SuperDrob from Existing Shareholders under PSPA**

Purchaser : CPF  
 Sellers : Mr. Henri Lipka  
 Mr. Zygmunt Lipka  
 Together referred to as "Existing Shareholders"  
 Relationship : The Existing Shareholders are not connected persons of CPF, according to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions.

**3. General Features and Value of the Transaction**

CPF will acquire the ordinary shares of SuperDrob with total consideration of Euro 49.5 million or approximately Baht 1,872.1 million<sup>1</sup>, which will be divided into 2 transactions as follows:

3.1 The subscription of SuperDrob's newly issued ordinary shares totaling 98,572 shares, representing 30 percent of the total issued shares of SuperDrob after the capital increase, with the total value of Euro 45 million or approximately Baht 1,701.9 million<sup>1</sup> ("Value of Newly Issued Shares").

3.2 The purchase of 9,858 ordinary shares of SuperDrob from Existing Shareholders, representing 3 percent of the total issued shares of SuperDrob after the capital increase, at the price of Euro 4.5 million or approximately Baht 170.2 million<sup>1</sup> ("Value of Purchased Shares"). This share purchase transaction will be subject to the occurrence of the transaction in 3.1.

However, the Value of Newly Issued Shares and the Value of Purchased Shares shall be increased due to the guideline and method stated in the PSSA and PSPA, respectively if the Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") according to the audited consolidated financial statement of SuperDrob for the fiscal year ending 31 December 2016 is higher than the EBITDA which was used to derive the Value of Newly Issued Shares and the Value of Purchased Shares prescribed in item no. 3.1 and 3.2, respectively.

As a result, after the completion of the 2 transactions per above, CPF will hold 33 percent of the total issued shares of SuperDrob after the capital increase and SuperDrob will become an associate company of CPF.

<sup>1</sup> All foreign exchange rates referred to within this Information Memorandum is valued at Baht 37.82 to Euro 1 and Polish Zloty 4.4 to Euro 1

#### 4. Details of SuperDrob

##### 4.1 General Information

SuperDrob's main business concerns agro-industry and food, with main products such as fresh poultry, processed pre-seasoned and flavored poultry, as well as sausages and ham under its own brand. Distribution channels include wholesalers, retailers, hotels, and restaurants both domestically in Poland and internationally such as, among others, the United Kingdom and France. Further, SuperDrob has investments in 6 companies, which are registered in Poland for the purposes of distribution of products or providing supporting services to SuperDrob's businesses as follows:

- 4.1.1 Integra sp. z.o.o. (direct holding of 100%) engaging in buying and selling animal feed, buying eggs, selling day-old chicks, and buying broiler from farmers;
- 4.1.2 SuperTrans sp. z.o.o. (direct holding of 100%) engaging in providing logistics and transportation services;
- 4.1.3 SuperBuild sp. z.o.o. (direct holding of 60%) engaging in providing designing and construction services of poultry plants;
- 4.1.4 StoFarm sp. z.o.o. (direct holding of 100%) engaging in providing cleaning and operational services to poultry farms;
- 4.1.5 Super Buffet sp. z.o.o. (direct holding of 40%) engaging in providing catering services within processing plants; and
- 4.1.6 LukPasz sp. z.o.o. (indirect holding of 50%) engaging in production and distribution of animal feed.

##### 4.2 Key Financial Information of SuperDrob

(Unit: Millions)	For the fiscal year ended 31 December					
	2013		2014		2015	
	PLN	Euro	PLN	Euro	PLN	Euro
Sales	707.3	160.8	847.4	192.6	934.4	212.4
Net Income	9.9	2.3	10.2	2.3	28.3	6.4
Total Assets	247.8	56.3	280.3	63.7	367.8	83.6
Total liabilities	165.4	37.6	187.7	42.7	248.6	56.5
Shareholders' Equity	82.4	18.7	92.6	21.0	119.2	27.1
Book Value (PLN or Euro) per share	358.2	81.4	402.6	91.5	518.2	117.8
Number of shares as of 31 December (shares)	230,000		230,000		230,000	

Source: The audited consolidated financial statements of SuperDrob

##### 4.3 Registered and Paid-Up Capital

As of 30 December 2016, SuperDrob has a registered capital of PLN 11.5 million, fully paid up, representing a total of 230,000 issued ordinary shares with a par value of PLN 50 each. After the completion of the issuance of 98,572 new shares to CPF, SuperDrob's total registered and paid-up capital will be PLN 16.43 million, representing a total of 328,572 shares with a par value of PLN 50 each.

##### 4.4 Shareholding Structure

List of Shareholders	Shareholding Percentage (%)			
	Before Transaction		After Transaction	
	Number of Shares	%	Number of Shares	%
Other existing shareholders	230,000	100.00	220,142	67.00
CPF	-	-	108,430	33.00
<b>Total</b>	<b>230,000</b>	<b>100.00</b>	<b>328,572</b>	<b>100.00</b>

## **5. Basis Used to Determine Value of Consideration**

The share price was from negotiations among CPF, SuperDrob, and Existing Shareholders with reference to the value using various globally accepted valuation methods i.e. Discounted Cash Flows Approach and Market Comparable Approach by EY Corporate Services Ltd., the financial advisor.

## **6. Transaction Size**

The highest transaction size, calculated based on the calculation methods under the Capital Market Supervisory Board TorChor 20/2551 Re: Rules on Entering into Material Transaction deemed as Acquisition or Disposal of Assets, is obtained from the net tangible assets basis which is equivalent to 0.89 percent of net tangible assets of CPF and its subsidiaries based on the reviewed consolidated financial statements ended 30 September 2016.

By considering the aggregate size of the acquisitions of assets by the Company which occurred during a period of 6 months (from 30 June 2016 to 29 December 2016), the highest size is obtained from the net tangible assets basis, will be 11.72 percent of the net tangible assets of CPF and its subsidiaries based on the consolidated financial statements.

## **7. Source of Fund**

Cash flow of CPF

## **8. Conditions Precedent for the Entry into the Transaction**

The transaction is conditional upon:

- 1) Receipt of approval from the Office of Competition and Consumer Protection of Poland according to the terms and conditions specified in the Act of 16 February 2007 on Competition and Consumer Protection; and
- 2) Satisfaction of other conditions precedent as specified in the PSSA and PSPA.

## **9. Opinion of the Board of Directors**

The Board of Directors Meeting of CPF considered and viewed that the entry into the transaction is reasonable and for the benefits of CPF and its shareholders because Poland has vast resources and potential, low cost of production, and a leader in the exportation of poultry products into the European market. CPF's investment with SuperDrob will assist CPF in expanding its production base to serve the European market. This will lower of tariff rate quotas and transportation costs. This will also help respond better to the regional consumer base at a faster pace, as well as the opportunity to expand into other businesses that CPF has expertise in Poland, and connect with CPF's current network in Asia and Europe in order to create more value in the future.

**Information Memorandum on the Joint Investment in  
a Newly Established Subsidiary in Poland**

On 30 December 2016, Charoen Pokphand Foods Public Company Limited ("CPF") signed the joint venture agreement ("JVA") with SuperDrob Zakłady Drobiarsko - Mięsne S.A. ("SuperDrob") in order to newly establish a subsidiary in Poland ("JV Co."). The JVA is expected to be effective within 3 months following the signing date, after the completion of the subscription of newly issued ordinary shares under the Preliminary Share Subscription Agreement ("PSSA") and the purchase of existing ordinary shares of SuperDrob under the Preliminary Share Purchase Agreement ("PSPA") have taken place. The details of the JV Co. are as follows:

- |     |                         |   |
|-----|-------------------------|---|
| (1) | Name of Company         | CPF Poland spółka akcyjna or other name which may be changed thereafter |
| (2) | Country of Registration | Poland  |
| (3) | Nature of Business      | Investing in agro-industry and food businesses in Poland                |
| (4) | Registered Capital      | PLN 3,000,000   |
| (5) | Shareholding Structure  | CPF                      66.67%<br>SuperDrob              33.33%        |
| (6) | Source of Fund          | Cash flow of CPF  |