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C.P. POKPHAND CO. LTD.

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

CONNECTED TRANSACTIONS - ACQUISITIONS

TRANSACTIONS

On 18 February 2019, CTI, a wholly-owned subsidiary of the Company, entered into:

- (1) Beihai Share Purchase Agreement with CPF, pursuant to which CPF agreed to sell, and CTI agreed to purchase, the equity capital held by CPF in CP Beihai (representing its entire equity capital) for a total consideration of RMB35,000,000 (equivalent to approximately US\$5.1 million);
- (2) Lianyungang Share Purchase Agreement with CT Lianyungang, pursuant to which CT Lianyungang agreed to sell, and CTI agreed to purchase, the equity capital held by CT Lianyungang in Lianyungang CTAI (representing 70% of its equity capital) for a total consideration of RMB66,500,000 (equivalent to approximately US\$9.7 million); and
- (3) Hainan Share Purchase Agreement with CTAI, pursuant to which CTAI agreed to sell, and CTI agreed to purchase, the equity capital held by CTAI in Hainan CT (representing its entire equity capital) for a total consideration of RMB69,470,000 (equivalent to approximately US\$10.1 million).

Furthermore, on 18 February 2019, CP China, a wholly-owned subsidiary of the Company, entered into the CP China Share Purchase Agreement with CPF, pursuant to which CPF agreed to sell, and CP China agreed to purchase, the equity capital held by CPF in:

- (1) CP Dongfang (representing its entire equity capital) for a total consideration of RMB230,800,000 (equivalent to approximately US\$33.7 million);
- (2) CP Zhangzhou (representing its entire equity capital) for a total consideration of RMB128,900,000 (equivalent to approximately US\$18.8 million); and
- (3) CP Zhanjiang (representing its entire equity capital) for a total consideration of RMB65,350,000 (equivalent to approximately US\$9.5 million).

LISTING RULES IMPLICATIONS

As at the date of this announcement:

- (1) CPF was interested in approximately 47.8% of the Shares in issue and was therefore a substantial shareholder. CT Lianyungang was directly wholly owned by CP Enterprise which, in turn, was held as to 39% by CPF. CT Lianyungang was an associate of CPF and therefore a connected person of the Company; and
- (2) CTAI was an indirect wholly-owned subsidiary of CPG which, in turn, was interested in approximately 49.11% of the issued share capital of CPF. 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. CTAI was an associate of CPG and therefore treated as a connected person of the Company.

Accordingly, each of the Transactions constitutes a connected transaction of the Company under the Listing Rules.

As each of the Transactions relates to the Group's acquisition of company involved in similar businesses from parties related to each other, the Company has aggregated the Transactions and treated them as if they were one transaction. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transaction are more than 0.1% but less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

TRANSACTIONS

On 18 February 2019, CTI, a wholly-owned subsidiary of the Company, entered into:

- (1) Beihai Share Purchase Agreement with CPF, pursuant to which CPF agreed to sell, and CTI agreed to purchase, the equity capital held by CPF in CP Beihai (representing its entire equity capital) for a total consideration of RMB35,000,000 (equivalent to approximately US\$5.1 million);
- (2) Lianyungang Share Purchase Agreement with CT Lianyungang, pursuant to which CT Lianyungang agreed to sell, and CTI agreed to purchase, the equity capital held by CT Lianyungang in Lianyungang CTAI (representing 70% of its equity capital) for a total consideration of RMB66,500,000 (equivalent to approximately US\$9.7 million); and
- (3) Hainan Share Purchase Agreement with CTAI, pursuant to which CTAI agreed to sell, and CTI agreed to purchase, the equity capital held by CTAI in Hainan CT (representing its entire equity capital) for a total consideration of RMB69,470,000 (equivalent to approximately US\$10.1 million).

Furthermore, on 18 February 2019, CP China, a wholly-owned subsidiary of the Company, entered into the CP China Share Purchase Agreement with CPF, pursuant to which CPF agreed to sell, and CP China agreed to purchase, the equity capital held by CPF in:

- (1) CP Dongfang (representing its entire equity capital) for a total consideration of RMB230,800,000 (equivalent to approximately US\$33.7 million);
- (2) CP Zhangzhou (representing its entire equity capital) for a total consideration of RMB128,900,000 (equivalent to approximately US\$18.8 million); and
- (3) CP Zhanjiang (representing its entire equity capital) for a total consideration of RMB65,350,000 (equivalent to approximately US\$9.5 million).

The key terms of the Beihai Share Purchase Agreement, the Lianyungang Share Purchase Agreement, the Hainan Share Purchase Agreement and the CP China Share Purchase Agreement are summarised below:

1. Beihai Share Purchase Agreement

(a) Date

18 February 2019

(b) Parties

- (i) CTI (as the purchaser)
- (ii) CPF (as the vendor)

(c) Subject Matter

CPF agreed to sell, and CTI agreed to purchase, the equity capital held by CPF in CP Beihai (representing its entire equity capital).

(d) Consideration

The consideration for the purchase of the equity capital of CP Beihai is RMB35,000,000 (equivalent to approximately US\$5.1 million), to be paid within 60 days following the date of closing.

The consideration was arrived at after arm's length negotiations between the parties with reference to the net asset value and the performance of CP Beihai and its business prospects.

The consideration will be satisfied by use of the Group's available internal resources and external financing.

(e) Conditions Precedent

Closing of the transaction is conditional upon satisfaction of certain conditions, including that CPF and CP Beihai have obtained (i) all necessary consents from third parties as required under the transaction, and (ii) all necessary approvals from and registrations or filings with the government authorities.

(f) Closing

Following satisfaction or waiver (where permitted) of the conditions precedent under the Beihai Share Purchase Agreement, closing will take place on the day on which CP Beihai completes the SAMR registration for CTI to become its shareholder.

2. Lianyungang Share Purchase Agreement

(a) Date

18 February 2019

(b) Parties

- (i) CTI (as the purchaser)
- (ii) CT Lianyungang (as the vendor)

(c) Subject Matter

CT Lianyungang agreed to sell, and CTI agreed to purchase, the equity capital held by CT Lianyungang in Lianyungang CTAI (representing 70% of its equity capital).

(d) Consideration

The consideration is RMB66,500,000 (equivalent to approximately US\$9.7 million), to be paid in cash on the fifth business day following the date of closing.

The consideration was arrived at after arm's length negotiations between the parties with reference to the net asset value and the performance of Lianyungang CTAI and its business prospects.

The consideration will be satisfied by use of the Group's available internal resources and external financing.

(e) Conditions Precedent

Closing of the transaction is conditional upon satisfaction of certain conditions, including that CT Lianyungang and Lianyungang CTAI have obtained (i) written confirmation or resolution from the other shareholder of Lianyungang CTAI granting its consent to this transaction and waiving its right of first refusal, (ii) all other necessary consents from other third parties as required under the transaction, and (iii) all necessary approvals from and registrations or filings with the government authorities.

(f) Closing

Following satisfaction or waiver (where permitted) of the conditions precedent under the Lianyungang Share Purchase Agreement, closing will take place on the day on which Lianyungang CTAI completes all necessary registrations or filings with the government authorities.

3. Hainan Share Purchase Agreement

(a) Date

18 February 2019

(b) Parties

- (i) CTI (as the purchaser)
- (ii) CTAI (as the vendor)

(c) Subject Matter

CTAI agreed to sell, and CTI agreed to purchase, the equity capital held by CTAI in Hainan CT (representing its entire equity capital).

(d) Consideration

The consideration is RMB69,470,000 (equivalent to approximately US\$10.1 million), to be paid in cash within 60 days following the date of closing.

The consideration was arrived at after arm's length negotiations between the parties with reference to the net asset value and the performance of Hainan CT and its business prospects.

The consideration will be satisfied by use of the Group's available internal resources and external financing.

(e) Conditions Precedent

Closing of the transaction is conditional upon satisfaction of certain conditions, including that CTAI and Hainan CT have obtained (i) all necessary consents from third parties as required under the transaction, and (ii) all necessary approvals from and registrations or filings with the government authorities.

(f) Closing

Following satisfaction or waiver (where permitted) of the conditions precedent under the Hainan Share Purchase Agreement, closing will take place on the day on which Hainan CT completes the SAMR registration for CTI to become its shareholder.

4. CP China Share Purchase Agreement

(a) Date

18 February 2019

(b) Parties

- (i) CP China (as the purchaser)
- (ii) CPF (as the vendor)

(c) Subject Matter

CPF agreed to sell, and CP China agreed to purchase, the equity capital held by CPF in each of CP Dongfang, CP Zhangzhou and CP Zhanjiang (representing the entire equity capital of such entity respectively).

(d) Consideration

The consideration for the purchase of the equity capital of CP Dongfang, CP Zhangzhou and CP Zhanjiang is RMB230,800,000, RMB128,900,000 and RMB65,350,000 respectively (equivalent to approximately US\$33.7 million, US\$18.8 million and US\$9.5 million respectively), to be paid within 60 days following the date of closing.

The consideration was arrived at after arm's length negotiations between the parties with reference to the net asset value and the performance of each of CP Dongfang, CP Zhangzhou and CP Zhanjiang and its business prospects.

The consideration will be satisfied by use of the Group's available internal resources and external financing.

(e) Conditions Precedent

Closing of the transaction is conditional upon satisfaction of certain conditions, including that each of CPF, CP Dongfang, CP Zhangzhou and CP Zhanjiang has obtained (i) all necessary consents from third parties as required under the transaction, and (ii) all necessary approvals from and registrations or filings with the government authorities.

(f) Closing

Following satisfaction or waiver (where permitted) of the conditions precedent under the CP China Share Purchase Agreement, closing will take place on the day on which all of CP Dongfang, CP Zhangzhou and CP Zhanjiang complete the SAMR registration for CP China to become its shareholder.

INFORMATION ON THE PARTIES

The Purchasers

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

CTI is an investment holding company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company.

CP China is an investment holding company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company.

The Vendors

CPF is an investment holding company organised and existing under the laws of the Kingdom of Thailand, the shares of which are listed and traded on the Stock Exchange of Thailand.

CT Lianyungang is an investment holding company incorporated in Hong Kong and is indirectly wholly owned by CP Enterprise (an investment holding company incorporated in Taiwan, the shares of which are listed and traded on the Taiwan Stock Exchange). CPF is interested in approximately 39% of the issued share capital of CP Enterprise.

CTAI is an investment holding company and an indirect wholly-owned subsidiary of CPG.

Target Entities

Each of CP Beihai, CP Dongfang, CP Zhangzhou, CP Zhanjiang, Lianyungang CTAI and Hainan CT is a company incorporated in the PRC.

CP Beihai, Lianyungang CTAI and Hainan CT are principally engaged in the manufacture and sale of animal feed products.

CP Dongfang, CP Zhangzhou and (upon commencement of production) CP Zhanjiang are principally engaged in the production and sale of shrimp fry (which is typically sold together with shrimp feed in the PRC).

Brief details of the subject entities are set out below:

	<u>Date of Incorporation</u>	<u>Registered Capital</u>
CP Beihai	21 December 2001	US\$17,500,000
CP Dongfang	22 December 2006	US\$148,000,000
CP Zhangzhou	1 November 2016	US\$1,680,000
CP Zhanjiang	13 December 2016	US\$12,000,000
Lianyungang CTAI	15 February 1992	US\$5,400,000
Hainan CT	29 October 1993	US\$6,966,000

According to the management accounts prepared in accordance with PRC generally accepted accounting principles, the net asset value of CP Beihai, CP Dongfang, CP Zhangzhou, CP Zhanjiang, Lianyungang CTAI and Hainan CT was RMB13,713,000, RMB192,082,000, RMB26,674,000, RMB65,350,000, RMB54,510,000 and RMB12,853,000 respectively as at 31 December 2018.

The following tables are prepared based on the audited accounts of the Target Entities for the financial years ended 31 December 2016 and 2017 and their management accounts for the financial year ended 31 December 2018 (all such accounts being prepared in accordance with PRC generally accepted accounting principles):

		31 December 2016 (audited)	For the Year Ended 31 December 2017 (audited) (in RMB '000)	31 December 2018 (unaudited)
<u>CP Beihai</u>	Profit / (loss) before taxation	(5,633)	(3,274)	(2,413)
	Profit / (loss) after taxation	(5,633)	(3,274)	(2,413)
<u>CP Dongfang</u>	Profit / (loss) before taxation	28,675	68,236	36,511
	Profit / (loss) after taxation	28,675	65,982	28,855
<u>CP Zhangzhou</u>	Profit / (loss) before taxation	N/A ^(Note 1)	N/A ^(Note 1)	18,410
	Profit / (loss) after taxation	N/A ^(Note 1)	N/A ^(Note 1)	16,109
<u>CP Zhenjiang</u>	Profit / (loss) before taxation	N/A ^(Note 2)	N/A ^(Note 2)	N/A ^(Note 2)
	Profit / (loss) after taxation	N/A ^(Note 2)	N/A ^(Note 2)	N/A ^(Note 2)
<u>Lianyungang CTAI</u>	Profit / (loss) before taxation	9,277	11,768	9,025
	Profit / (loss) after taxation	6,562	9,370	6,761
<u>Hainan CT</u>	Profit / (loss) before taxation	(4,561)	(4,477)	(2,382)
	Profit / (loss) after taxation	(4,561)	(4,477)	(2,382)

Notes:

- 1 Information not available as company only commenced operations in 2018.
- 2 Information not available as company had not commenced production as at 31 December 2018. Production is planned to commence shortly.

Upon completion of the relevant Transaction, each of the Target Entities will become an indirect subsidiary of the Company and its financial results will be consolidated with the results of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in agri-food business in the PRC and Vietnam. The Transactions will allow the Group to expand its feed business in the PRC and further reinforce the Group's position.

The Board considered that each of Mr. Dhanin Chearavanont (chairman and executive director of the Company), Mr. Adirek Sripratak, Mr. Soopakij Chearavanont (both vice chairmen and executive directors of the Company), Mr. Suphachai Chearavanont, Mr. Sooksunt Jiumjaiswanglerg and Mrs. Arunee Watcharananan and (each an executive director of the Company) had a material interest in the Transactions in view of their respective shareholdings in CPG and/or directorships in CPF, and accordingly they had abstained from voting on the resolutions relating to the Beihai Share Purchase Agreement, the Lianyungang Share Purchase Agreement, the Hainan Share Purchase Agreement and/or the CP China Share Purchase Agreement.

Save as disclosed above, none of the other Directors had any material interest in the Transactions and was required to abstain from voting on the board resolutions for approving the Transactions.

The Directors (including the independent non-executive Directors, but excluding those Directors mentioned above who abstained from voting) are of the view that each of the Transactions is on normal commercial terms and is entered into in the ordinary and usual course of business of the Group, that the terms of each of the Transactions are fair and reasonable and that each of the Transactions is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement:

- (1) CPF was interested in approximately 47.8% of the Shares in issue and was therefore a substantial shareholder. CT Lianyungang was directly wholly owned by CP Enterprise which, in turn, was held as to 39% by CPF. CT Lianyungang was an associate of CPF and therefore a connected person of the Company; and
- (2) CTAI was an indirect wholly-owned subsidiary of CPG which, in turn, was interested in approximately 49.11% of the issued share capital of CPF. 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. CTAI was an associate of CPG and therefore treated as a connected person of the Company.

Accordingly, each of the Transactions constitutes a connected transaction of the Company under the Listing Rules.

As each of the Transactions relates to acquisition of a company involved in similar businesses from parties related to each other, the Company has aggregated the Transactions and treated them as if they were one transaction. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions on an aggregated basis are more than 0.1% but less than 5%, the Transactions are subject to the reporting and announcement requirements but are 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
“Beihai Share Purchase Agreement”	the share purchase agreement dated 18 February 2019 entered into between CTI (as the purchaser) and CPF (as the vendor), pursuant to which CTI agreed to purchase, and CPF agreed to sell, the equity capital held by CPF in CP Beihai
“Board”	the board of directors of the Company
“Company”	C.P. Pokphand Co. Ltd., an exempted company incorporated in Bermuda the Shares of which 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, the shares of which 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
“CP Beihai”	卜蜂（北海）水產飼料有限公司 (C.P. Aquaculture (Beihai) Co., Ltd.), a limited liability company incorporated in the PRC which is principally engaged in the manufacture and sale of animal feed products
“CP China”	CP China Investment Limited, a limited liability company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of the Company
“CP China Share Purchase Agreement”	the share purchase agreement dated 18 February 2019 entered into between CP China (as the purchaser) and CPF (as the vendor), pursuant to which CP China agreed to purchase, and CPF agreed to sell, the equity capital held by CPF in each of CP Dongfang, CP Zhangzhou and CP Zhanjiang

“CP Dongfang”	卜蜂水產（東方）有限公司 (C.P. Aquaculture (Dongfang) Co., Ltd.), a limited liability company incorporated in the PRC which is principally engaged in the production and sale of shrimp fry
“CP Enterprise”	Charoen Pokphand Enterprise (Taiwan) Co. Ltd., a company incorporated in Taiwan and the shares of which are listed and traded on the Taiwan Stock Exchange
“CP Zhangzhou”	漳州卜蜂正大水產有限公司 (Zhangzhou C.P. Chia Tai Aquaculture Co., Ltd.), a limited liability company incorporated in the PRC which is principally engaged in the production and sale of shrimp fry
“CP Zhanjiang”	卜蜂水產（湛江）有限公司 (C.P. Aquaculture (Zhanjiang) Co., Ltd.), a limited liability company incorporated in the PRC which upon commencement of its operations will be principally engaged in the production and sale of shrimp fry
“CTAI”	正大畜牧投資（北京）有限公司 (Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.), a limited liability company incorporated in the PRC and an investment holding company and an indirect wholly-owned subsidiary of CPG
“CTI”	正大（中國）投資有限公司 (Chia Tai (China) Investment Company Limited), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“CT Lianyungang”	Chia Tai Lianyungang Co. Ltd., a limited liability company incorporated in Hong Kong and an investment holding company and an indirect wholly-owned subsidiary of CP Enterprise
“connected person”	has the meaning ascribed to this term in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“Hainan CT”	海南正大畜牧有限公司 (Hainan Chia Tai Animal Husbandry Co., Ltd.), a limited liability company incorporated in the PRC which is principally engaged in the leasing of assets for the manufacture and sale of animal feed products
“Hainan Share Purchase Agreement”	the share purchase agreement dated 18 February 2019 entered into between CTI (as the purchaser) and CTAI (as the vendor), pursuant to which CTI agreed to purchase, and CTAI agreed to sell, the equity capital held by CTAI in Hainan CT

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lianyungang CTAI”	連雲港正大農牧發展有限公司 (Lianyungang Chia Tai Agro-Industry Development Co., Ltd.), a limited liability company incorporated in the PRC which is principally engaged in the manufacture and sale of animal feed products
“Lianyungang Share Purchase Agreement”	the share purchase agreement dated 18 February 2019 entered into between CTI (as the purchaser) and CT Lianyungang (as the vendor), pursuant to which CTI agreed to purchase, and CT Lianyungang agreed to sell, the equity capital held by CPF in Lianyungang CTAI
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SAMR”	the State Administration for Market Regulation 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
“Target Entities”	CP Beihai, CP Dongfang, CP Zhangzhou, CP Zhanjiang, Lianyungang CTAI and Hainan CT
“Transactions”	the transactions contemplated under the Beihai Share Purchase Agreement, the Lianyungang Share Purchase Agreement, the Hainan Share Purchase Agreement and the CP China Share Purchase Agreement

“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 RMB is US\$1 = RMB6.85 for indication only.

Hong Kong, 18 February 2019

As at the date of this announcement, the Board comprises eight executive directors, namely, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Suphachai Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mrs. Arunee Watcharananan and Mr. Yu Jianping; two non-executive directors, namely, Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe; and five independent non-executive directors, namely, Mr. Andrew Ma Chiu Cheung, Mr. Sombat Deo-isres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mrs. Vatchari Vimooktayon.