CONNECTED TRANSACTION

ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
HEFEI CHIA TAI

THE ACQUISITION

On 24 February 2014, Chia Tai Investment, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Chia Tai China Agro, an indirect subsidiary of Thana Holding, for the purchase of the entire equity interest in Hefei Chia Tai at the Consideration. Upon Completion, Hefei Chia Tai will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 71.3% of the Shares in issue and approximately 45.1% of CPF’s issued share capital is held by CPG, which is owned as to approximately 51.3% of its issued share capital by the Chearavanont Shareholders in aggregate. Thana Holding is also owned as to approximately 51.3% of its issued share capital by the Chearavanont Shareholders. Due to CPG’s near majority shareholding in CPF and the Chearavanont Shareholders’ aggregate majority shareholding in CPG and Thana Holding, Thana Holding and its associates are treated as connected persons of the Company for the purposes of the Listing Rules. The Acquisition is therefore treated as if it was a connected transaction of the Company under the Listing Rules.

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 exempt from the independent shareholders’ approval, reported and announced under the provisions of Rule 14A.32 of the Listing Rules as if the same were to be applicable.

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

Date : 24 February 2014

Parties : Chia Tai China Agro (as vendor); and Chia Tai Investment (as purchaser)

Interest to be acquired

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

Technical assistance service agreement

A technical service fee is currently being paid by Hefei Chia Tai to CPG for certain technical assistance services and is calculated at 1.5% on net sales value of product sold by Hefei Chia Tai.

Upon Completion, Hefei Chia Tai will terminate the technical assistance service agreement entered into with CPG, and enter into a new technical assistance service agreement with CPI, a wholly-owned subsidiary of the Company, on substantially the same terms.

Consideration and payment

The Consideration is RMB 220 million (equivalent to approximately US$36.4 million), which will be paid in full by cash by Chia Tai Investment within six months from the date of Completion. The Consideration will be funded by the Group’s own financial resources.

The Consideration was arrived at after arm’s length negotiations between Chia Tai Investment and Chia Tai China Agro by reference to, among other things,

(i) the net profit after tax of Hefei Chia Tai for the year ended 31 December 2013;
(ii) the technical service fee paid by Hefei Chia Tai for the year ended 31 December 2013; and
(iii) the price earnings multiple for the acquisition of the China feed business as announced by the Company on 11 December 2009.

Completion

Completion shall take place on the day on which Chia Tai Investment is registered as the sole shareholder of Hefei Chia Tai with the issuance of the business licence of Hefei Chia Tai to Chia Tai Investment by the relevant PRC government authority.
INFORMATION ON PARTIES

The Group is principally engaged in the manufacture and sale of animal feed products and value-added processed food products in the PRC and Vietnam; and breeding, farming and sale of livestock and aquatic animals in Vietnam. Additionally, the Group is also 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 Investment is an investment holding company and indirectly owned by the Company.

Chia Tai China Agro is an investment holding company and indirectly owned by Thana Holding, which is in turn owned as to approximately 51.3% by the Chearavanont Shareholders in aggregate.

Hefei Chia Tai is principally engaged in the manufacture and sale of animal feed products. Hefei Chia Tai was incorporated in 1992 and the registered capital of Hefei Chia Tai paid up by Chia Tai China Agro was RMB 125 million.

Based on Hefei Chia Tai’s audited accounts for each of the two financial years ended 31 December 2013 prepared in accordance with PRC generally accepted accounting principles, the audited profit of Hefei Chia Tai is as follows:

<table>
<thead>
<tr>
<th>Financial year ended 31 December</th>
<th>2012 (RMB million)</th>
<th>2013 (RMB million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audited profit before taxation</td>
<td>12.7</td>
<td>20.5</td>
</tr>
<tr>
<td>Audited profit after taxation</td>
<td>12.7</td>
<td>15.5</td>
</tr>
</tbody>
</table>

The net assets value of Hefei Chia Tai as at 31 December 2013, based on its audited accounts prepared in accordance with PRC generally accepted accounting principles, was approximately RMB 14.3 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in agri-food business in the PRC and Vietnam. Upon Completion, Hefei Chia Tai will become an indirect wholly-owned subsidiary of the Company. The Acquisition will allow the Group to increase its feed production capacity in the PRC and further reinforce the Group’s leading position in the feed industry.

The Directors (including the independent non-executive Directors) 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 (i) Mr. Dhanin Chearavanont (chairman and executive director of the Company) together with other members of the Chearavanont Shareholders has a controlling interest in Thana Holding which is the holding company of Chia Tai China Agro; and (ii) Mr. Thanakorn Seriburi (vice chairman and executive director of the Company) has directorship in Chia Tai China Agro, the Board considers that each of Mr. Dhanin Chearavanont and Mr. Thanakorn Seriburi has a material interest in the transaction contemplated under the Acquisition Agreement. Accordingly, Mr. Dhanin Chearavanont and Mr. Thanakorn Seriburi abstained from voting on the resolutions tabled at the relevant Board meeting. Other than Mr. Dhanin Chearavanont and Mr. Thanakorn Seriburi, no other Director has a material interest in the transaction contemplated under the Acquisition Agreement, and hence no other Director abstained from voting on the board resolutions approving the Acquisition Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 71.3% of the Shares in issue and approximately 45.1% of CPF’s issued share capital is held by CPG, which is owned as to approximately 51.3% of its issued share capital by the Chearavanont Shareholders in aggregate. Thana Holding is also owned as to approximately 51.3% of its issued share capital by the Chearavanont Shareholders. Due to CPG’s near majority shareholding in CPF and the Chearavanont Shareholders’ aggregate majority shareholding in CPG and Thana Holding, Thana Holding and its associates are treated as connected persons of the Company for the purposes of the Listing Rules. The Acquisition is therefore treated as if it was a connected transaction of the Company under the Listing Rules.

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 exempt from the independent shareholders’ approval, reported and announced under the provisions of Rule 14A.32 of the Listing Rules as if the same were to be applicable.

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 Hefei Chia Tai by Chia Tai Investment from Chia Tai China Agro under the Acquisition Agreement

“Acquisition Agreement” the agreement dated 24 February 2014 entered into between Chia Tai China Agro and Chia Tai 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 interested in approximately 51.3% of CPG
“Chia Tai China Agro” Chia Tai (China) Agro-Industrial Company Limited, a company organised and existing under the laws of Bermuda and an indirect subsidiary of Thana Holding

“Chia Tai Investment” 正大(中國)投資有限公司 (Chia Tai (China) Investment Company Limited), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

“Completion” completion of the Acquisition under the Acquisition Agreement

“Consideration” the total consideration payable by Chia Tai Investment for the Acquisition

“Company” 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

“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 51.3% by the Chearavanont Shareholders

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

“Directors” the directors of the Company

“Group” the Company and its subsidiaries from time to time

“Hefei Chia Tai” 合肥正大有限公司 (Hefei Chia Tai Co., Ltd.), a limited liability company incorporated in the PRC and is principally engaged in the manufacture and sale of animal feed products

“Hong Kong” the Hong Kong Special Administrative Region of the PRC

“Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange

“PRC” the People’s Republic of China excluding for this purpose, Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB” Renminbi, the lawful currency of the PRC

“Shareholders” holders of Shares from time to time

“Shares” ordinary shares of US$0.01 each in the capital of the Company

“Stock Exchange” the Stock Exchange of Hong Kong Limited

“Thana Holding” Thana Holding Company Limited, a company organised and existing under the laws of the Kingdom of Thailand and owned as to 51.3% by the Chearavanont Shareholders

“US$” United States dollars, the lawful currency of the United States of America

By Order of the Board
Arunee Watcharananan
Director

Hong Kong, 24 February 2014

Note: For the purpose of this announcement, the exchange rate for the conversion of RMB into US$ is US$1.00 = RMB 6.05

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 Jiaronvan; and five independent non-executive directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mrs. Vatchari Vimooktayon.