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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

**CONNECTED TRANSACTIONS  
IN RELATION TO THE PRODUCTION EQUIPMENT  
AND CONSTRUCTION CONTRACTS**

**THE PRODUCTION EQUIPMENT AND CONSTRUCTION CONTRACTS**

In September 2020, CPVC and CPV Food, being subsidiaries of the Company, entered into four contracts with KSP Vietnam. On 1 February 2021, CPVC entered into three other contracts with KSP Vietnam. All of these Production Equipment and Construction Contracts have been made in connection with part of the continuing expansion of the Group's business in Vietnam by adding a number of new production facilities and developing existing production facilities in Vietnam in order to increase the overall production capacity.

**LISTING RULES IMPLICATIONS**

As explained in the section headed "Listing Rules Implications" below, the transactions contemplated under the Production Equipment and Construction Contracts are treated as connected transactions of the Company under the Listing Rules and are subject to certain compliance requirements under the Listing Rules.

## **THE PRODUCTION EQUIPMENT AND CONSTRUCTION CONTRACTS**

In September 2020, CPVC and CPV Food, being subsidiaries of the Company, entered into four contracts with KSP Vietnam. On 1 February 2021, CPVC entered into three other contracts with KSP Vietnam. All of these Production Equipment and Construction Contracts have been made in connection with the continuing expansion of the Group's business in Vietnam by adding a number of new production facilities and developing existing production facilities in Vietnam in order to increase the overall production capacity.

### **The 2020 Contracts**

In September 2020, (i) CPVC entered into two separate contracts with KSP Vietnam for the supply and installation of feed production equipment for an existing swine feedmill in Binh Phuoc Province; and (ii) CPV Food entered into two separate contracts with KSP Vietnam for the supply and installation of feed production equipment for the chicken feedmill at a new integrated feed, farm and food production complex developed by the Group in Binh Phuoc Province. The total sum of the 2020 Contracts amounted to approximately VND5.04 billion (approximately US\$218,000).

### **The 2021 Contracts**

On 1 February 2021, CPVC entered into three other separate contracts with KSP Vietnam as the contractor. The 2021 Contracts cover, respectively, (i) construction of a new aqua feed production facility at Ca Mau Province with a contract sum of approximately VND1,063 billion (approximately US\$45.92 million); (ii) construction of a new aqua hatchery farm and related works at Vung Tau Province with a contract sum of approximately VND42.55 billion (approximately US\$1.84 million); and (iii) supply and installation of a water storage facility for the existing aqua hatchery farm at Bac Lieu Province with a contract sum of approximately VND0.34 billion (approximately US\$14,700). The total sum of the 2021 Contracts amounted to approximately VND1,105.89 billion (approximately US\$47.77 million).

The contract sum under each of the Production Equipment and Construction Contracts is payable in cash and in instalments according to work progress. Payments will be funded by the Group's internal resources.

## **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 the 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 and sale of pork.

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 is a fully integrated livestock and aquaculture company operating in Vietnam and CPV Food is a wholly-owned subsidiary of CPVC. The CPVC Group carries on the Group's business in Vietnam.

KSP Vietnam is a subsidiary of CPG and is principally engaged in civil and building construction, manufacture and installation of livestock, poultry and aqua related production equipment.

## **REASONS FOR AND BENEFITS OF THE PRODUCTION EQUIPMENT AND CONSTRUCTION CONTRACTS**

To further expand the Group's business in Vietnam, the CPVC Group has been adding a number of new production facilities and developing existing production facilities in Vietnam. When engaging specialist contractors to procure and install production equipment or to construct new facilities, the CPVC Group would invite suitably qualified suppliers and contractors to provide quotations. The award of the Production Equipment and Construction Contracts was made following a process of selecting the most favourable terms offered.

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 transactions contemplated under the Production Equipment and Construction Contracts in view of their respective shareholdings in CPG. Accordingly all of them abstained from voting on the resolution relating to the Production Equipment and Construction Contracts put to the vote at the relevant meeting of the Board. Save as disclosed above, none of the 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) are of the view that the Production Equipment and Construction Contracts are on normal commercial terms, are entered into in the ordinary and usual course of business of the Group, and that the terms of the Production Equipment and Construction Contracts 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 is interested in approximately 46.49% 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. As KSP Vietnam is a subsidiary of CPG, the transactions contemplated under the Production Equipment and Construction Contracts are treated as connected transactions of the Company under the Listing Rules.

Each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the 2020 Contracts were, on an aggregated basis, less than 0.1% at the time they were entered into in September 2020. Accordingly, the transactions thereunder were exempt from reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

With the entry of the 2021 Contracts with KSP Vietnam on 1 February 2021, being the date of this announcement, the applicable percentage ratios under Rule 14.07 of the Listing Rules under both the 2020 Contracts entered into September 2020 and the 2021 Contracts entered into on 1 February 2021 are, on an aggregated basis, more than 0.1% but less than 5%. Accordingly, the transactions contemplated under the Production Equipment and Construction Contracts are, on an aggregated basis, 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:

“2020 Contracts”	collectively, the four contracts entered into between CPVC and CPV Food respectively with KSP Vietnam as the contractor in September 2020 for the supply and installation of production equipment
“2021 Contracts”	collectively, the three contracts entered into between CPVC and KSP Vietnam as the contractor on 1 February 2021 for the construction of new production facilities or the supply and installation of production equipment
“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 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 incorporated 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 incorporated under the laws of the Kingdom of Thailand, which has a diverse shareholding structure with more than 80 shareholders, the largest of which 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
“CPV Food”	CPV Food Co., Ltd., a limited liability company incorporated in Vietnam and a wholly-owned subsidiary of CPVC
“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 People’s Republic of China
“KSP Vietnam”	KSP Vietnam Co., Ltd., a limited liability company incorporated in Vietnam and a subsidiary of CPG
“Production Equipment and Construction Contracts”	collectively, the 2020 Contracts and the 2021 Contracts
“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
“US\$”	United States dollars, the lawful currency of the United States of America
“Vietnam”	the Socialist Republic of Vietnam
“VND”	Vietnamese Dong, the lawful currency of Vietnam

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

*Note: For the purpose of this announcement, the exchange rate for the conversion of US\$ into VND is US\$1 = VND23,150 for indication only.*

Hong Kong, 1 February 2021

*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.*