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C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)
(Stock Code: 43)

CONTINUING CONNECTED TRANSACTION

THE TRADEMARK LICENCE AGREEMENT AND THE PROPOSED ANNUAL CAPS

On 28 December 2016, CPVC, an indirect non-wholly owned subsidiary of the Company, entered into the Trademark Licence Agreement with CPG, whereby CPG will grant CPVC a non-exclusive right to use the Trademarks in accordance with the terms and conditions of the Trademark Licence Agreement.

The annual caps for the royalty fee to be paid by CPVC to CPG under the Trademark Licence Agreement for the financial years ending 31 December 2017, 2018 and 2019 respectively are proposed to be US\$42 million (approximately HK\$325.5 million), US\$46 million (approximately HK\$356.5 million) and US\$51 million (approximately HK\$395.3 million).

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 47.8% of the Shares in issue and approximately 44.75% 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 as a substantial shareholder of the Company and its subsidiaries and their respective associates as connected persons of the Company within the meaning of the Listing Rules. The transaction between CPG and CPVC under the Trademark Licence Agreement is therefore treated as if it was a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the proposed annual caps under the Trademark Licence Agreement are more than 0.1% but less than 5%, the transaction under Trademark Licence Agreement 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.

CONTINUING CONNECTED TRANSACTION

TRADEMARK LICENCE AGREEMENT

On 28 December 2016, CPVC, an indirect non-wholly owned subsidiary of the Company, entered into the Trademark Licence Agreement with CPG. The major terms of the Trademark Licence Agreement are summarised below:

(a) Date

28 December 2016

(b) Parties

- (i) CPG (as licensor)
- (ii) CPVC (as licensee)

(c) Subject matter

The grant of a non-exclusive right of use of the Trademarks in connection with CPVC's business operations.

(d) Royalty fee

Equivalent to 1.5% of the net revenue of CPVC (and any subsidiary which has been granted a sub-licence to use the Trademarks) from sale from sale of goods and provision of services, which was the same as under the CPG technical assistance services agreement.

The royalty rate was arrived at after arm's length negotiations between CPVC and CPG with reference to the royalty fees charged by other licensors for similar transactions and the prevailing market conditions.

(e) Payment terms

The royalty fee shall be assessed by CPG on a monthly basis based on the books and records of CPVC and shall be payable in accordance with the invoice issued by CPG. CPVC agrees to submit its books and records to CPG upon request by CPG, and CPG shall have the right to examine CPVC's books and records.

(f) Term

The Trademark Licence Agreement will take effect from 1 January 2017 and continue until 31 December 2019.

(g) Annual caps

The annual caps for the royalty fee to be paid by CPVC to CPG under the Trademark Licence Agreement for the financial years ending 31 December 2017, 2018 and 2019 respectively are proposed to be US\$42 million (approximately HK\$325.5 million), US\$46 million (approximately HK\$356.5 million) and US\$51 million (approximately HK\$395.3 million).

The above annual caps have been determined by reference to the historical net revenue of CPVC and allowing for growth in the business of CPVC in the coming years.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The subsidiaries of the Group are principally engaged, in the PRC, in the manufacture and sale of animal feed products and 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.

The issued share capital of CPVC is held by Modern State Investments Limited (which is a wholly-owned subsidiary of the Company) as to 70.82%. CPVC was established in Vietnam in 1993 and is a fully integrated livestock and aqua-culture company. CPVC is principally engaged in (i) the manufacturing 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.

CPG is an investment holding company.

REASONS FOR ENTERING INTO THE TRADEMARK LICENCE AGREEMENT

The technical assistance services agreement entered into between CPVC and CPG on 14 November 2013, which renewed an earlier technical assistance services agreement made between the same parties on 19 August 2009, will expire on 31 December 2016. Under this agreement, CPG has been providing various services to CPVC in connection with CPVC's business, which include the use of the Trademarks. Following the expiry of that agreement, CPVC intends to continue the usage of the Trademarks in its business operations. The Trademarks, which were registered in Vietnam by CPG, are well-known and famous brands in the Vietnam agri-food market. The Directors believe that it is in the best interests of CPVC to enter into the Trademark Licence Agreement as the usage of the Trademarks by CPVC will promote its sales and strengthen its position in the Vietnam agri-food market.

The Directors (including the independent non-executive Directors) believe that the terms of the Trademark Licence Agreement and the proposed annual caps are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Board considered that each of Mr. Dhanin Chearavanont (chairman and executive director of the Company), Mr. Adirek Sripratak (vice chairman and executive director of the Company), Mr. Soopakij Chearavanont (vice chairman and executive director of the Company), Mr. Suphachai Chearavanont (executive director of the Company) and Mrs. Arunee Watcharananan (executive director of the Company) had a material interest in the transaction contemplated under the Trademark Licence Agreement in view of their respective shareholdings in CPG, and accordingly all of them abstained from voting on the resolutions proposed and passed at the board meeting of the Company held to consider the Trademark Licence Agreement. Other than Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Suphachai Chearavanont and Mrs. Arunee Watcharananan, no other Director was considered to have a material interest in the transaction contemplated under the Trademark Licence Agreement, and hence no

other Director abstained from voting on the board resolutions for approving the Trademark Licence Agreement.

LISTING RULES IMPLICATIONS

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As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the proposed annual caps under the Trademark Licence Agreement are more than 0.1% but less than 5%, the transaction under Trademark Licence Agreement 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.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term in the Listing Rules
“Board”	the board of directors 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
“connected persons”	has the meaning ascribed to this term in the Listing Rules
“Continuing Connected Transaction”	the continuing connected transaction contemplated under the Trademark Licence Agreement
“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

“CPVC”	C.P. Vietnam Corporation, a joint stock company incorporated in Vietnam and held as to 70.82% by Modern State Investments Limited (which is a wholly-owned subsidiary of the Company)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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
“substantial shareholder”	has the meaning ascribed to this term in the Listing Rules
“Trademarks”	the mark and logo, and any other trademarks, certification marks, service marks registrations owned by CPG and as listed in the exhibit 2 annexed to the Trademark Licence Agreement
“Trademark Licence Agreement”	the agreement dated 28 December 2016 made between CPG as licensor and CPVC as licensee, for the provision of a non-exclusive right of use of the Trademarks in connection with CPVC’s business operations with effect from 1 January 2017 and continue until 31 December 2019
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board
Arunee Watcharananan
Director

Note: For the purpose of this announcement, the exchange rate for the conversion of US\$ into HK\$ for indication only is: US\$1.0 = HK\$7.75.

Hong Kong, 28 December 2016

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 Deoisres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mrs. Vatchari Vimooktayon.