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C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE 2019 TRADEMARK LICENCE AGREEMENT**

THE 2019 TRADEMARK LICENCE AGREEMENT AND THE PROPOSED ANNUAL CAPS

Reference is made to the announcement of the Company dated 28 December 2016 in relation to the 2016 Trademark Licence Agreement. As the 2016 Trademark Licence Agreement will expire on 31 December 2019, CPVC, an indirect non-wholly owned subsidiary of the Company, entered into the 2019 Trademark Licence Agreement on 30 December 2019, to continue the ongoing trademark licensing arrangement between CPG and the CPVC Group.

Proposed Royalty Fee Annual Cap For the financial year ending 31 December		
2020	2021	2022
US\$61 million	US\$73 million	US\$88 million
(approximately	(approximately	(approximately
HK\$476 million)	HK\$570 million)	HK\$687 million)

LISTING RULES IMPLICATIONS

As explained in the section headed “Listing Rules Implications” below, the transactions contemplated under the 2019 Trademark 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.

THE 2019 TRADEMARK LICENCE AGREEMENT

On 30 December 2019, CPVC, an indirect non-wholly owned subsidiary of the Company, entered into the 2019 Trademark Licence Agreement to continue the ongoing trademark licensing arrangement between CPG and the CPVC Group. The major terms of the 2019 Trademark Licence Agreement are summarised below:

(a) Date

30 December 2019

(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 by CPG in connection with CPVC's business operations.

(d) Royalty fee

The royalty rate provided in the 2019 Trademark Licence Agreement is the same as that in the 2016 Trademark Licence Agreement and is equivalent to 1.5% of the net revenue of the CPVC Group (including any subsidiary which has been granted a sub-licence to use the Trademarks) from sale of the products manufactured by the CPVC Group or by third party engaged by the CPVC Group and provision of services with the Trademarks attached or promoted by the use of Trademarks by the CPVC Group including using the Trademarks by attaching the same for the purpose of advertisement of the products. The royalty fees payable by the CPVC Group to CPG shall be deducted with the total advertising expenses of the CPVC Group.

(e) Payment terms

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

(f) Term

The 2019 Trademark Licence Agreement will take effect from 1 January 2020 and continue until 31 December 2022.

(g) Historical amount of royalty fee

For the financial years ended 31 December		For the 11 months ended
2017	2018	30 November 2019
US\$29.2 million	US\$38.4 million	US\$37.5 million
(approximately	(approximately	(approximately
HK\$228 million	HK\$300 million)	HK\$293 million)

(h) Royalty fee annual caps

Proposed Royalty Fee Annual Cap		
For the financial year ending 31 December		
2020	2021	2022
US\$61 million	US\$73 million	US\$88 million
(approximately	(approximately	(approximately
HK\$476 million)	HK\$570 million)	HK\$687 million)

The above annual caps have been determined by reference to the historical royalty fee paid by CPVC and allowing for growth in the business of the CPVC Group in the coming years.

INFORMATION ON THE 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 products, (ii) breeding, farming and sale of livestock and (in Vietnam only) aquatic animals, and (iii) 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. The CPVC Group is principally engaged in (i) manufacturing and sale of animal feed products; (ii) breeding, farming and sale of livestock and aquatic animals; and (iii) manufacture and sale of value-added, processed food products in Vietnam.

CPG is an investment holding company organised and existing under the laws of the Kingdom of Thailand.

REASONS FOR RENEWAL

The Trademarks, which are registered in Vietnam by CPG, are well-known and famous brands in the Vietnam agri-food market. The Directors consider that the 2019 Trademark Licence Agreement will enable the CPVC Group to continue the usage of the Trademarks to promote its sales and strengthen its position in the Vietnam agri-food market.

The Directors (including the independent non-executive Directors) are of the view that the 2019 Trademark Licence Agreement is on normal commercial terms, is entered into in the ordinary and usual course of business of the Group, and that the terms of the 2019 Trademark Licence Agreement are fair and reasonable and the transactions are in the 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 (each a vice chairman and an executive director of the Company), Mr. Narong Chearavanont and Mrs. Arunee Watcharananan (each an executive director of the Company) had a material interest in the transactions contemplated under the 2019 Trademark Licence Agreement in view of their respective shareholdings in CPG, and accordingly those of them who attended the relevant Board meeting abstained from voting on the resolutions relating to the 2019 Trademark Licence Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 49.74% of the Shares in issue and CPG is interested in 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, and accordingly CPG, and its associates are treated as connected persons of the Company. The transaction between CPG and the CPVC Group under the 2019 Trademark Licence Agreement is therefore treated as 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 2019 Trademark Licence Agreement are more than 0.1% but less than 5%, the transaction under the 2019 Trademark Licence Agreement is subject to the reporting and the announcement requirements but is exempted from the circular (including independent financial advice) and the 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.

“2016 Trademark Licence Agreement”	the agreement dated 28 December 2016 made between CPVC as licensee and CPG as licensor, pursuant to which CPG grants CPVC a non-exclusive right to use the mark and logo, and any other trademarks certification marks, service marks registration owned by CPG and set out in the exhibit 2 annexed to the 2016 Trademark Licence Agreement in Vietnam with a term of three years from 1 January 2017 to 31 December 2019
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“2019 Trademark Licence Agreement”	the agreement dated 30 December 2019 made between CPVC as licensee and CPG as licensor, pursuant to which CPG grants the CPVC Group a non-exclusive right to use the Trademarks in Vietnam with a term of three years from 1 January 2020 to 31 December 2022
“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
“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, which has a diverse shareholding structure with more than 80 shareholders, the largest of its shareholders is a company holding not more than 13% of its shares and the ultimate beneficial owner of which is Mr. Sumet Jiaravanon
“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)
“CPVC Group”	CPVC and its subsidiaries from time to time
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 registration owned by CPG and set out in the exhibit I annexed to the 2019 Trademark Licence 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 HK\$ for indication only is: US\$1.0 = HK\$7.8.

Hong Kong, 30 December 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.