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

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 43)*

**CONNECTED TRANSACTIONS  
IN RELATION TO  
THE PRC CONSTRUCTION MANAGEMENT CONTRACTS**

**THE PRC CONSTRUCTION MANAGEMENT CONTRACTS**

**Zhanjiang Contract I**

The following subsidiary of the Company entered into a contract with Chia Tai Handing as the construction manager to carry out construction management and to procure and install equipment at facilities which are being developed by that subsidiary in the PRC:

<b><u>Subsidiary</u></b>	<b><u>Contract</u></b>	<b><u>Facilities</u></b>
CP Food Zhanjiang	Zhanjiang Contract I (dated 22 September 2018)	Food processing facilities in Guangdong Province

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount paid and payable by CP Food Zhanjiang under the Zhanjiang Contract I are less than 0.1%, the transaction was exempt from the reporting and other requirements under Chapter 14A of the Listing Rules at the time when the contract was entered into.

**The 2019 Contracts**

On 4 June 2019, the following subsidiaries of the Company also entered into the following contracts with Chia Tai Handing as the construction manager to carry out construction management and to procure and install equipment at facilities which are being developed by that subsidiary in the PRC:

<b><u>Subsidiary</u></b>	<b><u>Contract</u></b>	<b><u>Facilities</u></b>
CP Food Hengshui	Hengshui Contract	Slaughtering and food processing facilities in Hebei Province
CP Food Qinhuangdao	Qinhuangdao Contract	Food processing facilities in Hebei Province
CT Food Qingdao	Qingdao Contract	Food processing facilities in Shandong Province
Fujian Chia Tai	Fujian Contract	Food processing facilities in Fujian Province
Hubei Chia Tai	Hubei Contract	Food processing facilities in Hubei Province
CP Food Nantong	Nantong Contract	Food processing facilities in Jiangsu Province
CT Food Suqian	Suqian Contract	Food processing facilities in Jiangsu Province
CP Food Zhanjiang	Zhanjiang Contract II	Food processing facilities in Guangdong Province
Jilin Chia Tai Food	Jilin Contract	Food processing facilities in Jilin Province
CP Food Xiangyang	Xiangyang Contract	Slaughtering and food processing facilities in Hubei Province

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CPF was interested in approximately 49.02% of the Shares in issue and CPG holds approximately 48.94% 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 Chia Tai Handling is a subsidiary of CPG, each of the transactions contemplated under the PRC Construction Management Contracts is treated as a connected transaction of the Company under the Listing Rules.

Since each of the PRC Construction Management Contracts was related to the management of the Group's construction projects and was entered into between the Group and Chia Tai Handling in the last 12 months, the Company has aggregated these transactions and treated them as if they were one transaction. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions under the PRC Construction Management Contracts in aggregate 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 independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE PRC CONSTRUCTION MANAGEMENT CONTRACTS

### Zhanjiang Contract I

CP Food Zhanjiang entered into the following contract with Chia Tai Handing as the construction manager to carry out construction management and to procure and install equipment with respect to facilities which are being developed by CP Food Zhanjiang:

<u>Subsidiary</u>	<u>Contract</u>	<u>Facilities</u>
CP Food Zhanjiang	Zhanjiang Contract I (dated 22 September 2018)	Food processing facilities in Guangdong Province

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount paid and payable by CP Food Zhanjiang under Zhanjiang Contract I was less than 0.1%, the transaction under was exempt from the reporting and other requirements under Chapter 14A of the Listing Rules at the time when the contract was entered into.

### The 2019 Contracts

On 4 June 2019, the following subsidiaries of the Company also entered into the following contracts with Chia Tai Handing as the construction manager to manage the construction projects and to procure and install equipment at facilities which are being developed by the respective subsidiaries in the PRC (the “2019 Projects”):

<u>Subsidiary</u>	<u>Contract</u>	<u>Facilities</u>
CP Food Hengshui	Hengshui Contract	Slaughtering and food processing facilities in Hebei Province
CP Food Qinhuangdao	Qinhuangdao Contract	Food processing facilities in Hebei Province
CT Food Qingdao	Qingdao Contract	Food processing facilities in Shandong Province
Fujian Chia Tai	Fujian Contract	Food processing facilities in Fujian Province
Hubei Chia Tai	Hubei Contract	Food processing facilities in Hubei Province
CP Food Nantong	Nantong Contract	Food processing facilities in Jiangsu Province
CT Food Suqian	Suqian Contract	Food processing facilities in Jiangsu Province
CP Food Zhanjiang	Zhanjiang Contract II	Food processing facilities in Guangdong Province
Jilin Chia Tai Food	Jilin Contract	Food processing facilities in Jilin Province
CP Food Xiangyang	Xiangyang Contract	Slaughtering and food processing facilities in Hubei Province

### Construction Management Fee and Payment:

The construction management fee under the respective PRC Construction Management Contracts will be paid in cash according to construction progress at the relevant facilities and will be funded by the Group’s internal resources. The construction management fee of each of the PRC Construction Management Contracts shall be 3% of the total construction cost of the

relevant facilities.

The construction management fee paid or payable to Chia Tai Handing under each of the PRC Construction Management Contracts is as follows:

<u>Contract</u>	<u>Construction Management Fee</u>
Zhanjiang Contract I	RMB262,860 (equivalent to approximately US\$38,100)
Hengshui Contract	RMB24,446,700 (equivalent to approximately US\$3,543,000)
Qinhuangdao Contract	RMB1,282,200 (equivalent to approximately US\$185,830)
Qingdao Contract	RMB1,481,400 (equivalent to approximately US\$214,700)
Fujian Contract	RMB2,086,200 (equivalent to approximately US\$302,350)
Hubei Contract	RMB13,184,100 (equivalent to approximately US\$1,910,740)
Nantong Contract	RMB57,900 (equivalent to approximately US\$8,390)
Suqian Contract	RMB3,120,300 (equivalent to approximately US\$452,220)
Zhanjiang Contract II	RMB1,045,500 (equivalent to approximately US\$151,520)
Jilin Contract	RMB1,766,400 (equivalent to approximately US\$256,000)
Xiangyang Contract	RMB12,000,000 (equivalent to approximately US\$1,739,130)

## **REASONS FOR AND BENEFITS OF THE PRC CONSTRUCTION MANAGEMENT CONTRACTS**

The Company notes that it is a common practice for companies in the PRC to engage an experienced construction project manager to manage construction projects and to procure and install equipment for such facilities.

A public tender was conducted for the construction management of the 2019 Projects. Bidders were assessed based on a systematic scoring of selection criteria including know-how, capabilities, commitment, personnel and experience. The 2019 Contracts were awarded to Chia Tai Handing based on the highest total score among all bidders. The terms of the 2019 Contracts to be entered into with Chia Tai Handing were no less favourable to the Company than the terms offered by other bidders which were independent third parties.

The Directors (including the independent non-executive Directors) believe that each of the PRC Construction Management Contracts is on normal commercial terms and has been entered into in the ordinary and usual course of business of the Group, and that the terms of each of the PRC Construction Management Contracts are fair and reasonable and that the transactions are in the best interests of the Company and the Shareholders as a whole.

The Board considered that each of Mr. Soopakij Chearavanont (chairman and executive director of the Company), Mr. Adirek Sripratak, Mr. Suphachai Chearavanont (vice chairmen and executive directors of the Company), Mr. Narong Chearavanont and Mrs. Arunee Watcharananan (executive directors of the Company) had a material interest in the transactions contemplated under the PRC Construction Management Contracts in view of their respective

shareholdings in CPG, and accordingly all of them had abstained from voting on the resolutions relating to the 2019 Contracts.

Save as disclosed above, none of the other Directors who attended the relevant meeting of the Board had a material interest in the transactions contemplated under the 2019 Contracts, and hence none of the other Directors abstained from voting on the board resolutions for approving the 2019 Contracts.

## **INFORMATION ON PARTIES**

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.

Each of the PRC Subsidiaries is a subsidiary of the Company and is principally engaged in the manufacture and sale of value-added processed food products in the PRC.

Chia Tai Handing is an indirect subsidiary of CPG and is principally engaged in construction management advisory, construction project management, construction technical advisory business in the PRC and has experience in providing construction management services to the Group since 2015 and is familiar with the Company's operational requirements and quality standards.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CPF is interested in approximately 49.02% of the Shares in issue and CPG holds approximately 48.94% 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 Chia Tai Handing is a subsidiary of CPG, each of the transactions contemplated under the PRC Construction Management Contract is treated as a connected transaction of the Company under the Listing Rules.

Since each of the PRC Construction Management Contracts was related to the management of the Group's construction projects and was entered into between the Group and Chia Tai Handing in the last 12 months, the Company has aggregated these transactions and treated them as if they were one transaction. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions under the PRC Construction Management Contracts in aggregate 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 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.

“2019 Contracts”	collectively, the Hengshui Contract, the Qinhuangdao Contract, the Qingdao Contract, the Fujian Contract, the Hubei Contract, the Nantong Contract, the Suqian Contract, the Zhanjiang Contract II, the Jilin Contract and the Xiangyang Contract
“2019 Projects”	collectively, the projects for the construction of and the procurement and installation of equipment at various facilities to be developed by the PRC Subsidiaries.
“associates”	has the meaning ascribed to this term in the Listing Rules
“Board”	the board of Directors of the Company
“Chia Tai Handing”	正大漢鼎現代農業科技有限公司 (Chia Tai Handing Modern Agricultural Technology Co., Ltd.^) (formerly known as 正大漢鼎工程管理有限公司 (Chia Tai Handing Engineering Management Co., Ltd.^)), a limited liability company incorporated in the PRC and an indirect subsidiary of CPG
“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 Food Hengshui”	正大食品（衡水）有限公司 (C.P. Food (Hengshui) Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company
“CP Food Nantong”	正大食品（南通）有限公司 (C.P. Food (Nantong) Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company
“CP Food Qinhuangdao”	正大食品企業（秦皇島）有限公司 (CP Food Enterprise (Qinhuangdao) Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company
“CP Food Xiangyang”	正大食品（襄陽）有限公司 (C.P. Food (Xiangyang) Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company
“CP Food Zhanjiang”	正大食品（湛江）有限公司 (C.P. Food (Zhanjiang) Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company

“CPF”	Charoen Pokphand Foods Public Company Limited, a company organized 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 organized and existing under the laws of the Kingdom of Thailand
“CT Food Qingdao”	正大食品企業（青島）有限公司 (Chia Tai Food Enterprise (Qingdao) Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company
“CT Food Suqian”	正大食品（宿遷）有限公司 (Chia Tai Food (Suqian) Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company
“Directors”	the directors of the Company
“Fujian Chia Tai”	福建正大食品有限公司 (Fujian Chia Tai Food Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company
“Fujian Contract”	the construction project management contract dated 4 June 2019 entered into between Fujian CT and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management and to procure and install equipment with respect to certain food processing facilities developed by Fujian Chia Tai in Fujian Province in the PRC
“Group”	the Company and its subsidiaries from time to time
“Hengshui Contract”	the construction project management contract dated 4 June 2019 entered into between CP Food Hengshui and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management and to procure and install equipment with respect to certain slaughtering and food processing facilities developed by CP Food Hengshui in Hebei Province in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hubei Chia Tai”	湖北正大有限公司 (Hubei Chia Tai Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company

“Hubei Contract”	the construction project management contract dated 4 June 2019 entered into between Hubei Chia Tai and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management works and to procure and install equipment with respect to food processing facilities developed by Hubei Chia Tai in Hubei Province in the PRC
“Jilin Chia Tai Food”	吉林正大食品有限公司 (Jilin Chia Tai Food Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of the Company
“Jilin Contract”	the construction project management contract dated 4 June 2019 entered into between Jilin Chia Tai Food and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management works and to procure and install equipment with respect to food processing facilities developed by Jilin Chia Tai Food in Jilin Province in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nantong Contract”	the construction project management contract dated 4 June 2019 entered into between CP Food Nantong and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management works and to procure and install equipment with respect to food processing facilities developed by CP Food Nantong in Jiangsu Province in the PRC
“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
“PRC Construction Management Contracts”	collectively, the Zhangjiang Contract I and the 2019 Contracts
“PRC Subsidiaries”	collectively, CP Food Zhanjiang, CP Food Hengshui, CP Food Qinhuangdao, CT Food Qingdao, Fujian Chia Tai, Hubei Chia Tai, CP Food Nantong, CT Food Suqian, Jilin Chia Tai Food and CP Food Xiangyang
“Qingdao Contract”	the construction project management contract dated 4 June 2019 entered into between CT Food Qingdao and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management and to procure and install equipment with respect to food processing facilities developed by CT Food Qingdao in Shandong Province in the PRC



“Qinhuangdao Contract”	the construction project management contract dated 4 June 2019 entered into between CP Food Qinhuangdao and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management and to procure and install equipment with respect to food processing facilities developed by CP Food Qinhuangdao in Hebei Province in the PRC
“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
“Suqian Contract”	the construction project management contract dated 4 June 2019 entered into between CT Food Suqian and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management and to procure and install equipment with respect to certain food processing facilities developed by CT Food Suqian in Jiangsu Province in the PRC
“Xiangyang Contract”	the construction project management contract dated 4 June 2019 entered into between CP Food Xiangyang and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management and to procure and install equipment with respect to slaughtering and food processing facilities developed by CP Food Xiangyang in Hubei Province in the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“Zhanjiang Contract I”	the construction project management contract dated 22 September 2018 entered into between CP Food Zhanjiang and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management and to procure and install equipment with respect to certain food processing facilities developed by CP Food Zhanjiang in Guangdong Province in the PRC

“Zhanjiang Contract II”

the construction project management contract dated 4 June 2019 entered into between CP Food Zhanjiang and Chia Tai Handing, under which Chia Tai Handing was appointed as the construction manager to carry out construction management and to procure and install equipment with respect to certain food processing facilities developed by CP Food Zhanjiang in Guangdong Province in the PRC

*^ For identification purpose only*

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

*Note: For the purpose of this announcement, the exchange rate for the conversion of RMB into US\$ for indication only is: US\$1.0 = RMB6.90.*

Hong Kong, 4 June 2019

*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. Ma Andrew Chiu Cheung, Mr. Sombat Deo-isres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mrs. Vatchari Vimooktayon.*