THE ACQUISITION

On 11 May 2016, Chia Tai China Investment, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Chia Tai Food Investment, an indirect wholly-owned subsidiary of CPG, for the acquisition of the entire equity interest in Hubei Chia Tai at the Consideration. Upon Completion, Hubei 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 47.8% of the Shares in issue and approximately 45.4% of CPF’s issued share capital is held by CPG. Due to CPG’s near majority shareholding in CPF, the Company and CPG have agreed to treat CPG and its direct and indirect subsidiaries as connected persons of the Company within the meaning of the Listing Rules. As Chia Tai Food Investment is an indirect subsidiary of CPG, the transaction contemplated under the Acquisition Agreement is treated as if it was a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction under the Acquisition Agreement are more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A 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 : 11 May 2016

Parties : Chia Tai Food Investment (as Vendor); and
Chia Tai China Investment (as Purchaser)
Interest to be acquired

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

Consideration and payment

The Consideration is US$15.95 million (equivalent to approximately RMB103 million), to be paid in cash in full by Chia Tai China Investment within six months from the date of Completion. The Consideration will be funded by the Group’s own financial resources.

The original cost of investment to Chia Tai Food Investment in the entire equity interest in Hubei Chia Tai is US$15.95 million (equivalent to approximately RMB103 million), being the paid up capital of Hubei Chia Tai contributed by Chia Tai Food Investment.

The Consideration was arrived at after arm’s length negotiations between Chia Tai China Investment and Chia Tai Food Investment with reference to, among other things, the existing paid up capital of Hubei Chia Tai.

Completion

Completion shall take place on the day on which Chia Tai China Investment is registered as the sole shareholder of Hubei Chia Tai upon the issuance of the business licence of Hubei Chia Tai by the relevant PRC government authority.

INFORMATION ON PARTIES

The Company is an investment holding company. The subsidiaries of the Group are principally engaged, in the PRC, in (i) the manufacture and sale of animal feed products and (ii) the manufacture and sale of value-added, processed food products, and, in Vietnam, in (i) the manufacture and sale of animal feed products, (ii) breeding, farming and sale of livestock and aquatic animals, and (iii) the manufacture and sale of value-added, processed food products.

Chia Tai China Investment is an investment holding company and indirectly wholly-owned by the Company.

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

Hubei Chia Tai was established in the PRC on 31 December 2015 and there is no net profit or loss attributable to Hubei Chia Tai for the two financial years immediately preceding the Acquisition. Hubei Chia Tai has entered into agreements with Tong Xing to acquire certain of its assets, has already completed such acquisition, and has arranged loans from banks and other independent third parties to finance the acquisition (in addition to its equity capital). The assets acquired by Hubei Chia Tai include land and building, production facilities and equipment for the manufacture of animal feed and processed food products. To the best knowledge, information and belief of the Directors (having made all reasonable enquiries), Tong Xing is independent of and not connected with any Director, chief executive or substantial shareholder of the Company, its subsidiaries or any of their respective associates. As at 30 April 2016, Hubei Chia Tai had total assets of RMB953 million (equivalent to approximately US$146.6 million) and bank loans and third party liabilities of RMB853 million (equivalent to
approximately US$131.2 million). The net asset value of Hubei Chia Tai as at 30 April 2016 was RMB100 million (equivalent to approximately US$15.4 million). Hubei Chia Tai incurred a loss of RMB3 million (equivalent to approximately US$0.5 million) for the four months period ended 30 April 2016.

**REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in agri-food business in the PRC and Vietnam. Upon Completion, Hubei Chia Tai will become an indirect wholly-owned subsidiary of the Company. The Acquisition will allow the Group to expand its agri-food business in the PRC and further reinforce the Group’s leading position in the agri-food 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 Mr. Dhanin Chearavanont (chairman and executive director of the Company), Mr. Adirek Sripratak and Mr. Soopakij Chearavanont (vice chairmen and executive directors of the Company) have directorship in Chia Tai Food Investment and/or its intermediate holding companies, the Board considers that each of Mr. Dhanin Chearavanont, Mr. Adirek Sripratak and Mr. Soopakij Chearavanont has a material interest in the transaction contemplated under the Acquisition Agreement. Accordingly, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak and Mr. Soopakij Chearavanont abstained from voting on the resolution tabled at the board meeting of the Company held to consider and approve the Acquisition Agreement. Other than Mr. Dhanin Chearavanont, Mr. Adirek Sripratak and Mr. Soopakij Chearavanont, 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 resolution approving the Acquisition Agreement.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, CPF is interested in approximately 47.8% of the Shares in issue and approximately 45.4% of CPF’s issued share capital is held by CPG. Due to CPG’s near majority shareholding in CPF, the Company and CPG have agreed to treat CPG and its direct and indirect subsidiaries as connected persons of the Company within the meaning of the Listing Rules. As Chia Tai Food Investment is an indirect subsidiary of CPG, the transaction contemplated under the Acquisition Agreement is treated as if it was a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction under the Acquisition Agreement are more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Chapter 14A 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 entire equity interest in Hubei Chia Tai under the Acquisition Agreement
“Acquisition Agreement” the agreement dated 11 May 2016 entered into between Chia Tai China Investment and Chia Tai Food Investment in relation to the Acquisition

“Board” the board of Directors of the Company

“Chia Tai Food Investment” Chia Tai Food Investment Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CPG

“Chia Tai China Investment” Chia Tai (China) Investment Co., Ltd., a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

“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

“Completion” completion of the Acquisition under the Acquisition Agreement

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

“CPF” Charoen Pokphand Foods Public Company Limited, a company organised and existing under the laws of the Kingdom of Thailand whose shares are listed and traded on the Stock Exchange of Thailand

“CPG” Charoen Pokphand Group Company Limited, a company organised and existing under the laws of the Kingdom of Thailand

“Directors” the directors of the Company

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

“Hubei Chia Tai” 湖北正大有限公司 (Hubei Chia Tai Co., Ltd.), a limited liability company incorporated in the PRC

“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 the purpose of this announcement the Hong Kong Special Administrative Region, 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 share capital of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Tong Xing” collectively, 湖北同星農業有限公司 (Hubei Tong Xing Agriculture Co., Ltd.) and 湖北同星食品有限公司 (Hubei Tong Xing Food Co., Ltd.), limited liability companies incorporated in the PRC

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

By Order of the Board

Arunee Watcharananan
Director

Hong Kong, 11 May 2016

Note: For the purpose of this announcement, the exchange rate for the conversion of RMB into US$ for indication only is: US$1.00 = RMB6.5.

As at the date of this announcement, the Board comprises eight executive directors, namely, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mr. Anan Athigapanich, Mr. Suphachai Chearavanont and Mrs. Arunee Watcharananan; two non-executive directors, namely, Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe; 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.