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**C.P. POKPHAND CO. LTD.**

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

**CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO  
THE 2020 TRADEMARK SUB-LICENCE AGREEMENT**

**THE 2020 MASTER TRADEMARK SUB-LICENCE AGREEMENT**

Reference is made to the announcement of the Company dated 10 August 2018 in relation to the 2018 Master Trademark Sub-licence Agreement. As the 2018 Master Trademark Sub-licence Agreement will expire on 31 December 2020, on 30 December 2020, CP China, a subsidiary of the Company, entered into the 2020 Master Trademark Sub-licence Agreement with CT Animal Husbandry to renew the trademark sub-licence arrangement and to extend the arrangement to the Designated Trademark.

**LISTING RULES IMPLICATIONS**

As explained in the section headed “Listing Rules Implications” below, the transactions contemplated under the 2020 Master Trademark Sub-licence Agreement are treated as continuing connected transactions of the Company under the Listing Rules and are subject to certain compliance requirements under the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS**

### **THE 2020 MASTER TRADEMARK SUB-LICENCE AGREEMENT**

Reference is made to the announcement of the Company dated 10 August 2018 in relation to the 2018 Master Trademark Sub-licence Agreement. As the 2018 Master Trademark Sub-licence Agreement will expire on 31 December 2020, on 30 December 2020, CP China, a subsidiary of the Company, entered into the 2020 Master Trademark Sub-licence Agreement with CT Animal Husbandry to continue the trademark sub-licence arrangement and to substantially extend its scope.

Under the 2020 Master Trademark Sub-licence Agreement, the royalty fee payable is charged at the rate of 1.5% of the net sale value of products sold under the Designated Trademark and the scope of the sub-licence will extend to cover the CP Mark registered in the PRC for use in 31 classes. The other terms of the 2020 Master Trademark Sub-licence Agreement are similar to the 2018 Master Trademark Sub-licence Agreement.

The major terms are summarised below:

**(a) Date**

30 December 2020

**(b) Parties**

- (i) CT Animal Husbandry (as sub-licensor)
- (ii) CP China (as sub-licensee)

**(c) Subject matter**

The sub-licence by CT Animal Husbandry to the CP China Subsidiaries of a non-exclusive right to use the Designated Trademark in the PRC in connection with the production, distribution and sale of certain food-related products and the provision of certain related services.

**(d) Royalty fee**

The royalty fee payable by the CP China Subsidiaries in respect of the use of the Designated Trademark is charged at the rate of 1.5% of the net sale value of products sold under the Designated Trademark.

The royalty rate was agreed after arm's length negotiations between CP China and CT Animal Husbandry taking into account the current arrangement of CPG, being the holding company of CT Animal Husbandry, of charging the same 1.5% rate of royalty fees to a number of licensees in many countries for the use of the CP Mark.

**(e) Payment terms**

The royalty fee shall be assessed by CT Animal Husbandry on a monthly basis based on the books and records of the CP China Subsidiaries.

**(f) Term**

The 2020 Master Trademark Sub-licence Agreement will take effect from 1 January 2021 and continue until 31 December 2023.

**(g) Historical net sale value and royalty fee paid**

	For the period between 14 August to 31 December <b>2018</b>	For the financial year ended 31 December <b>2019</b>	For the nine-month ended 30 September <b>2020</b>
Historical amount of royalty fee paid under the 2018 Master Trademark Sub-licence Agreement	RMB4.1 million	RMB9.8 million	RMB8.4 million
On the basis of the amount of net sale value of relevant food products sold under the CP Mark in two classes	RMB1,996 million	RMB4,903 million	RMB3,427 million

**(h) Annual caps of the royalty fee payable**

	For the financial year ending 31 December		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Annual cap of royalty fee payable under the 2020 Master Trademark Sub-licence Agreement	RMB108 million	RMB126 million	RMB144 million
On the basis of the capped amount of net sale value of relevant food products to be sold under the Designated Trademark	RMB7,200 million	RMB8,400 million	RMB9,600 million

The above annual caps were determined with reference to the following factors:

- (i) the historical net sale value of products of the CP China Subsidiaries sold under the CP Mark in the two classes under the sub-licence granted under the 2018 Master Trademark Sub-licence Agreement;

- (ii) the increase of the royalty rate to 1.5% under the 2020 Master Trademark Sub-licence Agreement compared to the lower rate of 0.2% or 0.4% under the 2018 Master Trademark Sub-licence Agreement;
- (iii) the expanded product categories to be sold under the Designated Trademark under the 2020 Master Trademark Sub-licence Agreement, which covers 31 classes;
- (iv) additional growth in the business of the existing food factories of the CP China Subsidiaries in the coming years; and
- (v) the expected commencement of commercial production at several new food factories of the CP China Subsidiaries will add product categories which the CP China Subsidiaries plan to sell under the Designated Trademark.

## **INFORMATION ON THE PARTIES**

The Group operates in Vietnam and China. In Vietnam, the Group is principally engaged in the (1) production and sale of animal feed, (2) breeding, farming and sale of livestock and aquatic animals, and (3) production and sale of value-added processed food products. While in China, the Group is principally engaged in the farming of poultry, and production and sale of value-added processed food products. The Group also has a significant investment in a company operating in China which is principally engaged in the production and sale of animal feed and breeding, farming and sale of swine.

CP China is an investment holding company and indirectly wholly-owned by the Company.

CT Animal Husbandry is an investment holding company and indirectly wholly-owned by CPG.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2020 MASTER TRADEMARK SUB-LICENCE AGREEMENT**

The Designated Trademark, which was registered in the PRC by CPG and for which CT Animal Husbandry holds a non-exclusive licence to use and sub-licence to other parties, is an established and well-recognised brand in the China agri-food market. The Group launched its food business in China towards the end of 2015. With the significant increase in the Group's actual and planned food production capacity in China, the Group entered into a formal agreement in 2018, being the 2018 Master Trademark Sub-licence Agreement, to use the CP Mark on its food products in China. Although it was understood that generally a royalty rate of 1.5% calculated on the net sale value of products sold under the mark is payable by licensees and sub-licensees of the CP Mark in many countries, the reduced rates of 0.2% and 0.4% (depending on the type of products sold) for the initial period covered by the 2018 Master Trademark Sub-licence Agreement were negotiated by the Group to introduce the diversifying food product lines of the CP China Subsidiaries to the market in China using the CP Mark. With the current sub-licensing arrangements expiring on 31 December 2020, the Directors believe that it is in the best interest of CP China to enter into the 2020 Master Trademark Sub-licence Agreement as the usage of the CP Mark in two classes by the CP China Subsidiaries under the existing sub-licensing arrangements is believed to have contributed to the significantly increased sales of food products of the CP China Subsidiaries since 2018. Their ability to extend its use to 31 classes under the Designated Trademark for which they have been sub-licensed under the 2020 Master Trademark Agreement will help the food products of the CP China Subsidiaries sold under the CP Mark to consolidate their position in the China agri-food market, where they have successfully established their market position.

The Board considered that each of Mr. Soopakij Chearavanont, Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont and Mrs. Arunee Watcharananan had a material interest in the transaction contemplated under the 2020 Master Trademark Sub-licence Agreement in view of their respective shareholdings in CPG. Accordingly all of them abstained from voting on the resolution relating to the 2020 Master Trademark Sub-licence Agreement put to the vote at the relevant meeting of the Board. Save as disclosed above, none of the other Directors was required to abstain from voting on the board resolutions.

The Directors (including the independent non-executive Directors but excluding the Directors mentioned above who abstained from voting) believe that the 2020 Master Trademark Sub-licence Agreement is on normal commercial terms and is entered into in the ordinary and usual course of business of the Group, and that the terms of the 2020 Master Trademark Sub-licence Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CPF is interested in approximately 49.74% of the Shares in issue and CPG holds approximately 47.56% 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, accordingly CPG and its subsidiaries and their respective associates are treated as connected persons of the Company. As CT Animal Husbandry is a subsidiary of CPG, the transaction contemplated under the 2020 Master Trademark Sub-licence Agreement will be treated as 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 2020 Master Trademark Sub-licence Agreement are more than 0.1% but less than 5%, the transaction under the 2020 Master Trademark Sub-licence Agreement is subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and independent 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:

“2018 Master Trademark Sub-licence Agreement”	the agreement dated 10 August 2018 made between CT Animal Husbandry as sub-licensor and CP China as sub-licensee for the sub-licence of a non-exclusive right of use of the CP Mark in the following two classes: the production, distribution and sale of certain designated food products under Class 29 and the provision of ancillary retail, management and consultancy services under Class 35
“2020 Master Trademark Sub-licence Agreement”	the agreement dated 30 December 2020 made between CT Animal Husbandry as sub-licensor and CP China as sub-licensee for the sub-licence of a non-exclusive right of use of the Designated Trademark in 31 classes for a term of three years from 1 January 2021 to 31 December 2023
“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
“CP China”	CP China Investment Limited, a company incorporated in Cayman Islands and a subsidiary of the Company
“CP China Subsidiaries”	subsidiaries of CP China in the PRC from time to time
“CP Mark”	the “CP” mark represented graphically and registered as a trademark in various classes in several countries and regions
“CPF”	Charoen Pokphand Foods Public Company Limited, a company incorporated in Kingdom of Thailand whose shares are listed and traded on the Stock Exchange of Thailand
“CPG”	Charoen Pokphand Group Company Limited, a company incorporated in Kingdom of Thailand which has a diverse shareholding structure with more than 80 shareholders, the largest shareholder being a company holding not more than 13% of its shares and the ultimate beneficial owner of which is Mr. Sumet Jiaravanon
“CT Animal Husbandry”	Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd., a limited liability company incorporated in the PRC and a subsidiary of CPG
“Directors”	the directors of the Company
“Designated Trademark”	the CP Mark registered by CPG in the PRC in 31 classes in connection with the production, distribution and sale of various products and the provision of certain services
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of 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
“substantial shareholder”	has the meaning ascribed to this term in the Listing Rules

By Order of the Board  
**Arunee Watcharananan**  
*Director*

Hong Kong, 30 December 2020

*As at the date of this announcement, the Board comprises eight executive directors, namely, Mr. Soopakij Chearavanont, Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong 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. Vinai Vittavasgarnvej, Mrs. Vatchari Vimooktayon, Mr. Cheng Yuk Wo, Professor Dr. Pongsak Angkasith and General Udomdej Sitabutr.*