THE ACQUISITION

On 31 December 2012, CP China Investment, a direct wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Chia Tai Food Investment for the purchase of the entire equity interest in Chia Tai Food (Qinhuangdao) at the Consideration. Upon Completion, Chia Tai Food (Qinhuangdao) will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

CPF is interested in approximately 67.5% of the Shares in issue and approximately 45.1% of its issued share capital is held by CPG as at the date of this announcement. Due to CPG’s near majority shareholding in CPF, the Company and CPG have agreed to treat CPG and its direct and indirect subsidiaries, including Chia Tai Food Investment, as connected persons of the Company within the meaning of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements pursuant to Rule 14A.32 of the Listing Rules and exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

A summary of the major terms of the Acquisition Agreement is set out below:

Date: 31 December 2012

Parties:
Vendor: Chia Tai Food Investment
Purchaser: CP China Investment
Interest to be acquired:

Pursuant to the Acquisition Agreement, Chia Tai Food Investment agreed to transfer to CP China Investment the entire equity interest in Chia Tai Food (Qinhuangdao). Upon Completion, Chia Tai Food (Qinhuangdao) will become an indirect wholly-owned subsidiary of the Company.

Consideration and payment:

The Consideration is US$15.7 million (equivalent to approximately HK$122.5 million), to be paid in cash in full by CP China Investment within six months of the date of Completion. The Consideration will be funded by the Group’s own financial resources.

The original cost of its investment in the entire equity interest in Chia Tai Food (Qinhuangdao) to Chia Tai Food Investment is US$15.7 million (equivalent to approximately HK$122.5 million), being the registered capital of Chia Tai Food (Qinhuangdao) paid up by Chia Tai Food Investment since the incorporation of Chia Tai Food (Qinhuangdao). Chia Tai Food (Qinhuangdao) is a new project and has a total registered capital of US$98.2 million (equivalent to approximately HK$766 million).

The Consideration was arrived at after arm’s length negotiations between the parties by reference to, among other things, the existing paid up capital of Chia Tai Food (Qinhuangdao), being US$15.7 million (equivalent to approximately HK$122.5 million).

Completion

Completion shall take place on the day on which CP China Investment is registered as the sole shareholder of Chia Tai Food (Qinhuangdao) with the issuance of the business licence of Chia Tai Food (Qinhuangdao) by the relevant PRC government authority. If the aforesaid registration with the relevant PRC government authority is not completed by 30 June 2013, either party may terminate the Acquisition Agreement.

INFORMATION ON PARTIES AND INTERESTS TO BE ACQUIRED

The Group is principally engaged in the manufacture and sale of animal feed products in the PRC and Vietnam; breeding, farming and sale of livestock and aquatic animals and the manufacture and sale of value-added processed food products in Vietnam. Additionally, the Group is involved in various other relatively smaller businesses, including the manufacture and sale of chlortetracycline products, the manufacture and sale of motorcycles and automotive parts and trading of machinery.

Chia Tai Food Investment is an investment holding company and indirectly wholly-owned by CPG.

Chia Tai Food (Qinhuangdao) was established in the PRC in 2010 to be principally engaged in the production and sale of value-added processed food. There are no net profit or loss attributable to Chia Tai Food (Qinhuangdao) for the two financial years immediately preceding the Acquisition as the business of Chia Tai Food (Qinhuangdao) has not yet commenced operation as at the date of this announcement and is expected to commence operation in 2014.
REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in feed business in the PRC and agri-food business in Vietnam. Upon Completion, Chia Tai Food (Qinhuangdao) will become an indirect wholly-owned subsidiary of the Company. When its business become fully operational, Chia Tai Food (Qinhuangdao)’s main products will be Chinese-style ready-to-eat meals (Chinese dishes, soups, etc.), dim sum, buns, dumplings and other processed food items.

The Directors believe that the Acquisition will allow the Group to further pursue its integrated agri-food business strategy, entering the value-added processed food segment in China and reinforcing the Group’s leadership position in the industry. The Directors (including the independent non-executive Directors) also believe that the terms of the Acquisition under the Acquisition Agreement are on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole.

As Mr. Dhanin Chearavanont (the chairman of the Company) together with other members of the Chearavanont Shareholders has a controlling interest in Chia Tai Food Investment and Mr. Soopakij Chearavanont and Mr. Adirek Sripratak (the vice chairmen of the Company) has directorship in Chia Tai Food Investment, the Board considers that each of Mr. Dhanin Chearavanont, Mr. Soopakij Chearavanont and Mr. Adirek Sripratak has a material interest in the transactions contemplated under the Acquisition Agreement. Accordingly, Mr. Dhanin Chearavanont, Mr. Soopakij Chearavanont and Mr. Adirek Sripratak have abstained from voting on the resolutions tabled at the relevant Board meeting. Other than Mr. Dhanin Chearavanont, Mr. Soopakij Chearavanont and Mr. Adirek Sripratak who have abstained from voting, no other Director has a material interest in the transactions contemplated under the Acquisition Agreement, and hence no other Director has abstained from voting on the board resolutions approving the Acquisition Agreement.

LISTING RULES IMPLICATIONS

CPF is interested in approximately 67.5% of the Shares in issue and approximately 45.1% of its issued share capital is held by CPG as at the date of this announcement. Due to CPG’s near majority shareholding in CPF, the Company and CPG have agreed to treat CPG and its direct and indirect subsidiaries, including Chia Tai Food Investment, as connected persons of the Company within the meaning of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction for the Company.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements pursuant to Rule 14A.32 of the Listing Rules and exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition” the acquisition of the 100% equity interest in Chia Tai Food (Qinhuangdao) by CP China Investment from Chia Tai Food Investment under the Acquisition Agreement
“Acquisition Agreement” the agreement dated 31 December 2012 entered into between Chia Tai Food Investment and CP China Investment in relation to the Acquisition

“Board” the board of Directors of the Company

“Chearavanont Shareholders” four members of the Chearavanont family, namely Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Sumet Jiaravanon and Mr. Dhanin Chearavanont, who, on an aggregate basis, are directly and indirectly interested in approximately 67.5% of the Shares in issue

“Chia Tai Food Investment” Chia Tai Food Investment Company Limited (正大食品投資有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CPG

“Chia Tai Food (Qinhuangdao)” 正大食品企業（秦皇島）有限公司 (Chia Tai Food Enterprise (Qinhuangdao) Co., Ltd.), a limited liability company incorporated in the PRC to be principally engaged in the production and sale of value-added processed food

“Company” or “CPP” C.P. POKPHAND CO. LTD., an exempted company incorporated in Bermuda whose Shares are listed and traded on the Main Board of the Stock Exchange under stock code 43

“Completion” completion of the Acquisition under the Acquisition Agreement

“Consideration” the total consideration payable by CP China Investment for the Acquisition

“CP China Investment” CP China Investment Limited, a company incorporated in the Cayman Islands and an direct wholly-owned subsidiary of the Company

“CPF” Charoen Pokphand Foods Public Company Limited, a company organised and existing under the laws of the Kingdom of Thailand

“CPG” Charoen Pokphand Group Company Limited, a company organised and existing under the laws of the Kingdom of Thailand and owned as to 51.31% by the Chearavanont Shareholders

“Directors” the directors of the Company

“Group” CPP and its subsidiaries, jointly-controlled entities and associated companies from time to time

“Hong Kong” the Hong Kong Special Administrative Region of the PRC
On behalf of the Board

Arunee Watcharananan

Director

Hong Kong, 31 December 2012

Note: For the purpose of this announcement, the exchange rate for the conversion of HK$ into US$ for indication only is: US$1.00 = HK$7.80.

As at the date of this announcement, the Board comprises nine executive directors, namely, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Thanakorn Seriburi, Mr. Soopakij Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mr. Anan Athigapanich, Mr. Suphachai Chearavanont and Mrs. Arunee Watcharananan; one non-executive director, namely Mr. Meth Jiaronavanont; and five independent non-executive directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isre, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mr. Yanyong Phuangrach.