
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Proposal or this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or otherwise transferred all your shares in C.P. POKPHAND CO. LTD., you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Scheme Document, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Scheme Document.

CPF Investment Limited
(Incorporated in the British Virgin Islands with limited liability)



C.P. POKPHAND CO. LTD.
(Incorporated in Bermuda with limited liability)
(Stock Code: 43)

**(1) PROPOSED PRIVATISATION OF
C.P. POKPHAND CO. LTD.
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
C.P. POKPHAND CO. LTD.**

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Capitalised terms used hereunder shall have the same meanings as defined in this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Shareholders in relation to the Proposal, the Scheme and the special deal relating to the Rollover Arrangement is set out in Part V of this Scheme Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement is set out in Part VI of this Scheme Document. The Explanatory Statement is set out in Part VII of this Scheme Document. The actions to be taken by the Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting and the SGM to be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 15 December 2021 at 10:00 a.m. and 10:30 a.m. respectively (or, in the case of the SGM, as soon thereafter as the Court Meeting shall have concluded or been adjourned) are set out in Appendix V and Appendix VI of this Scheme Document respectively. Whether or not you are able to attend any of the Meetings or any adjournment(s) thereof in person, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting and the enclosed **WHITE** form of proxy in respect of the SGM, in accordance with the instructions printed thereon, and to deposit them at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated under Part II – Actions to be Taken of this Scheme Document. If the **PINK** form of proxy is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

This Scheme Document is jointly issued by the Company and the Offeror.

This Scheme Document is not for distribution in Australia and not directed at persons registered as resident in Australia for the reasons as set out in the section "16. Overseas Scheme Shareholders" in Part VII – Explanatory Statement of this Scheme Document. The English language text of this Scheme Document shall prevail over the Chinese language text.

23 November 2021

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PRECAUTIONARY MEASURES FOR THE COURT MEETING AND THE SGM

In line with the prevailing practices and guidelines on the prevention of COVID-19, the Company may, depending on the development with regard to COVID-19, implement additional precautionary measures at the Meetings which may include without limitation:

- all attendees will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the Meetings;
- there will be compulsory body temperature screening for all persons before entering the venue of the Meetings;
- attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the Meetings; (ii) he/she is subject to any HKSAR Government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the venue of the Meetings or be required to promptly leave the venue of the Meetings;
- no refreshments will be provided to attendees; and
- other practical precautions which may include maintaining appropriate distancing and spacing at the venue, limiting the number of attendees at the Meetings as may be necessary to avoid over-crowding.

If any participant declines to comply with any of the abovementioned measures, the Company reserves the right to deny such person to enter into the venue or to request him/her to leave the venue. Any person who has been denied entry into the Court Meeting and the SGM venue will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue.

The Company reminds all Shareholders that physical attendance in person at the Meetings is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the Court Meeting or of the SGM (as the case may be) as their proxy to vote on the relevant resolution(s) instead of attending the Meetings in person by completing and returning the forms of proxy enclosed with this Scheme Document.

The Company shall follow the latest directions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) and implement further precautionary measures as and when necessary.

In this Scheme Document, the following words and expressions shall have the following meanings unless the context otherwise requires:

“acting in concert”	has the meaning given to it under the Takeovers Code and “concert party” or “concert parties” shall be construed accordingly
“ADR(s)”	American depositary receipt(s) evidencing the ADS(s)
“ADS(s)”	American depositary share(s), each representing 25 Shares
“ADS Holder(s)”	registered holder(s) of ADS(s)
“ADS Voting Card”	a form to be used by registered holders of ADSs to give instructions with respect to voting the Shares represented by their ADSs
“Announcement”	the announcement dated 30 September 2021 jointly issued by the Company and the Offeror in relation to, among other things, the Proposal
“associate(s)”	has the meaning given to it under the Takeovers Code
“Authorisations”	any license, permit, consent, authorisation, permission, clearance or approval of any Governmental Authority or any other person
“Beneficial Owner”	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors from time to time
“Business Day”	any day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	HK\$1.15 for every Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“Chiaravanont Brothers”	Mr. Phongthep Chiaravanont, a director of CPF, and his brothers, Mr. Manu Chiaravanond and Mr. Manas Chiaravanond, and therefore Offeror Concert Parties
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time

“Company”	C.P. POKPHAND CO. LTD., a company incorporated in Bermuda with limited liability, whose Shares are currently listed on the Main Board of the Stock Exchange (stock code: 43)
“Condition(s)”	the condition(s) of the Proposal, details of which are set out in this Scheme Document under the section headed “2. Terms of the Proposal – Conditions of the Proposal and the Scheme” in Part VII – Explanatory Statement of this Scheme Document
“Court”	the Supreme Court of Bermuda
“Court Hearing”	the hearing of the petition by the Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at 10:00 a.m. on Wednesday, 15 December 2021 at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“CPF”	Charoen Pokphand Foods Public Company Limited, a company incorporated in Thailand, and whose shares are listed on The Stock Exchange of Thailand under stock code CPF
“CPF Group”	CPF and its subsidiaries
“CPFI” or “Offeror”	CPF Investment Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of CPF
“CPG”	Charoen Pokphand Group Company Limited, a company incorporated in Thailand, and a major shareholder of CPF
“CTI”	Chia Tai Investment Co., Ltd., a joint stock company established in the PRC and a 35%-owned associated company of the Company
“Deposit Agreement”	the deposit agreement dated 31 July 1992 by and among the Company, the Depository and owners and holders of ADRs
“Depository”	The Bank of New York Mellon, a New York banking corporation
“Director(s)”	the director(s) of the Company
“Disinterested Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties
“Dr. Thammasart”	Dr. Sujint Thammasart, D.V.M, a director of CPF and an Offeror Concert Party

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Court, becomes effective in accordance with the Companies Act and the Conditions
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
“Governmental Authority”	any government of any national or any federation, province or state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organisation
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Cheng Yuk Wo and General Udomdej Sitabutr, being all of the non-executive Directors who are not Offeror Concert Parties, formed for the purpose of advising the Disinterested Shareholders in respect of the Proposal, the Scheme and the Rollover Arrangement
“Independent Financial Adviser”	Ballas Capital Limited, a licensed corporation under the SFO, registered to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“ITOCHU”	ITOCHU Corporation, a company incorporated under the laws of Japan, whose shares are listed on the Tokyo Stock Exchange under stock code 8001
“Last Trading Day”	24 September 2021, being the last trading day of the Shares prior to their suspension in trading on the Stock Exchange pending the publication of the Announcement

“Latest Practicable Date”	19 November 2021, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2022
“Meeting(s)”	the Court Meeting and the SGM or either of them, as the case may be
“Meeting Record Date”	Wednesday, 15 December 2021, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the SGM
“Mr. Chearavanont”	Mr. Dhanin Chearavanont, the father of Mr. Soopakij Chearavanont (chairman and executive Director of the Company and director of CPF), Mr. Suphachai Chearavanont (executive Director of the Company and director of CPF) and Mr. Narong Chearavanont (executive Director of the Company), and therefore an Offeror Concert Party
“Mr. Kanchanadul”	Mr. Veeravat Kanchanadul, a director of the Offeror and an Offeror Concert Party
“Mr. Chirakitcharern”	Mr. Paisan Chirakitcharern, a director of CPF, and an Offeror Concert Party
“Offer Period”	the period from the date of the Announcement until the earlier of any of (i) the Effective Date; (ii) the date on which the Scheme lapses; or (iii) the date on which an announcement is made of the withdrawal of the Scheme
“Offeror Concert Parties”	persons acting in concert with the Offeror in relation to the Company as defined under the Takeovers Code, including CPF, ITOCHU, Mr. Kanchanadul, the Chiaravanont Brothers, Mr. Chearavanont, Dr. Thammasart, Mr. Chirakitcharern and Mr. Meth Jiaravanont
“Other CCASS Participant”	a person admitted to participate in CCASS other than an Investor Participant
“PRC”	the People’s Republic of China, which, for the purpose of this Scheme Document only, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Profit Estimate”	the “profit for the period” and “loss attributable to Shareholders of the Company” for the nine months ended 30 September 2021 as set out in the unaudited consolidated statement of comprehensive income in Appendix III of this Scheme Document, which constitute a profit forecast under Rule 10 of the Takeovers Code
“Proposal”	the proposed privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange, in each case, on the terms and subject to the Conditions set out in this Scheme Document
“Registered Owner”	any owner of Shares (including, without limitation, a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Relevant Period”	the period commencing on 30 March 2021, being that date that falls six months prior to the date of the Announcement and ending on the Latest Practicable Date
“Rollover Agreement”	the rollover agreement entered into between the Offeror and ITOCHU on 24 September 2021
“Rollover Arrangement”	the arrangement between the Offeror and ITOCHU under the Rollover Agreement, details of which are set out in the section headed “5. Special Deal relating to Rollover Arrangement” in Part VII – Explanatory Statement of this Scheme Document
“Scheme”	the scheme of arrangement under section 99 of the Companies Act, for the implementation of the Proposal, involving the cancellation of all the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court or agreed by the Company and the Offeror, and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	this composite scheme document despatched jointly by the Offeror and the Company to the Shareholders containing, among other things, further details of the Proposal, a letter from the Board, a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the recommendations of the Independent Board Committee and notices to convene the Court Meeting and SGM together with forms of proxy in relation thereto
“Scheme Record Date”	Friday, 14 January 2022 or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme

“Scheme Share(s)”	Share(s) held by the Scheme Shareholders
“Scheme Shareholder(s)”	Shareholder(s) (other than the Offeror and ITOCHU) as at the Scheme Record Date
“Series A Convertible Preference Share(s)”	series A convertible preference shares of par value of US\$0.01 each in the share capital of the Company
“Series B Convertible Preference Share(s)”	series B convertible preference shares of par value of US\$0.01 each in the share capital of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held in accordance with the Company’s bye-laws at 10:30 a.m. on Wednesday, 15 December 2021 at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal, or any adjournment thereof
“SHA”	the shareholders’ agreement entered into between CPF, the Offeror and ITOCHU dated 24 July 2014
“Share(s)”	ordinary share(s) of par value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)
“Southbound Investors”	investors who hold the shares of Hong Kong listed companies through China Securities Depository and Clearing Corporation Limited under the Shenzhen-Hong Kong Stock Connect platforms of the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Third Quarterly Results Announcement”	the announcement dated 12 November 2021 issued by the Company in relation to the unaudited consolidated results of the Group for the nine months ended 30 September 2021

“UBS”	UBS AG (acting through its Hong Kong Branch), a registered institution under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Proposal. UBS AG is incorporated in Switzerland with limited liability
“U.S.” or “United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this Scheme Document, amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1 = HK\$7.75. Such conversion rates are for illustration purposes only and should not be construed as representations that the amounts in question have been, could have been or could be converted at any particular rate at all.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 10 December 2021 to Wednesday, 15 December 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 9 December 2021. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the SGM.

A **PINK** form of proxy for use at the Court Meeting and a **WHITE** form of proxy for use at the SGM are enclosed with this Scheme Document. Subsequent purchasers of Shares to be voted at the Court Meeting or the SGM will need to obtain a form of proxy from the transferor.

Whether or not you are able to attend any of the Meetings or any adjournment(s) thereof in person, if you are a Disinterested Shareholder, you are strongly urged to complete and sign the enclosed **PINK** form of proxy in respect of the Court Meeting, and if you are a Shareholder, you are strongly urged to complete and sign the enclosed **WHITE** form of proxy in respect of the SGM in accordance with the instructions printed thereon, and to deposit them at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event no later than the following times and dates in order to be valid:

- the **PINK** form of proxy for use at the Court Meeting must be lodged no later than 10:00 a.m. (Hong Kong time) on Monday, 13 December 2021 but if it is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it); and
- the **WHITE** form of proxy for use at the SGM must be lodged no later than 10:30 a.m. (Hong Kong time) on Monday, 13 December 2021.

The completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant Meeting. In such event, the returned form of proxy will be deemed to have been revoked.

Voting at the Court Meeting and the SGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM, you will still be bound by the outcome of the Court Meeting and the SGM, if, among other things, the resolutions are passed by the requisite majorities of the Disinterested Shareholders or the Shareholders (as the case may be). You are therefore strongly urged to attend and vote at the Court Meeting and/or the SGM in person or by proxy.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the SGM on Wednesday, 15 December 2021 by no later than 7:00 p.m.. If all of the resolutions are passed at those Meetings, further announcement(s) will be made in relation to, among other things, the outcome of the Court Hearing and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST

The Company will not recognize any person as holding any Shares through any trust.

If you are a Beneficial Owner whose Share(s) are held upon trust by, and registered in the name of a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and give instructions to and/or to make arrangements with the Registered Owner as to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the SGM.

If you are a Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the SGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the SGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM or, as applicable, the latest time for lodging transfers of Shares, in order to provide the Registered Owner with sufficient time to complete his/her forms of proxy or transfer documents accurately and to submit them by the relevant deadlines. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and/or the SGM, any such Beneficial Owner should comply with the requirements of such Registered Owner.

The appointment of a proxy by the Registered Owner at the relevant Court Meeting and/or the SGM shall be in accordance with all relevant provisions in the bye-laws of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and before the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE DEPOSITED IN CCASS

If you are a Beneficial Owner whose Share(s) are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are an Investor Participant:

- (a) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant, regarding voting instructions to be given to such Other CCASS Participants if you wish to vote at the Court Meeting and/or at the SGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Share(s) beneficially owned by you should be voted at the Court Meeting and/or the SGM; or
- (b) become a Shareholder of record and thereby have the right to attend and vote at the Court Meeting and/or the SGM (as appropriate) by withdrawing any or all of your Share(s) from CCASS and becoming a Registered Owner of such Share(s). For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Share(s) are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share(s) into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share(s) from CCASS and register them in your name.

The procedures for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

Only Scheme Shareholders entered in the register of members of the Company on the Meeting Record Date will be counted for the purposes of ascertaining whether or not a majority in number of the Scheme Shareholders have approved the Scheme pursuant to section 99 of the Companies Act. Each Registered Owner will be counted as one vote for the purposes of calculating the “majority in number” at the Court Meeting. In accordance with the direction from the Court, for the purposes of calculating the “majority in number” at the Court Meeting, HKSCC Nominees will be counted as one vote which will be exercised for or against the Scheme according to the majority of voting instructions it receives.

Southbound Investors shall declare their voting instructions via clearing participants through the CCNET system of China Securities Depository and Clearing Corporation Limited anytime from the date of this Scheme Document until one China trading day (i.e. a day on which the Shares may be traded on the Shenzhen-Hong Kong Stock Connect platform of the Stock Exchange) earlier than the last day for voting set by Hong Kong Securities Clearing Company Limited. China Securities Depository and Clearing Corporation Limited will collect voting instructions from Southbound Investors for the Court Meeting and the SGM, and then submit such voting instructions to HKSCC Nominees on behalf of Southbound Investors.

ACTIONS TO BE TAKEN BY ADS HOLDERS

If you are an ADS Holder or a beneficial owner of ADSs, you cannot vote at the Court Meeting or the SGM directly but may give voting instructions to the Depository as to how to vote the Shares underlying your ADSs in accordance with the terms and conditions of the Deposit Agreement and the ADS Voting Card. The Depository will send ADS Voting Cards to registered ADS Holders on or about the date of despatch of this Scheme Document, i.e. Tuesday, 23 November 2021. Registered ADS Holders who wish to give voting instructions must complete and sign the ADS Voting Card and return it to the Depository, to be received by the cutoff date and time specified on the ADS Voting Card. Persons that hold ADSs in securities accounts with brokers or other securities intermediaries should receive a notice and instructions from their intermediaries as to how to give voting instructions and the cutoff dates and times for those instructions to be received. If the Depository does not receive instructions from you by the specified time as set out in the ADS Voting Card, the Depository will not vote the Shares underlying your ADSs. The Depository will only vote at the Court Meeting or the SGM on the number of Shares underlying the number of ADSs as to which it has received voting instructions.

If you are an ADS Holder or a beneficial owner of ADSs and wish to give instructions to the relevant Registered Owner or attend the Court Meeting and the SGM (whether in person or by proxy), you must give notice to the Depository to withdraw the relevant Shares as soon as possible in accordance with the terms and conditions of the Deposit Agreement and thereafter take such steps to become a Beneficial Owner of the relevant Shares and then, if you also wish to attend the Court Meeting and the SGM (whether in person or by proxy), to become a Shareholder of record and remain as a Scheme Shareholder on the Meeting Record Date (please refer to the section headed “Actions to be taken by beneficial owners whose shares are deposited in CCASS” for details). However, you would be required to pay a fee to the Depository pursuant to the Deposit Agreement for the surrender and cancellation of the ADSs and all taxes and governmental charges payable in connection with such surrender and withdrawal of the Shares and, if applicable, fees for having the relevant Shares transferred to you to become a Shareholder of record. In order to surrender your ADSs and withdraw the underlying Shares, you should contact your broker or custodian to make the necessary arrangements, or otherwise you may contact the Depository at shrelations@cpushareownerservices.com or call 1-888-BNY-ADRS (1-888-269-2377) (from the United States) or 201-680-6825 (from outside the United States).

EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner (including a holder of ADS(s)), you are strongly encouraged to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy or to instruct the Depositary to vote the Shares underlying your ADSs (as the case may be) at the Court Meeting and/or the SGM.

If you are a Registered Owner holding Share(s) on behalf of one or more Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote and the fact that if they wish to be counted individually in the calculation of the “majority in number” requirement at the Court Meeting, they should transfer their Share(s) into their own name.

If you keep any Share(s) in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Share(s) are deposited in CCASS, you are strongly encouraged to provide your broker, custodian, nominee or other relevant person without delay with instructions or make arrangements with HKSC Nominees in relation to the manner in which those Share(s) should be voted at the Court Meeting and/or at the SGM, and/or withdraw some or all of your Share(s) from CCASS and become a Registered Owner of such Shares and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the SGM. You must do so if you wish to be counted individually in the calculation of the “majority in number” requirement at the Court Meeting.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable. Unless otherwise specified, all times and dates refer to Hong Kong local dates and times.

Hong Kong time
(unless otherwise specified)

Despatch of this Scheme Document Tuesday, 23 November 2021

Latest time for lodging transfers of Shares in order to become entitled to attend and vote at the Court Meeting and the SGM (*Note 1*) 4:30 p.m. on Thursday, 9 December 2021

Register of members of the Company closed for determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and entitlements of the Shareholders to attend and vote at the SGM (*Note 2*) Friday, 10 December 2021 to Wednesday, 15 December 2021
(both days inclusive)

Latest time for lodging **PINK** forms of proxy in respect of Court Meeting (*Note 3*) 10:00 a.m. on Monday, 13 December 2021
(or be handed directly to the chairman of the Court Meeting at the Court Meeting)

Latest time for lodging **WHITE** forms of proxy in respect of SGM (*Note 3*) 10:30 a.m. on Monday, 13 December 2021

Meeting Record Date Wednesday, 15 December 2021

Court Meeting (*Note 4*) 10:00 a.m. on Wednesday, 15 December 2021

SGM (*Note 4*) 10:30 a.m. on Wednesday, 15 December 2021
(or immediately after the conclusion or adjournment of the Court Meeting)

PART III

EXPECTED TIMETABLE

Announcement of the results of the Meetings	no later than 7:00 p.m. on Wednesday, 15 December 2021
Expected last time for trading of the Shares on the Stock Exchange	4:10 p.m. on Friday, 17 December 2021
Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme.	4:30 p.m. on Friday, 31 December 2021
Register of members of the Company closed for determining entitlements under the Scheme (<i>Note 5</i>).	from Monday, 3 January 2022 onwards
Court Hearing	Friday, 7 January 2022 (Bermuda time)
Announcement of the results of the Court Hearing, the expected Effective Date, and the expected date of withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Monday, 10 January 2022
Scheme Record Date	Friday, 14 January 2022
Effective Date (<i>Note 6</i>)	Friday, 14 January 2022 (Bermuda time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	no later than 8:30 a.m. on Monday, 17 January 2022
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective (<i>Note 7</i>)	9:00 a.m. on Tuesday, 18 January 2022
Latest time to despatch cheques for cash payment under the Scheme (<i>Note 8</i>)	on or before Tuesday, 25 January 2022

Notes:

1. If you are an ADS Holder or a beneficial owner of ADSs and wish to give instructions to the relevant Registered Owner or attend the Court Meeting and the SGM (whether in person or by proxy), you must withdraw the relevant Shares as soon as possible and thereafter take such steps to become a Beneficial Owner of the relevant Shares and then, if you also wish to attend the Court Meeting and the SGM (whether in person or by proxy), to become a Shareholder of record prior to 4:30 p.m. (Hong Kong time) on Thursday, 9 December 2021 and remain as a Scheme Shareholder on the Meeting Record Date.
2. The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the SGM. This book closure period is not for determining the entitlements under the Scheme.
3. Forms of proxy should be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event no later than the respective times and dates stated above. In the case of the **PINK** form of proxy in respect of the Court Meeting, it may also be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). The completion and return of a form of proxy for the Court Meeting or the SGM will not preclude a Shareholder from attending and voting at the relevant Meeting or any adjournment thereof in person. In such event, the relevant form of proxy will be revoked by operation of law.
4. The Court Meeting and the SGM will be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong at the times and dates specified above. Please refer to the notice of Court Meeting set out in Appendix V of this Scheme Document and the notice of SGM set out in Appendix VI to this Scheme Document for details.
5. The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme.
6. The Scheme will become effective upon the fulfilment or waiver (as applicable) of all of the Conditions to the Proposal as set out in the section headed "2. Terms of the Proposal – Conditions of the Proposal and the Scheme" in Part VII – Explanatory Statement of this Scheme Document.
7. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 9:00 a.m. on Tuesday, 18 January 2022.
8. Cheques for cash entitlements to the Scheme Shareholders under the Scheme will be despatched by post at the risk of the recipients to their registered addresses shown in the register of members of the Company within seven Business Days of the Effective Date.
9. If a tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by typhoons is or is expected to be hoisted or a black rainstorm warning signal is or is expected to be in force at any time after 8:00 a.m. on the date of the Court Meeting and the SGM, the Court Meeting and the SGM will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the rescheduled meetings.



C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

Executive Director:

Mr. Soopakij Chearavanont (*Chairman*)

Mr. Adirek Sripratak

Mr. Suphachai Chearavanont

Mr. Narong Chearavanont

Mr. Bai Shanlin

Mr. Sooksunt Jiumjaiswanglerg

Mrs. Arunee Watcharananan

Mr. Yu Jianping

Registered Office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM10

Bermuda

Principal Place of Business:

21st Floor, Far East Finance Centre

16 Harcourt Road, Hong Kong

Non-executive Directors:

Mr. Meth Jiaravanont

Mr. Yoichi Ikezoe

Independent Non-executive Directors:

Mr. Vinai Vittavasgarnvej

Mrs. Vatchari Vimooktayon

Mr. Cheng Yuk Wo

Professor Dr. Pongsak Angkasith

General Udomdej Sitabutr

Company Secretary:

Ms. Wong Pui Shan

23 November 2021

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF
C. P. POKPHAND CO. LTD.
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
C. P. POKPHAND CO. LTD.**

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

INTRODUCTION

On 30 September 2021, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

If the Proposal is approved and implemented:

- (a) all of the Scheme Shares held by the Scheme Shareholders will be cancelled by way of the reduction of issued share capital of the Company in exchange for the payment of the Cancellation Price of HK\$1.15 per Scheme Share to each Scheme Shareholder by the Offeror;
- (b) immediately after the cancellation of the Scheme Shares, the issued share capital of the Company will be increased to its former amount by the new issuance at par to the Offeror, credited as fully paid, of an aggregate number of Shares equal to the number of Scheme Shares cancelled;
- (c) approximately 75.00% of the total number of issued Shares will be held by the Offeror, and approximately 25.00% of the total number of issued Shares will be held by ITOCHU, an Offeror Concert Party; and
- (d) the Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

No offer for the Series B Convertible Preference Shares is made by the Offeror under Rule 14 of the Takeovers Code as all of the Series B Convertible Preference Shares are held by CPF, the Offeror's parent.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and in particular the Scheme, and to give you notices of the Court Meeting and the SGM, together with the forms of proxy in relation thereto. Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Statement set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix IV of this Scheme Document.

TERMS OF THE PROPOSAL

Under the Proposal, upon the satisfaction or a valid waiver (as applicable) of the Conditions and the Scheme becomes effective, all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$1.15 for every Scheme Share cancelled to be paid by the Offeror.

Comparisons of value

Your attention is drawn to the section headed “2. Terms of the Proposal – Comparisons of value” in Part VII – Explanatory Statement of this Scheme Document.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and/or potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Highest and lowest prices

Your attention is drawn to the section headed “2. Terms of the Proposal – Highest and lowest prices” in Part VII – Explanatory Statement of this Scheme Document.

Conditions of the Proposal and the Scheme

The Proposal is conditional upon the satisfaction or a valid waiver (as applicable) of the Conditions set out in the section headed “2. Terms of the Proposal – Conditions of the Proposal and the Scheme” in Part VII – Explanatory Statement of this Scheme Document.

When all of the Conditions are satisfied or validly waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders.

WARNING: Shareholders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all of the Conditions being satisfied or validly waived (as applicable) and thus the Proposal and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

FINANCIAL RESOURCES

The Offeror has appointed UBS as its financial adviser in connection with the Proposal.

Your attention is drawn to the section headed “3. Financial Resources” in Part VII – Explanatory Statement of this Scheme Document.

SHAREHOLDING STRUCTURE

Your attention is drawn to the section headed “4. Shareholding Structure” in Part VII – Explanatory Statement of this Scheme Document.

SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

The Offeror will allow ITOCHU to retain its shareholding in the Company after the Scheme becomes effective. ITOCHU held in aggregate 25.00% of the total number of issued Shares of the Company as at the Latest Practicable Date. Details of the Rollover Agreement and the Rollover Arrangement are set out in the section headed “5. Special Deal relating to Rollover Arrangement” in Part VII – Explanatory Statement of this Scheme Document.

Disinterested Shareholders’ Approval

As the Rollover Agreement was only entered into by and between the Offeror and ITOCHU and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has applied for consent from the Executive in relation to the Rollover Arrangement conditional on the Independent Financial Adviser confirming to the Independent Board Committee that the Rollover Arrangement is fair and reasonable, and the passing of an ordinary resolution by the Disinterested Shareholders at the SGM to approve the Rollover Arrangement.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser in Part VI of this Scheme Document that in its opinion, the Rollover Arrangement is fair and reasonable. If the Rollover Arrangement is not approved by the Disinterested Shareholders at the SGM, the Rollover Arrangement and the Scheme will not be implemented.

REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “6. Reasons for and Benefits of the Proposal” in Part VII – Explanatory Statement of this Scheme Document.

OFFEROR'S INTENTION IN RELATION TO THE GROUP

Your attention is drawn to the section headed "7. Offeror's Intention in relation to the Group" in Part VII – Explanatory Statement of this Scheme Document.

The Board welcomes the intentions of the Offeror in respect of the Company and its employees and will cooperate with and provide full support to the Offeror to facilitate the continued smooth business operations and management of the Group.

INFORMATION ON THE GROUP AND THE OFFEROR

Your attention is drawn to the section headed "8. Information on the Group and the Offeror" in Part VII – Explanatory Statement of this Scheme Document.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises Mr. Cheng Yuk Wo and General Udomdej Sitabutr, being all of the non-executive Directors who are not Offeror Concert Parties, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal and the Rollover Arrangement at the SGM.

Mr. Meth Jiaravanont, a non-executive Director, is a cousin of Mr. Soopakij Chearavanont and Mr. Suphachai Chearavanont (who are directors of CPF and the Company) and an Offeror Concert Party, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders. Mr. Yoichi Ikezoe, a non-executive Director, is the Deputy CEO for East Asia Bloc, Senior Officer of Asia and Oceania Bloc, CP and CITIC (Overseas Operation) of ITOCHU, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders. Each of Mr. Vinai Vittavasgarnvej, Mrs. Vatchari Vimooktayon and Professor Dr. Pongsak Angkasith, who are independent non-executive Directors, is also a director of CPF, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders.

The Board, with the approval of the Independent Board Committee, has appointed Ballas Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme and the Rollover Arrangement is set out in Part V of this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “Actions to be taken” set out in Part II of this Scheme Document.

THE MEETINGS

In accordance with the directions of the Court, the Court Meeting will be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 15 December 2021 at 10:00 a.m.. The SGM will be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 15 December 2021 at 10:30 a.m. (or as soon thereafter as the Court Meeting shall have concluded or been adjourned).

For the purpose of exercising your right to vote at the Court Meeting and/or the SGM, you are requested to read carefully the section headed “11. Meetings” in Part VII – Explanatory Statement of this Scheme Document, Part II – Actions to be Taken of this Scheme Document, the notice of Court Meeting in Appendix V of this Scheme Document and the notice of SGM in Appendix VI of this Scheme Document.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all of the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately from 9:00 a.m. on Tuesday, 18 January 2022. The Scheme Shareholders will be notified by way of a public announcement of the exact dates of the last day of dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares will become effective.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal and the Scheme will lapse if any of the Conditions has not been satisfied or waived (as applicable) on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Court may direct). If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “14. Registration and Payment” in Part VII – Explanatory Statement of this Scheme Document.

COSTS OF THE SCHEME

Your attention is drawn to the section headed “15. Costs of the Scheme” in Part VII – Explanatory Statement of this Scheme Document.

OVERSEAS SCHEME SHAREHOLDERS

Your attention is drawn to the section headed “16. Overseas Scheme Shareholders” in Part VII – Explanatory Statement of this Scheme Document.

TAXATION

Your attention is drawn to the section headed “17. Taxation” in Part VII – Explanatory Statement of this Scheme Document.

RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in the letter from the Independent Board Committee to the Disinterested Shareholders in Part V this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal.

FURTHER INFORMATION

You are urged to read carefully:

- (a) the letter from the Independent Board Committee to the Disinterested Shareholders set out in Part V of this Scheme Document;
- (b) the letter from the Independent Financial Adviser to the Independent Board Committee set out in Part VI of this Scheme Document;
- (c) the Explanatory Statement set out in Part VII of this Scheme Document;
- (d) the appendices to this Scheme Document, including the Scheme set out in Appendix IV of this Scheme Document;
- (e) the notice of Court Meeting set out in Appendix V of this Scheme Document;
- (f) the notice of SGM set out in Appendix VI of this Scheme Document;
- (g) the **PINK** form of proxy in respect of the Court Meeting as enclosed with this Scheme Document; and
- (h) the **WHITE** form of proxy in respect of the SGM as enclosed with this Scheme Document.

Yours faithfully,
For and on behalf of
C. P. POKPHAND CO. LTD.
Arunee Watcharananan
Director

**C.P. POKPHAND CO. LTD.***(Incorporated in Bermuda with limited liability)**(Stock Code: 43)*

23 November 2021

To the Disinterested Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF
C. P. POKPHAND CO. LTD.
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
C. P. POKPHAND CO. LTD.**

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

We refer to the scheme document (the “**Scheme Document**”) dated 23 November 2021 jointly issued by the Company and the Offeror in relation to the Proposal, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Shareholders as to whether (a) the terms of the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable; and (b) to vote in favour of the Scheme at the Court Meeting and the Proposal and the Rollover Arrangement at the SGM.

Ballas Capital Limited, the Independent Financial Adviser, has been appointed by the Company with our approval, to advise us in respect of the Proposal, the Scheme and the Rollover Arrangement.

We wish to draw your attention to (a) the letter from the Board as set out in Part IV of the Scheme Document; (b) the letter from the Independent Financial Adviser as set out in Part VI of the Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations; and (c) the Explanatory Statement as set out in Part VII of the Scheme Document.

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Proposal, the Scheme and the Rollover Arrangement and having taken into account the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the letter from the Independent Financial Adviser, we recommend:

- (1) the Disinterested Shareholders to vote at the Court Meeting in favour of the resolution to approve the Scheme; and
- (2) the Disinterested Shareholders to vote at the SGM in favour of:
 - (a) the special resolution to approve the reduction of the issued share capital of the Company by the cancellation of the Scheme Shares;
 - (b) the ordinary resolution to approve (i) the contemporaneous maintenance of the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares, credited as fully paid, as is equal to the number of Scheme Shares cancelled, (ii) the application of the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par the new Shares, and (iii) the authorization of the directors of the Company to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme; and
 - (c) the ordinary resolution to approve the Rollover Arrangement which constitutes a special deal under Rule 25 of the Takeovers Code.

Yours faithfully,

Independent Board Committee

Mr. Cheng Yuk Wo

Independent Non-executive Director

General Udomdej Sitabutr

Independent Non-executive Director

The following is the full text of a letter of advice from Ballas Capital Limited, the Independent Financial Adviser to the Independent Board Committee, for the purpose of incorporation into the Scheme Document.



Unit 1802, 18/F,
1 Duddell Street, Central
Hong Kong

23 November 2021

To the Independent Board Committee of C.P. POKPHAND CO. LTD.

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF C.P. POKPHAND CO. LTD.
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT;**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
C. P. POKPHAND CO. LTD.;**

AND

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) and the explanatory statement (the “**Explanatory Statement**”) contained in the Scheme Document jointly issued by the Offeror and the Company to the Shareholders dated 23 November 2021, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires. Our appointment as the independent financial adviser has been approved by the Independent Board Committee as set out in the Announcement.

On 30 September 2021, the Offeror and the Company jointly announced that the Offeror formally requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act. If the Proposal is approved and implemented, all of the Scheme Shares will be cancelled at the Cancellation Price of HK\$1.15 per Scheme Share and the Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

As set out in the Letter from the Board, the Offeror would like to allow ITOCHU to retain its shareholding in the Company after the Scheme becomes effective. As such, the Offeror and ITOCHU have entered into the Rollover Agreement, pursuant to which, among others, ITOCHU will remain as a Shareholder after the Scheme becomes effective and none of the Shares held by ITOCHU will constitute Scheme Shares or will be voted on the Scheme at the Court Meeting. If the Proposal is approved and implemented, approximately 75.00% of the total number of issued Shares will be held by the Offeror, and approximately 25.00% of the total number of issued Shares will be held by ITOCHU, an Offeror Concert Party.

The Independent Board Committee, which comprises Mr. Cheng Yuk Wo and General Udomdej Sitabutr, being all of the non-executive Directors who are not Offeror Concert Parties, has been established to make a recommendation to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal and the Rollover Arrangement at the SGM. Mr. Meth Jiaravanont, a non-executive Director, is a cousin of Mr. Soopakij Chearavanont and Mr. Suphachai Chearavanont (who are directors of CPF and the Company) and an Offeror Concert Party, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders. Mr. Yoichi Ikezoe, a non-executive Director, is the Deputy CEO for East Asia Bloc, Senior Officer of Asia and Oceania Bloc, CP and CITIC (Overseas Operation) of ITOCHU, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders. Each of Mr. Vinai Vittavasarnvej, Mrs. Vatchari Vimooktayon and Professor Dr. Pongsak Angkasith, who are independent non-executive Directors, is also a director of CPF, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders.

Our role, as the independent financial adviser to the Independent Board Committee in relation to the Proposal, the Scheme and the Rollover Arrangement, is to advise whether the terms of the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Proposal and the Rollover Arrangement at the SGM and the Scheme at the Court Meeting.

INDEPENDENCE DECLARATION

We are not associated or connected with the Company, the Offeror, the Offeror Concert Parties, the counterparties of the Proposal, the Scheme and the Rollover Arrangement or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for (i) the appointment as the independent financial adviser by the Company in relation to certain continuing connected transactions as disclosed in the circular of the Company dated 2 December 2019; (ii) the appointment as the independent financial adviser by Chia Tai Enterprises International Limited (“CTEI”), being an associate of CPF, in relation to the renewal of certain continuing connected transactions as disclosed in the circular of CTEI dated 20 August 2020; (iii) the appointment as the independent financial adviser in relation to a connected and very substantial acquisition and a deemed

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

disposal as disclosed in the circular of the Company dated 13 October 2020; (iv) the appointment as the independent financial adviser by CTEI in relation to certain continuing connected transactions as disclosed in the circular of CTEI dated 1 April 2021; and (v) this appointment as the independent financial adviser in relation to the Proposal, the Scheme and the Rollover Arrangement, we did not have any other relationship with or interests in the Company, the Offeror, the Offeror Concert Parties, the counterparties of each of the Proposal, the Scheme and the Rollover Arrangement or their respective core connected persons or associates. Given the independence of the engagements, we consider we are eligible to give independent advice on the Proposal, the Scheme and the Rollover Arrangement.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Scheme Document as well as the representations made or provided by the Directors and the senior management of the Company.

The Directors have declared in a responsibility statement set out in the Scheme Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Scheme Document in relation to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Scheme Document by the Directors, in their capacity as Directors, have been arrived at after due and careful consideration and there are no other facts not contained in the Scheme Document, the omission of which would make any statement in the Scheme Document misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Scheme Document were true and accurate at the time they were made and continue to be so up to the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Scheme Document. The Company will notify the Scheme Shareholders of any material changes to information contained or referred to in the Scheme Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Scheme Shareholders will also be informed as soon as possible when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date pursuant to Rule 9.1 of the Takeovers Code.

We have assumed that the Proposal, the Scheme and the Rollover Arrangement will be consummated in accordance with the terms and conditions set forth in the Scheme Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Proposal, the Scheme and the Rollover Arrangement, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Proposal, the Scheme and the Rollover Arrangement. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Scheme Document and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the Offeror, ITOCHU or any of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposal, the Scheme and the Rollover Arrangement.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee, we have considered the following principal factors and reasons:

1. Background and terms of the Proposal, the Scheme and the Rollover Arrangement

The Proposal

As set out in the Explanatory Statement, on 30 September 2021, the Offeror and the Company jointly announced that the Offeror formally requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act. If the Proposal is approved and implemented:

- (a) all of the Scheme Shares held by the Scheme Shareholders will be cancelled by way of the reduction of issued share capital of the Company in exchange for the payment of the Cancellation Price of HK\$1.15 per Scheme Share to each Scheme Shareholder by the Offeror;
- (b) immediately after the cancellation of the Scheme Shares, the issued share capital of the Company will be increased to its former amount by the new issuance at par to the Offeror, credited as fully paid, of an aggregate number of Shares equal to the number of Scheme Shares cancelled;
- (c) approximately 75.00% of the total number of issued Shares will be held by the Offeror, and approximately 25.00% of the total number of issued Shares will be held by ITOCHU, an Offeror Concert Party; and
- (d) the Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Scheme will provide that all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$1.15 per Scheme Share. The Offeror will not increase the Cancellation Price and does not reserve the right to do so. No offer for the Series B Convertible Preference Shares is made by the Offeror under Rule 14 of the Takeovers Code as all of the Series B Convertible Preference Shares are held by CPF, the Offeror's parent.

The Rollover Arrangement

As set out in the Letter from the Board and the Explanatory Statement, the Offeror and ITOCHU have entered into the Rollover Agreement, pursuant to which:

- (a) subject to, among others, the Disinterested Shareholders' approval, ITOCHU will remain as a Shareholder after the Scheme becomes effective and none of the Shares held by ITOCHU will constitute Scheme Shares or will be voted on the Scheme at the Court Meeting;
- (b) ITOCHU has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it directly on resolutions in relation to the Scheme in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a general meeting of the Company, and that it shall be bound by, and take all actions necessary to implement the Scheme;
- (c) ITOCHU has further undertaken that it will not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it; acquire, subscribe for or otherwise deal in the securities of the Company without prior consent of the Offeror, nor will it accept any other offer in respect of all or any of such Shares; and
- (d) ITOCHU will remain on the register of members of the Company immediately after the Scheme becomes effective.

The Rollover Agreement will be terminated if the Scheme lapses or is withdrawn in accordance with its terms.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholding structure

On the assumption there is no change in shareholding of the Company before the Effective Date, the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal is set out below:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares held	Approximate% of the total issued Shares of the Company	Number of Shares held	Approximate% of the total issued Shares of the Company
Offeror and Offeror Concert Parties				
<i>Shares held not subject to the Scheme</i>				
– CPF Group ⁽¹⁾	11,974,521,097	49.74	18,053,877,924	75.00
– ITOCHU ⁽²⁾	6,017,959,308	25.00	6,017,959,308	25.00
Sub-total	17,992,480,405	74.74	24,071,837,232	100.00
<i>Shares held subject to the Scheme</i>				
– Mr. Kanchanadul ⁽³⁾	3,000,000	0.01	–	–
– The Chiaravanont Brothers ⁽³⁾	59,000,000	0.25	–	–
– Mr. Chearavanont ⁽³⁾	37,600,000	0.16	–	–
– Dr. Thammasart ⁽³⁾	1,862,000	0.01	–	–
– Mr. Chirakitcharern ⁽³⁾	1,420,000	0.01	–	–
– Mr. Meth Jiaravanont ⁽³⁾	21,000,000	0.09	–	–
Sub-total	123,882,000	0.51	–	–
Sub-total: Offeror and Offeror Concert Parties	18,116,362,405	75.26	24,071,837,232	100.00
Disinterested Shareholders	5,955,474,827	24.74	–	–
Total	24,071,837,232	100.00	24,071,837,232 ⁽⁴⁾	100.00

Notes:

- (1) CPF Group held 11,974,521,097 Shares through the Offeror, a wholly-owned subsidiary of CPF, and 1,261,077,748 Series B Convertible Preference Shares through CPF. CPF was also taken to be interested in the 6,017,959,308 Shares held by ITOCHU as a result of certain provisions in the SHA pursuant to section 317 of the SFO.
- (2) ITOCHU was also taken to be interested in the 11,974,521,097 Shares and 1,261,077,748 Series B Convertible Preference Shares in which CPF was interested as a result of certain provisions in the SHA pursuant to section 317 of the SFO.
- (3) Each of Mr. Kanchanadul, the Chiaravanont Brothers, Mr. Chearavanont, Dr. Thammasart, Mr. Chirakitcharern and Mr. Meth Jiaravanont is an Offeror Concert Party. Please refer to the Letter from the Board and the Explanatory Statement for details.
- (4) Under the Scheme, all of the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that there is no change in shareholding of the Company before the Effective Date, immediately upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to the Offeror, credited as fully paid, of the same number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished.

2. Information of the Group

2.1 Background information of the Group

The Company is a limited liability company incorporated in Bermuda, whose Shares are listed on the Main Board of the Stock Exchange. The Group operates in Vietnam and the PRC. 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. In the PRC, the Group is principally engaged in poultry farming and production and sale of value-added processed food products. The Group also has a significant investment in a company operating in the PRC which is principally engaged in the production and sale of animal feed and breeding, farming and sale of swine and sale of pork.

2.2 Financial information

On 1 December 2020, the Group completed the merger of its China feed and swine food businesses under CTI, originally a subsidiary of the Group, with the swine farming business of CPG in China. The merger was structured as an all-share transaction settled by CTI issuing new shares, representing 65% of CTI's enlarged share capital, to CPG. Consequently, the Group's shareholding in CTI reduced from 100% to 35%. The Group's main businesses in China before 1 December 2020 included feed, poultry farming, swine food and value-added processed food businesses. Since 1 December 2020, the Group's main businesses in China included (i) poultry farming and value-added processed food businesses operated by its subsidiaries, and (ii) feed and integrated swine businesses operated by CTI (and its subsidiaries), an associate of the Group. In terms of financial reporting under the consolidated statement of comprehensive income, continuing operations principally cover (i) the Group's China poultry farming and value-added processed food businesses, (ii) the Group's Vietnam operations and (iii) the share of profit of a 35%-owned associate in China (i.e. CTI). Discontinued operations principally include the Group's China feed and swine food businesses.

Set out below is a summary of the financial information of the Group for each of the two years ended 31 December 2019 and 2020 ("**FY2019**" and "**FY2020**", respectively) as extracted from the annual reports of the Company for FY2019 and FY2020, for the six months ended 30 June 2020 and 2021 ("**1H2020**" and "**1H2021**", respectively) as extracted from the interim reports of the Company for 1H2021, and the nine months ended 30 September 2020 and 2021 ("**9M2020**" and "**9M2021**", respectively).

Continuing operations	FY2019 US\$'000 (restated) (audited)	FY2020 US\$'000 (audited)	1H2020 US\$'000 (unaudited)	1H2021 US\$'000 (unaudited)	9M2020 US\$'000 (unaudited)	9M2021 US\$'000 (unaudited)
<i>Revenue</i>						
China agri-food operations	713,712	855,934	383,790	437,686	616,139	669,772
Vietnam agri-food operations	2,781,298	3,476,772	1,675,506	1,865,555	2,583,287	2,634,924
Others	230	233	116	110	174	164
Total revenue	3,495,240	4,332,939	2,059,412	2,303,351	3,199,600	3,304,860
Cost of sales	(2,796,044)	(3,051,310)	(1,403,552)	(1,747,479)	(2,206,063)	(2,659,928)
Gross profit	699,196	1,281,629	655,860	555,872	993,537	644,932
Net changes in fair value of biological assets	105,554	2,820	(13,792)	(42,249)	(8,740)	(137,986)
Other income, net	15,330	33,907	9,346	17,534	17,536	26,024
Selling and distribution costs	(94,280)	(114,261)	(53,688)	(71,601)	(83,098)	(104,333)
General and administrative expenses	(210,436)	(224,038)	(106,611)	(119,453)	(175,666)	(178,534)
Finance costs	(109,816)	(104,707)	(46,166)	(43,459)	(63,800)	(65,863)
Share of profits and losses:						
– Joint ventures	(37)	(50)	(24)	(1)	(31)	(2)
– A 35%-owned associate	–	66,450	–	30,421	–	(63,972)
– Other associates	(58)	(226)	(42)	(146)	(73)	(197)
Profit before tax	405,453	941,524	444,883	326,918	679,665	120,069
Income tax	(81,113)	(189,158)	(92,413)	(75,378)	(142,675)	(66,457)
Profit for the year/period from continuing operations	324,340	752,366	352,470	251,540	536,990	53,612
Discontinued operations						
– Results from operating activities, net of tax	143,364	188,657	96,080	–	154,600	–
– Gain on deemed disposal of CTI	–	1,466,255	–	–	–	–
Profit for the year/period from discontinued operations	143,364	1,654,912	96,080	–	154,600	–
Profit for the year/period	467,704	2,407,278	448,550	251,540	691,590	53,612
Profit attributable to Shareholders						
– Continuing operations	216,940	519,153	235,523	161,869	356,521	(16,573)
– Discontinued operations	128,863	169,643	86,587	–	139,561	–
	345,803	688,796	322,110	161,869	496,082	(16,573)
Discontinued operations						
– Gain on deemed disposal of CTI	–	1,466,255	–	–	–	–
	345,803	2,155,051	322,110	161,869	496,082	(16,573)
Profit attributable to non-controlling interests:						
– Continuing operations	107,400	233,213	116,947	89,671	180,469	70,185
– Discontinued operations	14,501	19,014	9,493	–	15,039	–
	121,901	252,227	126,440	89,671	195,508	70,185
	467,704	2,407,278	448,550	251,540	691,590	53,612

Latest financial performance

On 12 November 2021, the Company issued the Third Quarterly Results Announcement in relation to the unaudited consolidated results of the Group for 9M2021, the full text of which is set out in Appendix III to the Scheme Document. As the Third Quarterly Results Announcement was made after the commencement of the Offer Period in respect of the Proposal, the unaudited profit figures, “profit for the period” and “loss attributable to Shareholders of the Company” for 9M2021 as set out in the Third Quarterly Results Announcement constituted a profit forecast pursuant to Rule 10 of the Takeovers Code, and would have to be reported on by both the relevant financial advisers and auditors or accountants of the Company. The Profit Estimate has been reported on by KPMG, the auditors of the Company, and us, which the respective letters from KPMG and us have been set out in the Third Quarterly Results Announcement and in Appendix III to the Scheme Document.

As disclosed in the Third Quarterly Results Announcement, the Group recorded an unaudited consolidated loss attributable to Shareholders of approximately US\$16.6 million for 9M2021 as compared to the profit of approximately US\$496.1 million for the corresponding period. Such decrease from profit to loss was mainly attributable to (i) in respect of the Group’s business in China, the deteriorated performance of its food and poultry farm subsidiaries and its 35%-owned feed and swine farm associate (i.e. CTI) as a result of lower poultry and swine prices. The Group recorded share of loss of the 35%-owned feed and swine farm associate (i.e. CTI) of approximately US\$64.0 million as compared to a profit of approximately US\$139.6 million attributable to Shareholders (as recognised in discontinued operations of the Group) that was consolidated by the Group in 9M2020 prior to the completion of the merger of CTI on 1 December 2020; (ii) in respect of the Group’s Vietnam business, less profit being generated from its agri-food business mainly because of lower swine prices, which the Group’s average swine price in Vietnam decreased from approximately VND79,472 per kilogram in 9M2020 to approximately VND67,392 per kilogram in 9M2021, attributable to the increase in swine supply as farmers rebuilt their herds after the outbreak of the African Swine Fever in Vietnam in early 2019, which led to a spike in swine prices in late 2019 and 2020 (Group’s 2019 average swine price: VND46,199 per kilogram; Group’s 2019 fourth quarter average swine price: VND64,205 per kilogram; Group’s 2020 average swine price: VND76,585 per kilogram); and (iii) recording a significant negative net change in fair value of biological assets for 9M2021 due to lower swine prices in Vietnam and China.

1H2021 vs 1H2020

For continuing operations, the Group recorded revenue of approximately US\$2,303 million for 1H2021, representing an increase of approximately US\$244 million or 11.8% as compared to approximately US\$2,059 million for 1H2020. Such increase was mainly attributable to (i) the increase in revenue of the Group's agri-food business in Vietnam of approximately US\$190 million, or approximately 11.3%, for 1H2021 mainly contributed by the increase in sales volume; and (ii) the increase in revenue of the Group's agri-food business in China of approximately US\$54 million, or approximately 14.0%, for 1H2021 mainly contributed by the increase in sales volume.

The Group's profit attributable to Shareholders in 1H2021 decreased by approximately US\$160 million or 49.7% from approximately US\$322 million in 1H2020 to approximately US\$162 million in 1H2021. Such decrease was mainly contributed by (i) the Group's business in China, which the performance of the Group's poultry farm and food subsidiaries and its 35%-owned feed and integrated swine associate deteriorated as a result of lower poultry and swine prices; and (ii) the Group's business in Vietnam, which the performance of its agri-food business regressed mainly due to lower swine prices and higher raw material costs.

FY2020 vs FY2019

For continuing operations, the Group recorded revenue of approximately US\$4,333 million for FY2020, representing an increase of approximately US\$838 million or 24.0% as compared to approximately US\$3,495 million (restated) for FY2019. Such increase was mainly attributable to the increase in revenue of the Group's agri-food business in Vietnam of approximately US\$695 million, or approximately 25.0% year-on-year.

The Group's profit attributable to Shareholders in FY2020 amounted to approximately US\$2,155 million. Excluding the one-off gain on the deemed disposal of CTI of approximately US\$1,466 million, the Group's adjusted profit attributable to Shareholders in FY2020 amounted to approximately US\$689 million, which represents an increase of approximately US\$343 million, or approximately 99.2%, as compared to that of approximately US\$346 million (restated) for FY2019. Such increase was mainly due to a significant increase in swine prices in Vietnam in 2020 when compared to 2019, resulting in higher profit margin from the Vietnam farming business.

	As at 31 December 2020 <i>US\$'million</i> (audited)	As at 30 June 2021 <i>US\$'million</i> (unaudited)
Non-current assets	4,581	4,634
Current assets	2,017	2,078
Non-current liabilities	1,337	1,379
Current liabilities	1,228	1,368
Net assets	4,033	3,965
Net assets attributable to Shareholders	3,548	3,496

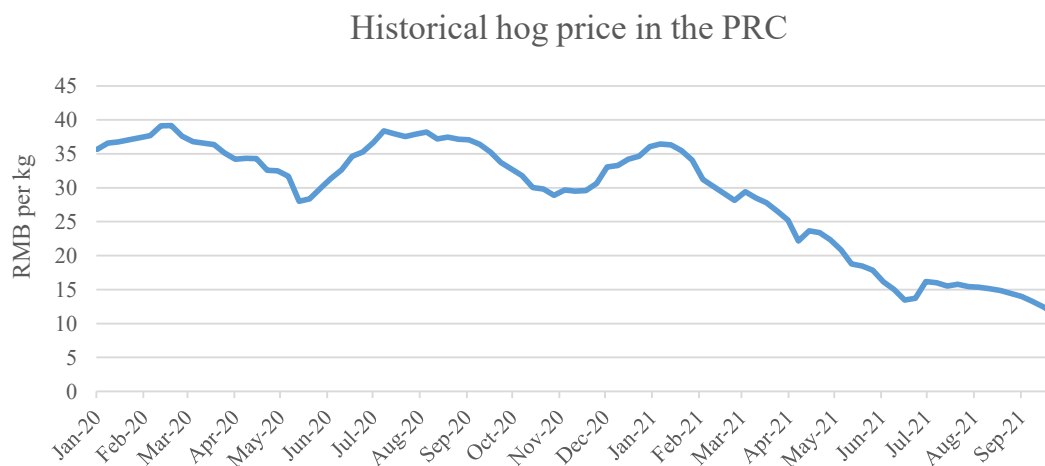
As at 30 June 2021, the Group recorded net assets attributable to Shareholders of approximately US\$3,496 million, which represented a slight decrease of approximately 1.5% in the Group's net assets from approximately US\$3,548 million as at 31 December 2020.

As at 30 June 2021, the Group's non-current assets amounted to approximately US\$4,634 million, which mainly comprised (i) investment in CTI (being a 35%-owned associate) of approximately US\$2,266 million; (ii) property, plant and equipment of approximately US\$1,680 million; and (iii) other right-of-use assets of approximately US\$430 million. The Group's current assets amounted to approximately US\$2,078 million as at 30 June 2021, which mainly comprised (i) current biological assets of approximately US\$682 million; (ii) inventories of approximately US\$546 million; and (iii) prepayments, deposits and other receivables of approximately US\$216 million.

As at 30 June 2021, the Group's non-current liabilities amounted to approximately US\$1,379 million, which mainly comprised (i) bank borrowings of approximately US\$857 million; and (ii) lease liabilities of approximately US\$461 million. The Group's current liabilities amounted to approximately US\$1,368 million as at 30 June 2021, which mainly comprised (i) trade and bills payables of approximately US\$522 million; (ii) other payables and accruals of approximately US\$315 million; and (iii) dividend payable of approximately US\$247 million.

2.3 Outlook of the Group

As disclosed in the interim report of the Group for 1H2021, in view of the market uncertainties in its two operating regions, namely China and Vietnam, especially on animal protein prices, which showed a downward trend in 1H2021, and the COVID-19 situation, the Group remains cautious for the second half of 2021. As further disclosed in the Company’s profit warning announcement dated 19 October 2021 in relation to the Group’s unaudited results for 9M2021, the Board expects the Group’s operations for the rest of the year to continue to be negatively impacted by the low poultry and swine prices in China and low swine prices in Vietnam, which may or may not fall further. As disclosed in the Third Quarterly Results Announcement, the Group recorded significant negative net change in fair value of biological assets attributable to Shareholder for 9M2021 of approximately US\$126.6 million, which was due to lower swine prices in Vietnam and China.



Source: 國家生豬市場 (SPEM) and the Ministry of Agriculture and Rural Affairs of the PRC

Since the outbreak of the African Swine Fever in 2018 and followed by the outbreak of COVID-19 in 2019, hog price has surged in the PRC as a result of the shortage of hog supply, reaching approximately RMB39.16 per kg in the week of 24 February 2020. According to the Wall Street Journal, after two years of soaring pork prices, the PRC now faces the opposite problem of a depressed market. As set out in the chart above, since January 2021, hog price in the PRC has tumbled from approximately RMB36.04 per kg in the first week of January 2021 to approximately RMB11.60 per kg in the week of 27 September 2021, representing a decrease of approximately 70.4%.

According to the Wall Street Journal, Chinese farmers spent much of last year rebuilding their herds, before domestic pork supplies normalised and prices began sliding. Hog population in the PRC currently stands at about 439 million, up from around 370 million in the previous year. The depressed hog prices were mainly attributable to the fact that (i) farmers who fattened their pigs as they waited for a recovery in prices rushed to sell their heavy hogs when prices declined earlier this year; and (ii) the new outbreaks of African Swine Fever in certain parts of China has caused some panic selling. Market analysts are of the view that strong rebound of hog price is unlikely even the Lunar New Year holidays approaches in early 2022, which is typically a high season for pork consumption in the PRC.

On the other hand, the PRC government has continued its efforts to stabilise hog price. According to the Consumer News and Business Channel (CNBC), the government has worked to ensure sufficient supply by releasing the meat from national reserves during shortages, and, more recently, encouraging consumption to counter oversupply.

Taking into account the uncertainties towards the development of the African Swine Fever and COVID-19 as well as the hog price, the management of the Company remains cautious for the outlook of the Group. Given that (i) the Cancellation Price represents a premium over (a) the Share price during the Review Period (as defined below) (as illustrated in the section headed “5.2 *Historical Share price performance*” below); and (b) the net assets value attributable to Shareholders per Share as at 30 June 2021 (as illustrated in the section headed “5.1 *Cancellation Price comparison*” below); (ii) the thin liquidity and low trading volume of the Shares during the Review Period (as defined below) prior to the publication of the Announcement (as illustrated in the section headed “4.1 *Benefits of the Proposal to the Scheme Shareholders*” below); and (iii) the Cancellation Price is fair and reasonable from a comparable analysis perspective (as illustrated in the section headed “5.3 *Comparable companies*” below), we are of the view that the Proposal provides an opportunity for the Disinterested Shareholders to exit and realise their investments in the Group.

3. Information of the Offeror

3.1 Background information of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding and it is wholly-owned by CPF, which is one of the largest agri-food conglomerates in the Asia Pacific region operating in agro-industrial and integrated food businesses, and whose shares are listed on The Stock Exchange of Thailand under stock code CPF, with Charoen Pokphand Group Company Limited a major shareholder, holding directly and indirectly 46.49% interest in CPF.

3.2 *The Offeror's intention in relation to the Group*

As set out in the Explanatory Statement, the Offeror, together with ITOCHU, intend for the Group to maintain its existing business following the implementation of the Proposal. As at the Latest Practicable Date, while the Offeror has conducted preliminary exploration and assessment of the advantages, disadvantages and feasibility of different strategic options for the Group's future development, including asset disposals, asset acquisitions, business divestment, restructuring and/or diversification and/or capital raisings or listing of its business in overseas stock or debt markets, the Offeror, together with ITOCHU, have not made any decisions, in the event the Scheme becomes effective, to make any material changes to the business and/or disposal or redeployment of assets of the Group, or to make any significant changes to the employment of employees of the Group, or to terminate or scale down any part of the business of the Group as a result of the implementation of the Proposal.

After the Scheme becomes effective, however, the Offeror, together with ITOCHU, will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group. The Offeror will, together with ITOCHU, continue to explore business, investment, capital raising or listing opportunities in overseas stock and debt markets and consider whether any asset disposals, asset acquisitions, business divestment, restructuring and/or diversification will be appropriate and feasible for enhancing the Company's future development and strengthening its revenue bases. Any disposal or redeployment of assets or businesses of the Group in the future, if any, will be conducted in compliance with the constitutional documents of the Group and the Takeovers Code (if applicable).

4. Reasons for and benefits of the Proposal

4.1 *Benefits of the Proposal to the Scheme Shareholders*

An opportunity for Scheme Shareholders to monetize Shares

The average daily trading volume of Shares for the six-month period, 12-month period and 24-month period up to and including the Last Trading Day were approximately 18,024,780 Shares, 12,276,550 Shares and 9,657,990 Shares per day, representing only approximately 0.07%, 0.05% and 0.04% respectively of the total number of issued Shares as at the Latest Practicable Date.

The low trading liquidity of the Shares could make it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. As such, the Scheme presents an immediate opportunity for Scheme Shareholders to monetize their investments for cash and redeploy the proceeds from accepting the Scheme into other investment opportunities.

Cancellation Price represents an attractive exit premium

The Proposal allows an exit for the Scheme Shareholders at a significant premium to the current market price. As set out in the section headed “*The Proposal – Comparisons of value*” of the Explanatory Statement, the Cancellation Price of HK\$1.15 per Scheme Share represents a significant premium of approximately 17.35% and 30.68% over the average closing price of approximately HK\$0.98 and HK\$0.88 per Share for the 10 and 90 trading days up to and including the Last Trading Day, respectively, and a premium of 1.77% over the highest closing price of HK\$1.13 per Share during the Relevant Period. The Cancellation Price also represents a premium of approximately 7.52% over the unaudited consolidated net asset value attributable to Shareholders per issued share of the Company of approximately US\$0.14 (equal to approximately HK\$1.07, using an exchange rate of US\$1 = HK\$7.75 as at the date of the Announcement) as at 30 June 2021.

We have performed a trading liquidity analysis of the Shares for the period from 1 September 2020 (being approximately one year prior to the Last Trading Day) up to and including the Latest Practicable Date (the “**Review Period**”). The number of trading days per month, the average daily number of the Shares traded during the month, and the respective percentages of the Shares’ average daily trading volume as compared to (i) the total number of issued Shares held by the Disinterested Shareholders as at the Latest Practicable Date; and (ii) the total number of Shares in issue as at the Latest Practicable Date during the Review Period are tabulated below:

Month	Number of trading days	Average daily trading volume <i>Number of Shares</i>	% of the average daily trading volume to total number of issued Shares held by the Disinterested Shareholders as at the Latest Practicable Date <i>(Note 1)</i> <i>Approximate%</i>	% of the average daily trading volume to total number of Shares in issue as at the Latest Practicable Date <i>(Note 2)</i> <i>Approximate%</i>
2020				
September	22	12,342,909	0.21	0.05
October	18	7,378,667	0.12	0.03
November	21	4,286,185	0.07	0.02
December	22	13,127,841	0.22	0.05

Month	Number of trading days	Average daily trading volume <i>Number of Shares</i>	% of the average daily trading volume to total number of issued Shares held by the Disinterested Shareholders as at the Latest Practicable Date <i>(Note 1)</i> <i>Approximate%</i>	% of the average daily trading volume to total number of Shares in issue as at the Latest Practicable Date <i>(Note 2)</i> <i>Approximate%</i>
2021				
January	20	10,548,515	0.18	0.04
February	18	38,929,499	0.65	0.16
March	23	27,836,668	0.47	0.12
April	19	8,605,115	0.14	0.04
May	20	12,119,226	0.20	0.05
June	21	11,137,413	0.19	0.05
July	21	9,104,982	0.15	0.04
August	22	8,395,675	0.14	0.03
September	17	40,085,649	0.67	0.17
	<i>(Note 3)</i>			
October	18	51,244,986	0.86	0.21
November (up to and including the Latest Practicable Date)	15	29,601,005	0.50	0.12

Source: the website of the Stock Exchange

Notes:

- (1) Based on 5,955,474,827 existing Shares held by the Disinterested Shareholders as at the Latest Practicable Date.
- (2) Based on 24,071,837,232 issued Shares as at the Latest Practicable Date.
- (3) Trading in Shares was suspended on 27 September 2021, 28 September 2021, 29 September 2021 and 30 September 2021.

As illustrated from the table above, the average daily trading volume of the Shares was thin during the Review Period. From September 2020 to September 2021 (prior to the issue of the Announcement on 30 September), the average trading volume in each month was (i) below 0.7% of the total number of issued Shares held by the Disinterested Shareholders as at the Latest Practicable Date; and (ii) below 0.2% of the total number of Shares in issue as at the Latest Practicable Date.

In light of the above, we concur with the view of the Company that the trading liquidity of the Shares is low and disposal of a large number of Shares by Shareholders in the open market may have adverse impact on the price of Shares. Taking into account our analysis on the Cancellation Price as set out in the section headed “5. *The Cancellation Price*” below, we are also of the view that the Proposal provides the Disinterested Shareholders with an opportunity to realise their investment in the Company for cash at a premium without having to suffer any illiquidity discount.

4.2 *Benefits of the Proposal to the Company*

The privatisation of the Company will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from the pressure of market expectations and share price fluctuations which arise from the Company being a publicly listed company.

The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company’s listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group’s business.

5. The Cancellation Price

5.1 *Cancellation Price comparison*

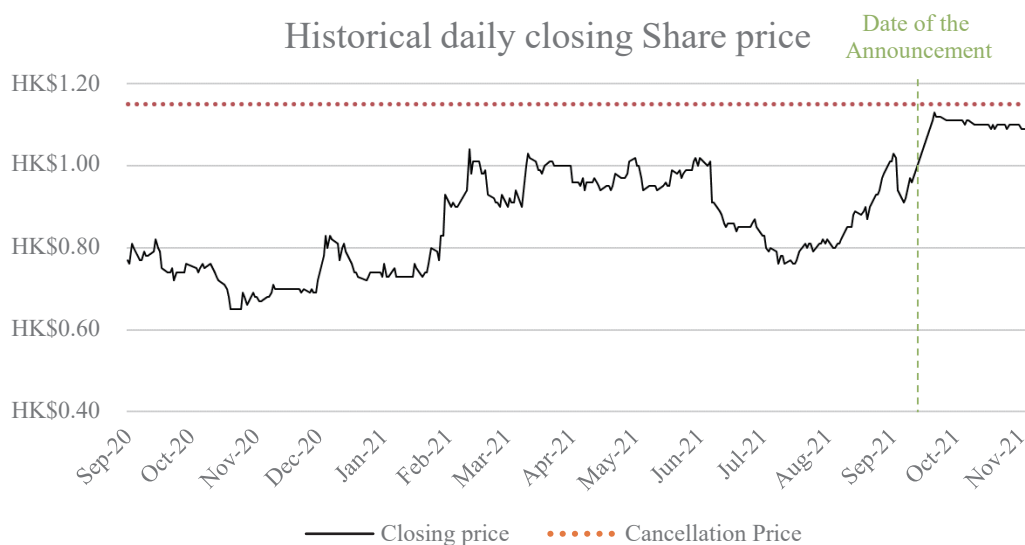
The Cancellation Price of HK\$1.15 per Scheme Share represents:

- a premium of approximately 5.50% over the closing price of HK\$1.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 19.79% over the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 22.34% over the average closing price of approximately HK\$0.94 per Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- a premium of approximately 17.35% over the average closing price of approximately HK\$0.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 27.78% over the average closing price of approximately HK\$0.90 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;

- a premium of approximately 33.72% over the average closing price of approximately HK\$0.86 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 30.68% over the average closing price of approximately HK\$0.88 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 27.78% over the average closing price of approximately HK\$0.90 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 5.94% over the audited consolidated net asset value attributable to Shareholders per issued share of the Company of approximately US\$0.140 (equal to approximately HK\$1.09, using an exchange rate of US\$1 = HK\$7.75 as at the date of the Announcement) as at 31 December 2020; and
- a premium of approximately 7.52% over the unaudited consolidated net asset value attributable to Shareholders per issued share of the Company of approximately US\$0.138 (equal to approximately HK\$1.07, using an exchange rate of US\$1 = HK\$7.75 as at the date of the Announcement) as at 30 June 2021.

5.2 Historical Share price performance

In assessing the reasonableness of the Cancellation Price, we have considered the historical movement of the price of the Shares. Set out below is a chart showing the movement of the closing prices of the Shares against the Cancellation Price during the Review Period.



Source: the website of the Stock Exchange

Notes:

- (1) On 14 September 2020, the Company issued the announcement in relation to a connected and very substantial acquisition and a deemed disposal.
- (2) On 12 November 2020, the Company issued the unaudited results announcement for the nine months ended 30 September 2020.
- (3) On 24 February 2021, the Company issued the annual results announcement for the year ended 31 December 2020.
- (4) On 13 May 2021, the Company issued the unaudited results announcement for the three months ended 31 March 2021.
- (5) On 27 May 2021, the Company issued the announcement in relation to the proposed spin-off and separate listing of Chia Tai Investment Co., Ltd.
- (6) On 11 June 2021, the Company issued the profit warning announcement in relation to the interim results for the six months ended 30 June 2021.
- (7) On 13 August 2021, the Company issued the interim results and interim dividend announcements for the six months ended 30 June 2021.
- (8) On 27 September 2021, the Shares was halted with effect from 9:00 a.m., and resumed at 9:00 a.m. on 4 October 2021.
- (9) On 30 September 2021, the Company issued (i) the Announcement and (ii) the profit warning announcement in relation to the financial results for the eight months ended 31 August 2021.
- (10) On 19 October 2021, the Company issued the profit warning announcement in relation to the unaudited quarterly results for 9M2021.
- (11) On 12 November 2021, the Company issued the Third Quarterly Results Announcement.

During the Review Period and prior to the publication of the Announcement on 30 September, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.65 per Share recorded on 22 October 2020, 23 October 2020 and 27 October 2020 and HK\$1.04 per Share recorded on 17 February 2021, respectively. Following the publication of the Announcement, the price of the Shares rose from HK\$0.96 per Share on 24 September 2021 to HK\$1.11 per Share on 4 October 2021 and the closing prices of the Shares were at a range between HK\$1.09 per Share to HK\$1.13 per Share following the publication of the Announcement and up to the Latest Practicable Date. The Cancellation Price is above the range of the closing price of the Shares during the entire Review Period.

Therefore, from the perspective of the historical price performance of the Shares, we are of the view that the Cancellation Price is fair and reasonable, and represents an opportunity for Disinterested Shareholders to realise their investments in the Group.

5.3 Comparable companies

For 1H2021, the Group’s breeding, farming and sale of livestock and aquatic animals business in the PRC and Vietnam contributed approximately 66.0% of the total revenue of the Group. We have conducted a comparable analysis through identifying listed companies on the Stock Exchange engaging in similar business of the Group (the “**Comparable Companies**”), which (i) are listed on the Main Board of the Stock Exchange; (ii) are principally engaged in breeding, farming and sale of livestock (for the avoidance of doubt excludes vegetation farming), which at least 40% of the total revenue was attributable to such business based on the latest published financial results; and (iii) have a market capitalisation of more than HK\$1,000 million as at the Latest Practicable Date. As at the Latest Practicable Date, the market capitalisation of the Company was approximately HK\$26.2 billion. The Comparable Companies have been identified through our research based on information on the website of the Stock Exchange. It is an exhaustive list based on these criteria.

In assessing the reasonableness of the Cancellation Price, we have adopted the price-to-earnings (“**P/E Ratio(s)**”) multiple analysis and the price-to-book (“**P/B Ratio(s)**”) multiple analysis which are two of the most commonly adopted and accepted approaches in valuing revenue-generating entities with recurrent income engaging similar business to the Group.

Set out below are the P/E Ratios and P/B Ratios of the Comparable Companies based on their trailing 12 months net profit based on their closing prices as at the Latest Practicable Date and their latest published financial information:

Company name (Stock code)	Principal business	Geographical region	Market Capitalisation ⁽¹⁾ HK\$ million	Net profit ⁽²⁾ HK\$ million	Net assets ⁽³⁾ HK\$ million	P/E Ratio ⁽⁴⁾ Times	P/B Ratio ⁽⁵⁾ Times
WH Group Limited (288.HK) ⁽⁶⁾	(i) slaughtering, sales of pork and hog farming; (ii) production and sales of packaged meat products; and (iii) slaughtering and sales of poultry and other services	Mainly US and PRC	66,845	9,013	81,553	7.4	0.8
COFCO Joycome Foods Limited (1610.HK) ⁽⁶⁾	(i) hog breeding and sales of hog; (ii) sales of imported meat products; and (iii) slaughtering and sales of meats	PRC	11,355	1,833	10,180	6.2	1.1

Company name (Stock code)	Principal business	Geographical region	Market Capitalisation ⁽¹⁾ HK\$ million	Net profit ⁽²⁾ HK\$ million	Net assets ⁽³⁾ HK\$ million	P/E Ratio ⁽⁴⁾ Times	P/B Ratio ⁽⁵⁾ Times
Shandong Fengxiang Co., Ltd. (9977.HK) ⁽⁶⁾	(i) production and sales of processed chicken meat products; (ii) production and sales of raw chicken meat products; and (iii) production and sale of chicken breeds	Mainly PRC	2,534	Loss making	3,868	N/A	0.7
China Yurun Food Group Limited (1068.HK)	(i) slaughtering, production and sales of meat; and (ii) manufacture and distribution of processed meat	PRC	1,568	Loss making ⁽⁷⁾	Net liabilities	N/A	N/A
					Minimum	6.2	0.7
					Maximum	7.4	1.1
					Average	6.8	0.9
					The implied P/E Ratio and P/B Ratio of the Cancellation Price	7.1⁽⁸⁾⁽¹⁰⁾	1.1⁽⁹⁾⁽¹⁰⁾

Source: Bloomberg and the websites of the Stock Exchange

Notes:

- (1) Market capitalisation of the Comparable Companies are sourced from Bloomberg as Latest Practicable Date.
- (2) The respective net profit/loss of the Comparable Companies are based on their trailing 12 months net profit/loss attributable to equity owners calculated based on their respective latest published financial results.
- (3) The respective net assets of the Comparable Companies are based on their net assets attributable to equity owners based on their respective latest published financial results.
- (4) The P/E ratio of the Comparable Companies are calculated by dividing their market capitalisations as at the Latest Practicable Date by their net profit attributable to equity owners based on their trailing 12 months net profit/loss calculated based on their latest published financial results.
- (5) The P/B ratio of the Comparable Companies are calculated by dividing their market capitalisations as at the Latest Practicable Date by their net assets attributable to equity owners based on their latest published financial results.

- (6) The presentation of figures from published information of WH Group Limited was in US\$ while Shandong Fengxiang Co., Ltd. and COFCO Joycome Foods Limited were in RMB. The exchange rate for the conversion of HKD into RMB is RMB1.0 = HK\$1.21; the exchange rate for the conversion of HKD into US\$ is US\$1.0 = HK\$7.75.
- (7) China Yurun Food Group Limited recorded trailing 12 months net loss attributable to equity owners after excluding the one-off gain on deconsolidation of subsidiaries of approximately HK\$3,491.3 million for 1H2021.
- (8) The implied P/E Ratio of the Cancellation Price is calculated by dividing the hypothetical value of consideration payable of approximately HK\$29,132.9 million (the “**Hypothetical Consideration**”) (being the hypothetical value for acquiring 100% of the total number issued shares, based on the sum of 24,071,837,232 ordinary Shares and 1,261,077,748 Series B Convertible Preference Shares in issue multiplied by the Cancellation Price of HK\$1.15) by the trailing 12 months net profit of the Group attributable to the shareholders of the Company for the period ended 30 June 2021 of approximately US\$528.6 million (equivalent to approximately HK\$4,096.3 million, using the exchange rate of US\$1 to HK\$7.75 as at the Latest Practicable Date), based on the sum of (i) the net profit of the Group attributable to the Shareholders of the Company for the six months ended 30 June 2021 of approximately US\$161.9 million; and (ii) the net profit of the Group attributable to the Shareholders of the Company for the six months ended 31 December 2020, excluding the gain on deemed disposal of CTI of approximately US\$1,466.3 million, of approximately US\$366.7 million.
- (9) The implied P/B Ratio of the Cancellation Price is calculated by dividing the Hypothetical Consideration of approximately HK\$29,132.9 million by the net asset value of the Group attributable to the Shareholders of the Company as at 30 June 2021 of approximately US\$3,496.3 million (equivalent to approximately HK\$27,096.0 million, using the exchange rate of US\$1 to HK\$7.75 as at the Latest Practicable Date).
- (10) The Series B Convertible Preference Shares are issued and fully paid. The Series B Convertible Preference Shares do not have voting rights but are entitled to dividends of the Company. As the Series B Convertible Preference Shares form part of the share capital of the Company and the holder(s) of the Series B Convertible Preference Shares have equity interest in the Group, the calculation of the Hypothetical Consideration takes into account the Series B Convertible Preference Shares.

With reference to the table above, the implied P/E Ratio of the Cancellation Price of approximately 7.1 times is within the range of the P/E Ratios of the Comparable Companies from approximately 6.2 times to 7.4 times and higher than the average of the P/E Ratios of the Comparable Companies of approximately 6.8 times.

In addition to the P/E Ratio approach, we have also considered the P/B Ratio approach as an additional benchmark in assessing the fairness and reasonableness of the Cancellation Price. As set out in the table above, the implied P/B Ratio of the Cancellation Price of approximately 1.1 times is within the range of the P/B Ratios of the Comparable Companies from approximately 0.7 times to 1.1 times and higher than the average and equal to the high end of the P/B Ratios of the Comparable Companies of approximately 0.9 times and 1.1 times respectively.

In summary, from the perspective of the market comparable analysis, in light of the fact that both the implied P/E Ratio and the implied P/B Ratio fell within the range of those of the Comparable Companies and are each higher than the average of those of the Comparable Companies, we consider the Cancellation Price is fair and reasonable and in the interests of the Company and Disinterested Shareholders as a whole.

5.4 Privatisation precedents

We are of the view that past privatisation transactions of companies listed on the Stock Exchange may not be a good reference for assessing the fairness and reasonableness of the Cancellation Price considering these companies are from different industries, which therefore have different market fundamentals and prospects. Accordingly, we consider the analysis in the sections above to be more relevant for the Disinterested Shareholders.

6. The Rollover Arrangement

As set out in the Letter from the Board, the Offeror would like to allow ITOCHU to retain its shareholding in the Company after the Scheme becomes effective. ITOCHU holds in aggregate approximately 25.00% of the total number of issued Shares of the Company as at the Latest Practicable Date.

6.1 Information of ITOCHU

ITOCHU has been a strategic industrial investor of the Company since it became a Shareholder by acquiring Shares from CPFI in 2014. ITOCHU was incorporated in 1949 and became publicly listed on the Tokyo Stock Exchange in 1950.

6.2 The Rollover Agreement

As set out in the Explanatory Statement, the Offeror and ITOCHU have entered into the Rollover Agreement, pursuant to which:

- (a) subject to, among others, the Disinterested Shareholders' approval, ITOCHU will remain as a Shareholder after the Scheme becomes effective and none of the Shares held by ITOCHU will constitute Scheme Shares or will be voted on the Scheme at the Court Meeting;
- (b) ITOCHU has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it directly on resolutions in relation to the Scheme in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a general meeting of the Company, and that it shall be bound by, and take all actions necessary to implement the Scheme;
- (c) ITOCHU has further undertaken that it will not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it; acquire, subscribe for or otherwise deal in the securities of the Company without prior consent of the Offeror, nor will it accept any other offer in respect of all or any of such Shares; and

- (d) ITOCHU will remain on the register of members of the Company immediately after the Scheme becomes effective.

The Rollover Agreement will be terminated if the Scheme lapses or is withdrawn in accordance with its terms.

Further details of the Rollover Arrangement and the Rollover Agreement are set out in the section headed “5. *Special deal relating to the Rollover Arrangement*” of the Explanatory Statement.

6.3 *Reasons for and benefits of the Rollover Arrangement*

The Rollover Arrangement, if approved, will in effect enable ITOCHU, being an Offeror Concert Party, to retain its shareholding in the Company after the Scheme becomes effective. ITOCHU held in aggregate approximately 25.00% of the total number of issued Shares of the Company as the Latest Practicable Date.

As set out in the Explanatory Statement, ITOCHU is a long-established company incorporated in 1949 with its shares listed on the Tokyo Stock Exchange in 1950, and has been a strategic industrial investor of the Company since 2014. The operations of the ITOCHU group, being one of the largest trading companies in the world, cover a broad spectrum of industries, which include the trading of feed, farm and food products. Based on the annual report of ITOCHU for the year ended 31 March 2021, ITOCHU generated substantial revenue of approximately US\$35,907 million from its food related business. The Offeror is of the view that it is important for the Company to retain ITOCHU as a Shareholder after the completion of the Scheme so that ITOCHU can continue to contribute and share its management resources, global business network and technology platform with the Company’s business operations, which will enhance the Company’s competitiveness in the market and benefit the Group’s long-term sustainable development and growth. Given the substantial scale of operation of ITOCHU and its vast experience as a well-established conglomerate, which ITOCHU is also one of the existing suppliers and customers of the Company, we concur with the view of the Offeror that it is important for the Company to retain ITOCHU as a Shareholder after the completion of the Scheme. For avoidance of doubt, the Scheme Shareholders should note that if the Scheme becomes effective, they shall not be participating in any future benefits that the Company may derive, including those from the Rollover Agreement.

We also note that according to the Rollover Agreement, ITOCHU has further undertaken that it will not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it; acquire, subscribe for or otherwise deal in the securities of the Company without prior consent of the Offeror, nor will it accept any other offer in respect of all or any of such Shares. This is a commercial arrangement between ITOCHU and the Offeror which shall not affect the rights of Disinterested Shareholders under the Proposal. As the Scheme Shareholders will be compensated by the Cancellation Price, any future transfer after the Proposal and the Scheme become effective between ITOCHU and the Offeror would not affect the Scheme Shareholders.

In the case where the Disinterested Shareholders were given the opportunity to retain interests in the Company, subsequent to the Scheme had become effective and the withdrawal of listing of the Shares, their interests would no longer be safeguarded by regulations relating to minority shareholders protection applicable to listed companies on the Stock Exchange, in particular, (i) the existing protections under the Chapter 14 and Chapter 14A of the Listing Rules regarding notifiable transactions and connected transactions respectively, and (ii) the general mandate or specific shareholders' approval requirement for issuing new shares in relation to the dilution of shareholdings under the Listing Rules that are currently applicable to the Company as a Hong Kong listed company. In addition, the Takeovers Code would only remain applicable to the Company as long as the Company remains a public company in Hong Kong. In the event that the Company ceases to be a public company, it would no longer be subject to the Takeovers Code. In that case, the interests of the Disinterested Shareholders would only be safeguarded primarily by the constitutional documents of the Company and provisions regarding minority shareholders' interest protection under the Companies Law, which do not necessarily provide the same level of minority protections that would be available had the Listing Rules and the Takeovers Code continued to apply. In addition, the liquidity of the Shares will be significantly lower as no public trading in the Shares would be available upon delisting.

Taking into account (i) if the Proposal and the Scheme are approved, the Rollover Shareholders shall have to assume the potential risks of holding the then unlisted shares of the Company with significantly lower market liquidity than shares of listed companies; (ii) the Group considers it is important and beneficial for the Company to retain ITOCHU as a Shareholder after the completion of the Scheme; and (iii) the Rollover Agreement does not provide ITOCHU with interests in the Company which ITOCHU does not originally own, we are of the view that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned.

6.4 The approval of the Rollover Arrangement as a condition of the Proposal and the Scheme

As mentioned in the paragraph headed "*Terms of the Proposal - Conditions of the Proposal and the Scheme*" in the Explanatory Statement, the passing of an ordinary resolution by the Disinterested Shareholders at a SGM of the Company to approve the Rollover Arrangement, forms part of the conditions of the Proposal and the Scheme.

Taking into account (i) the reasons for and the benefits of the Rollover Arrangement as set out in the section headed "*6.3 Reasons for and the benefits of the Rollover Arrangement*" and our analysis thereon as set out above; and (ii) the Rollover Arrangement does not prejudice against the Disinterested Shareholders as far as they are concerned, we are of the view that the Rollover Arrangement being one of the conditions of the Proposal and the Scheme is fair and reasonable as far as the Disinterested Shareholders are concerned.

RECOMMENDATION

Based on the above principal factors and reasons, in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) the Cancellation Price is (a) at a premium to the historical prices of the Shares throughout the entire Review Period prior to the publication of the Announcement, and represents (b) a premium of approximately 27.78% over the average closing price of approximately HK\$0.90 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and (c) a premium of approximately 7.52% over the unaudited consolidated net asset value attributable to Shareholders per issued share of the Company of approximately US\$0.14 (equal to approximately HK\$1.07, using an exchange rate of US\$1 = HK\$7.75 as at the date of the Announcement) as at 30 June 2021;
- (ii) the implied P/E Ratio of the Cancellation Price of approximately 7.1 times is within the range of the P/E Ratios of the Comparable Companies from approximately 6.2 times to 7.4 times and higher than the average of the P/E Ratios of the Comparable Companies of approximately 6.8 times;
- (iii) the implied P/B Ratio of the Cancellation Price of approximately 1.1 times is within the range of the P/B Ratios of the Comparable Companies from approximately 0.7 times to 1.1 times and higher than the average and equal to the high end of the P/B Ratios of the Comparable Companies of approximately 0.9 times and 1.1 times respectively;
- (iv) the trading volume of the Shares on the Stock Exchange was generally thin during the Review Period prior to the publication of the Announcement, and the Proposal and the Scheme provide an opportunity for the Disinterested Shareholders to realise their investment at the Cancellation Price without exerting a downward impact on the Share price; and
- (v) the Rollover Arrangement does not prejudice against the Disinterested Shareholders and is fair and reasonable as far as the Disinterested Shareholders are concerned,

we (i) consider that the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned, and (ii) recommend the Disinterested Shareholders to vote in favour of (a) relevant resolutions to approve the Scheme at the Court Meeting and the Proposal at the SGM; and (b) the ordinary resolution to approve the Rollover Arrangement at the SGM.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Since the publication of the Announcement, the closing Share prices have been trading below the Cancellation Price within a narrow band of around HK\$1.09 per Share to HK\$1.13 per Share but significantly above the average closing price during the Review Period prior to the publication of the Announcement of approximately HK\$0.85 per Share. Disinterested Shareholders should note that there is no assurance that the Share price will remain at the current level if the Proposal and the Scheme lapse.

Further details regarding the procedures of the Proposal and the Scheme are set out in the Explanatory Statement. The Disinterested Shareholders are urged to act according to the timetable set out in the Scheme Document if they wish to qualify for entitlements under the Scheme.

As different Scheme Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Disinterested Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Heidi Cheng **Colin Lee**
Managing Director *Assistant Director*

Note: Ms. Heidi Cheng of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003, and Mr. Colin Lee of Ballas Capital Limited has been a licensed representative of Type 6 (advising on corporate finance) regulated activities from 2013 to 2018 and since 2020.

This Explanatory Statement constitutes the statement required under section 100 of the Companies Act.

**SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE COMPANIES ACT)**

1. INTRODUCTION

On 30 September 2021, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

If the Proposal is approved and implemented:

- (a) all of the Scheme Shares held by the Scheme Shareholders will be cancelled by way of the reduction of issued share capital of the Company in exchange for the payment of the Cancellation Price of HK\$1.15 per Scheme Share to each Scheme Shareholder by the Offeror;
- (b) immediately after the cancellation of the Scheme Shares, the issued share capital of the Company will be increased to its former amount by the new issuance at par to the Offeror, credited as fully paid, of an aggregate number of Shares equal to the number of Scheme Shares cancelled;
- (c) approximately 75.00% of the total number of issued Shares will be held by the Offeror, and approximately 25.00% of the total number of issued Shares will be held by ITOCHU, an Offeror Concert Party; and
- (d) the Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

No offer for the Series B Convertible Preference Shares is made by the Offeror under Rule 14 of the Takeovers Code as all of the Series B Convertible Preference Shares are held by CPF, the Offeror's parent.

The purpose of this Explanatory Statement is to set out the terms and effects of the Proposal (in particular the Scheme and the Rollover Arrangement) and to provide the Scheme Shareholders with further information in relation to the Proposal.

Particular attention is drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Statement set out in Part VII of this Scheme Document; and (iv) the terms of the Scheme set out in Appendix IV of this Scheme Document.

2. TERMS OF THE PROPOSAL**The Scheme**

Under the Proposal, upon the satisfaction or valid waiver (as applicable) of the Conditions and the Scheme becomes effective, all of the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$1.15 for every Scheme Share cancelled to be paid by the Offeror.

Comparisons of value

The Cancellation Price of HK\$1.15 per Scheme Share represents:

- a premium of approximately 5.50% over the closing price of HK\$1.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 19.79% over the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 22.34% over the average closing price of approximately HK\$0.94 per Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- a premium of approximately 17.35% over the average closing price of approximately HK\$0.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 27.78% over the average closing price of approximately HK\$0.90 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 33.72% over the average closing price of approximately HK\$0.86 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 30.68% over the average closing price of approximately HK\$0.88 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 27.78% over the average closing price of approximately HK\$0.90 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 5.94% over the audited consolidated net asset value attributable to Shareholders per issued share of the Company of approximately US\$0.14 (equal to approximately HK\$1.09, using an exchange rate of US\$1 = HK\$7.75 as at the date of the Announcement) as at 31 December 2020; and

- a premium of approximately 7.52% over the unaudited consolidated net asset value attributable to Shareholders per issued share of the Company of approximately US\$0.14 (equal to approximately HK\$1.07, using an exchange rate of US\$1 = HK\$7.75 as at the date of the Announcement) as at 30 June 2021.

Basis for determining the Cancellation Price

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, recent and historic traded prices of the Shares, and with reference to other privatisation transactions in Hong Kong in recent years.

Save for the interim dividend for the six months ended 30 June 2021 of HK\$0.025 per Share declared on 13 August 2021 which was paid on 27 October 2021, the Company does not intend to declare, make or pay any dividend or other distribution (whether in cash or in kind), nor did it have any dividend or other distribution declared but remains unpaid, in each case to the Shareholders between the date of the Announcement and the Effective Date. The Cancellation Price shall not be adjusted by the amount of the interim dividend.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and/or potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Highest and lowest prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.13 per Share on 5 October 2021, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.76 per Share most recently on 28 July 2021.

Conditions of the Proposal and the Scheme

The Proposal and the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders, subject to the satisfaction or a valid waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting;

- (b) the approval of the Scheme (by way of poll) by not less than 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast against the resolution to approve the Scheme is not more than 10% of the votes attaching to all of the Scheme Shares held by the Disinterested Shareholders;
- (c) the passing by the Shareholders at the SGM of: (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to contemporaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (d) the sanction of the Scheme (with or without modifications) by the Court and the delivery of a copy of the order of the Court to the Registrar of Companies for registration;
- (e) compliance with the procedural requirements and conditions, if any, under section 46(2) of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (f) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned, (ii) the passing of an ordinary resolution by the Disinterested Shareholders at a special general meeting of the Company to approve the Rollover Arrangement, and (iii) the consent from the Executive to the Rollover Arrangement;
- (g) all necessary consents (including consents from the relevant lenders) in connection with the Proposal and the withdrawal of listing of Shares from the Stock Exchange which may be required under any existing contractual obligations of the Company being obtained and remained in effect;
- (h) all Authorisations (if any) in connection with the Proposal or the Scheme having been obtained from the relevant Governmental Authorities in Bermuda and any other relevant jurisdiction;
- (i) the Authorisations (if any) in connection with the Proposal or the Scheme remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any relevant Governmental Authority which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to the Effective Date;

- (j) no Governmental Authority having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made, proposed, issued, enforced or imposed (including without limitation through interpreting, amending, restating or supplementing) any laws, rules, regulations or codes, or other legal restraint or prohibition that would make the Proposal or its implementation in accordance with its terms void, unenforceable or illegal, or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms, or otherwise restrain or prohibit the implementation of the Proposal; and
- (k) the Company remaining solvent and not being subject to any insolvency, bankruptcy or other similar proceedings and no liquidator, receiver or other person carrying out any similar function having been appointed in any jurisdiction in respect of the whole or any substantial part of the assets and undertakings of the Group.

Conditions (a) to (f) cannot be waived. Subject to the requirements of the Takeovers Code, the Offeror reserves the right (but is in no way obliged) to waive Conditions (g) to (k) in whole or in part, either generally or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

As at the Latest Practicable Date, with respect to the Condition in:

- paragraph (g), each of the Offeror and the Company was not aware of any such consents other than those from several financial institutions in relation to a number of facility letters;
- paragraph (h), each of the Offeror and the Company was not aware of any requirement for Authorisations other than those set out in Conditions in paragraphs (a) to (f);
- paragraph (j), each of the Offeror and the Company was not aware of any such action, proceeding, suit, investigation, enquiry, laws, rules, regulations, codes or other legal restraint or prohibition; and
- paragraph (k), each of the Offeror and the Company was not aware of any such proceedings or appointment.

As at the Latest Practicable Date, none of the Conditions had been satisfied.

All of the above Conditions will have to be satisfied or validly waived (as applicable) on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Court may direct), failing which the Proposal and the Scheme will lapse. When all of the above Conditions are satisfied or validly waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders.

WARNING: Shareholders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all of the Conditions being satisfied or validly waived (as applicable) and thus the Proposal and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

3. FINANCIAL RESOURCES

On the basis of the Cancellation Price of HK\$1.15 per Scheme Share and 6,079,356,827 Scheme Shares in issue as at the Latest Practicable Date, the maximum cash consideration payable under the Proposal is approximately HK\$6,991.27 million.

The Offeror intends to finance the entire cash amount required to implement the Proposal using a combination of its internal cash resources and external debt financing.

UBS, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal in accordance with its terms.

4. SHAREHOLDING STRUCTURE

As at the Latest Practicable Date:

- (a) the authorized share capital of the Company was US\$600,000,000 divided into 36,000,000,000 Shares, 20,000,000,000 Series A Convertible Preference Shares and 4,000,000,000 Series B Convertible Preference Shares. The Company had 24,071,837,232 Shares, nil Series A Convertible Preference Shares and 1,261,077,748 Series B Convertible Preference Shares in issue;
- (b) there were 1,837,836 ADRs evidencing 1,837,836 ADSs, where every one ADS represents 25 Shares (i.e. 45,945,900 Shares are subject to the 1,837,836 ADSs);
- (c) the Offeror held 11,974,521,097 Shares, representing approximately 49.74% of the total number of issued Shares, and the Offeror Concert Parties held 6,141,841,308 Shares, representing approximately 25.51% of the total number of issued Shares and 1,261,077,748 Series B Convertible Preference Shares, representing 100.00% of the total number of issued Series B Convertible Preference Shares; and
- (d) the 3,000,000 Shares held by Mr. Kanchanadul, the 59,000,000 Shares held by the Chiaravanont Brothers, the 37,600,000 Shares held by Mr. Chearavanont, the 1,862,000 Shares held by Dr. Thammasart, the 1,420,000 Shares held by Mr. Chirakitcharern and the 21,000,000 Shares held by Mr. Meth Jiaravanont (Mr. Kanchanadul, the Chiaravanont Brothers, Mr. Chearavanont, Dr. Thammasart, Mr. Chirakitcharern and Mr. Meth Jiaravanont being Offeror Concert Parties), together with the 5,955,474,827 Shares held by the Disinterested Shareholders constitute the Scheme Shares, representing approximately 25.26% of the total number of issued Shares.

The Shares held by HKSCC Nominees as nominee on behalf of Southbound Investors will form part of the Scheme Shares, and the Cancellation Price will be paid to HKSCC Nominees accordingly.

On the assumption there is no change in shareholding of the Company before the Effective Date, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares held	Approximate% of the total issued Shares of the Company	Number of Shares held	Approximate% of the total issued Shares of the Company
Offeror and Offeror Concert Parties				
<i>Shares held not subject to the Scheme</i>				
– CPF Group ⁽¹⁾	11,974,521,097	49.74	18,053,877,924	75.00
– ITOCHU ⁽²⁾	6,017,959,308	25.00	6,017,959,308	25.00
Sub-total	17,992,480,405	74.74	24,071,837,232	100.00
<i>Share held subject to the Scheme</i>				
– Mr. Kanchanadul ⁽³⁾	3,000,000	0.01	–	–
– The Chiaravanont Brothers ⁽⁴⁾	59,000,000	0.25	–	–
– Mr. Chearavanont ⁽⁵⁾	37,600,000	0.16	–	–
– Dr. Thammasart ⁽⁶⁾	1,862,000	0.01	–	–
– Mr. Chirakitcharern ⁽⁷⁾	1,420,000	0.01	–	–
– Mr. Meth Jiaravanont ⁽⁸⁾	21,000,000	0.09	–	–
Sub-total	123,882,000	0.51		
Sub-total: Offeror and Offeror Concert Parties ⁽¹⁰⁾	18,116,362,405	75.26	24,071,837,232	100.00
Disinterested Shareholders	5,955,474,827	24.74	–	–
Total	24,071,837,232	100.00	24,071,837,232⁽⁹⁾	100.00

Note:

1. CPF Group held 11,974,521,097 Shares through the Offeror, a wholly-owned subsidiary of CPF, and 1,261,077,748 Series B Convertible Preference Shares through CPF. CPF was also taken to be interested in the 6,017,959,308 Shares held by ITOCHU as a result of certain provisions in the SHA pursuant to section 317 of the SFO.
2. ITOCHU was also taken to be interested in the 11,974,521,097 Shares and 1,261,077,748 Series B Convertible Preference Shares in which CPF was interested as a result of certain provisions in the SHA pursuant to section 317 of the SFO.
3. Mr. Kanchanadul is a director of the Offeror and an Offeror Concert Party. The 3,000,000 Shares held by Mr. Kanchanadul will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.

4. The Chiaravanont Brothers include Mr. Phongthep Chiaravanont, a director of CPF, and his brothers, Mr. Manu Chiaravanond and Mr. Manas Chiaravanond. The Chiaravanont Brothers are therefore Offeror Concert Parties. The 59,000,000 Shares held by the Chiaravanont Brothers will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.
5. Mr. Chearavanont is the father of Mr. Soopakij Chearavanont (chairman and executive Director of the Company and director of CPF), Mr. Suphachai Chearavanont (executive Director of the Company and director of CPF) and Mr. Narong Chearavanont (executive Director of the Company), and therefore an Offeror Concert Party. The 37,600,000 Shares held by Mr. Chearavanont will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.
6. Dr. Thammasart is a director of CPF and an Offeror Concert Party. The 1,862,000 Shares held by Dr. Thammasart will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.
7. Mr. Chirakitcharern is a director of CPF and an Offeror Concert Party. The 1,420,000 Shares held by Mr. Chirakitcharern will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.
8. Mr. Meth Jiaravanont is a non-executive Director and a cousin of Mr. Soopakij Chearavanont and Mr. Suphachai Chearavanont (who are directors of CPF and the Company), and an Offeror Concert Party. The 21,000,000 Shares held by Mr. Meth Jiaravanont will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.
9. Under the Scheme, all of the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that there is no change in shareholding of the Company before the Effective Date, immediately upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to the Offeror, credited as fully paid, of the same number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued to the Offeror.
10. By reason of being the financial adviser to the Offeror, UBS is presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of "acting in concert" in the Takeovers Code (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the UBS group). Notwithstanding that exempt principal traders or exempt fund managers within the UBS group are not Offeror Concert Parties, Shares held by any such exempt principal traders must not be voted in the context of the Proposal in accordance with the requirements of Rule 35.4 of the Takeovers Code.

Immediately following the Effective Date, the Offeror and ITOCHU will hold 100% of the issued share capital of the Company.

5. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

The Offeror will allow ITOCHU to retain its shareholding in the Company after the Scheme becomes effective. ITOCHU held in aggregate 25.00% of the total number of issued Shares of the Company as at the Latest Practicable Date.

ITOCHU has been a strategic industrial investor of the Company since it became a Shareholder by acquiring Shares from CPFI in 2014. ITOCHU was incorporated in 1949 and became publicly listed on the Tokyo Stock Exchange in 1950. The Offeror is of the view that it is important for the Company to retain ITOCHU as a Shareholder after the completion of the Scheme so that ITOCHU can continue to contribute and share its management resources, global business network and technology platform with the Company's business operations, which will enhance the Company's competitiveness in the market and benefit the Group's long-term sustainable development and growth.

Rollover Agreement

The Offeror and ITOCHU have entered into the Rollover Agreement, pursuant to which:

- (a) subject to, among others, the Disinterested Shareholders' approval as set out in the section headed "Disinterested Shareholders' Approval" below, ITOCHU will remain as a Shareholder after the Scheme becomes effective and none of the Shares held by ITOCHU will constitute Scheme Shares or will be voted on the Scheme at the Court Meeting;
- (b) ITOCHU has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it directly on resolutions in relation to the Scheme in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a general meeting of the Company, and that it shall be bound by, and take all actions necessary to implement the Scheme;
- (c) ITOCHU has further undertaken that it will not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it; acquire, subscribe for or otherwise deal in the securities of the Company without prior consent of the Offeror, nor will it accept any other offer in respect of all or any of such Shares; and
- (d) ITOCHU will remain on the register of members of the Company immediately after the Scheme becomes effective.

The Rollover Agreement will be terminated if the Scheme lapses or is withdrawn in accordance with its terms.

Disinterested Shareholders' Approval

As the Rollover Agreement was only entered into by and between the Offeror and ITOCHU and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive in relation to the Rollover Arrangement conditional on the Independent Financial Adviser confirming to the Independent Board Committee that the Rollover Arrangement is fair and reasonable, and the passing of an ordinary resolution by the Disinterested Shareholders and those who are not interested in or involved in the Rollover Agreement at the SGM to approve the Rollover Arrangement.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser in Part VI of this Scheme Document that in its opinion, the Rollover Arrangement is fair and reasonable. If the Rollover Arrangement is not approved by the Disinterested Shareholders at the SGM, the Rollover Arrangement and the Scheme will not be implemented.

6. REASONS FOR AND BENEFITS OF THE PROPOSAL**Benefits of the Proposal to the Scheme Shareholders***An opportunity for Scheme Shareholders to monetize Shares*

The average daily trading volume of Shares for the six-month period, 12-month period and 24-month period up to and including the Last Trading Day were approximately 18,024,780 Shares, 12,276,550 Shares and 9,657,990 Shares per day, representing only approximately 0.07%, 0.05% and 0.04% respectively of the total number of issued Shares as at the Latest Practicable Date.

The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. As such, the Scheme presents an immediate opportunity for Scheme Shareholders to monetize their investments for cash and redeploy the proceeds from accepting the Scheme into other investment opportunities.

Cancellation price represents an attractive exit premium

The Proposal allows an exit for the Scheme Shareholders at a compelling premium to the current market price. As set out in the section headed "Terms of the Proposal – Comparisons of value" of this Explanatory Statement, the Cancellation Price represents a significant premium of approximately 17.35% and 30.68% over the average closing price of approximately HK\$0.98 and HK\$0.88 per Share for the 10 and 90 trading days up to and including the Last Trading Day, respectively, and a premium of 1.77% over the highest closing price of HK\$1.13 per Share during the Relevant Period. The Cancellation Price also represents a premium of approximately 7.52% over the unaudited consolidated net asset value attributable to Shareholders per issued share of the Company of approximately US\$0.14 (equal to approximately HK\$1.07, using an exchange rate of US\$1 = HK\$7.75 as at the date of the Announcement) as at 30 June 2021.

Benefits of the Proposal to the Company

The privatisation of the Company will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from the pressure of market expectations and share price fluctuations which arise from the Company being a publicly listed company.

The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group's business.

7. OFFEROR'S INTENTION IN RELATION TO THE GROUP

The Offeror, together with ITOCHU, intend for the Group to maintain its existing business following the implementation of the Proposal. As at the Latest Practicable Date, while the Offeror has conducted preliminary exploration and assessment of the advantages, disadvantages and feasibility of different strategic options for the Group's future development, including asset disposals, asset acquisitions, business divestment, restructuring and/or diversification and/or capital raisings or listing of its business in overseas stock or debt markets, the Offeror, together with ITOCHU, have not made any decisions, in the event the Scheme becomes effective, to make any material changes to the business and/or disposal or redeployment of assets of the Group, or to make any significant changes to the employment of employees of the Group, or to terminate or scale down any part of the business of the Group as a result of the implementation of the Proposal.

After the Scheme becomes effective, however, the Offeror, together with ITOCHU, will continue to conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group. The Offeror will, together with ITOCHU, continue to explore business, investment, capital raising or listing opportunities in overseas stock or debt markets and consider whether any asset disposals, asset acquisitions, business divestment, restructuring and/or diversification will be appropriate and feasible for enhancing the Company's future development and strengthening its revenue bases. Any disposal or redeployment of assets or businesses of the Group in the future, if any, will be conducted in compliance with the constitutional documents of the Group and the Takeovers Code (if applicable).

8. INFORMATION ON THE GROUP AND THE OFFEROR**Information on the Company and the Group**

The Company is a limited liability company incorporated in Bermuda, whose Shares are listed on the Main Board of the Stock Exchange. The Group operates in Vietnam and the PRC. 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. In the PRC, the Group is principally engaged in poultry farming and production and sale of value-added processed food products. The Group also has a significant investment in a company operating in the PRC which is principally engaged in the production and sale of animal feed and breeding, farming and sale of swine and sale of pork.

Your attention is also drawn to Appendix I headed “Financial Information of the Group” and Appendix II headed “General Information” to this Scheme Document.

Information on the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding and it is wholly-owned by CPF, which is one of the largest agri-food conglomerates in the Asia Pacific region operating in agro-industrial and integrated food businesses, and whose shares are listed on The Stock Exchange of Thailand under stock code CPF, with CPG, a major shareholder, holding directly and indirectly 46.49% interest in CPF.

9. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises Mr. Cheng Yuk Wo and General Udomdej Sitabutr, being all of the non-executive Directors who are not Offeror Concert Parties, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether the Proposal, the Scheme and the Rollover Arrangement are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal and the Rollover Arrangement at the SGM.

Mr. Meth Jiaravanont, a non-executive Director, is a cousin of Mr. Soopakij Chearavanont and Mr. Suphachai Chearavanont (who are directors of CPF and the Company) and an Offeror Concert Party, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders. Mr. Yoichi Ikezoe, a non-executive Director, is the Deputy CEO for East Asia Bloc, Senior Officer of Asia and Oceania Bloc, CP and CITIC (Overseas Operation) of ITOCHU, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders. Each of Mr. Vinai Vittavasgarnvej, Mrs. Vatchari Vimooktayon and Professor Dr. Pongsak Angkasith, who are independent non-executive Directors, is also a director of CPF, and is therefore not considered as independent for the purpose of giving advice or recommendation to the Disinterested Shareholders.

The Board, with the approval of the Independent Board Committee, has appointed Ballas Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the SGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The full text of the letter from the Independent Board Committee in relation to its recommendations with respect to the Proposal, the Scheme and the Rollover Arrangement is set out in Part V of this Scheme Document.

10. ACTIONS TO BE TAKEN

The summary of actions to be taken by the Shareholders can be found in Part II of this Scheme Document headed “Actions to be Taken”.

11. MEETINGS

Court Meeting

In accordance with the directions of the Court, the Court Meeting will be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 15 December 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing an appropriate resolution to approve the Scheme (with or without modifications). The notice of Court Meeting is set out in Appendix V of this Scheme Document.

Pursuant to section 99 of the Companies Act, such resolution will be passed if a majority in number representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting vote in favour of the Scheme. Each Scheme Shareholder will be counted as one member of the Company for the purposes of calculating the majority in number of Scheme Shareholders under section 99 of the Companies Act at the Court Meeting. In accordance with the direction from the Court, HKSCC Nominees will be counted as one Scheme Shareholder and may vote for or against the Scheme according to the majority of voting instructions it receives.

In addition to satisfying any requirements imposed by law as summarized above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if (i) the Scheme is approved (by way of poll) by Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Disinterested Shareholders only that are cast either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Disinterested Shareholders. Based on 5,955,474,827 Scheme Shares held by Disinterested Shareholders as at the Latest Practicable Date, 10% of such Scheme Shares would amount to 595,547,483 Scheme Shares.

As at the Latest Practicable Date, the Offeror held 11,974,521,097 Shares, representing approximately 49.74% of the total number of issued Shares, and the Offeror Concert Parties hold 6,141,841,308 Shares, representing approximately 25.51% of the total number of issued Shares, and 1,261,077,748 Series B Convertible Preference Shares, representing 100.00% of the total number of issued Series B Convertible Preference Shares. The Shares held by Mr. Kanchanadul, the Chiaravanont Brothers, Mr. Chearavanont, Dr. Thammasart, Mr. Chirakitcharern and Mr. Meth Jiaravanont will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, while the Shares held by the Offeror and ITOCHU will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. All of the Offeror Concert Parties will not vote at the Court Meeting for approval of the Scheme. As such, as at the Latest Practicable Date, all Scheme Shareholders (other than Mr. Kanchanadul, the Chiaravanont Brothers, Mr. Chearavanont, Dr. Thammasart, Mr. Chirakitcharern and Mr. Meth Jiaravanont) are Disinterested Shareholders, and all of the Scheme Shares (other than those held by Mr. Kanchanadul, the Chiaravanont Brothers, Mr. Chearavanont, Dr. Thammasart, Mr. Chirakitcharern and Mr. Meth Jiaravanont) may subject to Rule 35.4 of the Takeovers Code in respect of the Scheme Shares held by exempt principal traders under the UBS group, be voted on the Scheme at the Court Meeting.

SGM

Immediately following the conclusion of the Court Meeting, the SGM will be held at the same address for the purpose of considering and, if thought fit, passing (i) a special resolution to approve the reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; (ii) an ordinary resolution to approve the contemporaneous maintenance of the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares, credited as fully paid, as is equal to the number of Scheme Shares cancelled, the application by the Company of the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par the new Shares, and the authorization of the Directors to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme; and (iii) an ordinary resolution to approve the Rollover Arrangement. The notice of SGM is set out in Appendix VI of this Scheme Document.

The resolutions will be put to vote by way of poll at the SGM. The special resolution described under (i) in the paragraph above will be passed if it is approved by a majority of at least 75% of the votes cast by the Shareholders present and voting, in person or by proxy, at the SGM. The ordinary resolution described under (ii) in the paragraph above will be passed if more votes are cast in favour of the ordinary resolution than against it by the Shareholders, present and voting either in person or by proxy, at the SGM. The ordinary resolution described under (iii) in the paragraph above will be passed if more votes are cast in favour of the ordinary resolution than against it by the Disinterested Shareholders, present and voting either in person or by proxy, at the SGM.

All Shareholders will be entitled to attend the SGM to vote on the special resolution and the ordinary resolution to maintain the issued share capital of the Company as described above, but for the purposes of the Takeovers Code, only the Disinterested Shareholders will be entitled to vote at the SGM on the ordinary resolution to approve the Rollover Arrangement. The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Offeror and the Offeror Concert Parties will vote in favour of the resolution(s) to be proposed at the SGM other than the ordinary resolution to approve the Rollover Arrangement.

Closure of the register of members of the Company

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 10 December 2021 to Wednesday, 15 December 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 9 December 2021. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the SGM.

Binding Effect of the Scheme

When all of the Conditions set out in the section headed “2. *Terms of the Proposal – Conditions of the Proposal and the Scheme*” in Part VII – Explanatory Statement of this Scheme Document are satisfied or validly waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all Scheme Shareholders.

12. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all of the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately from 9:00 a.m. on Tuesday, 18 January 2022. The Scheme Shareholders will be notified by way of a public announcement of the exact dates of the last day of dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares will become effective.

13. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal and the Scheme will lapse if any of the Conditions has not been satisfied or waived (as applicable) on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Court may direct). If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

14. REGISTRATION AND PAYMENT**Closure of the register of members of the Company**

Assuming that the Scheme Record Date falls on Friday, 14 January 2022, it is proposed that the register of members of the Company will be closed from Monday, 3 January 2022 (or such later date as Shareholders may be notified by an announcement) onwards in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are registered or lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited for registration in their names or in the names of their nominees before 4:30 p.m. on Friday, 31 December 2021.

Payment of the Cancellation Price

Subject to the Scheme becoming effective, the Cancellation Price will be paid to the Scheme Shareholders whose names appear on the register of members of the Company on the Scheme Record Date as soon as possible but in any event within seven Business Days following the Effective Date. On the basis that the Scheme becomes effective on Friday, 14 January 2022, the cheques for the payment of the Cancellation Price are expected to be despatched on or before Tuesday, 25 January 2022.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses on the register of members of the Company or, in the case of joint holders, to the registered address of that joint holder whose name first appears on the register of members of the Company in respect of the joint holding. All such cheques will be sent at the risk of the persons entitled thereto and none of the Offeror, the Company, UBS or any of their respective directors, officers, employees, agents, affiliates, or advisers or any other person involved in the Proposal will be responsible for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold all monies in respect of uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and any expenses incurred.

Settlement of the Cancellation Price to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

Upon the Scheme becoming effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all of the Scheme Shares and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Friday, 14 January 2022.

15. COSTS OF THE SCHEME

Since the Independent Board Committee and the Independent Financial Adviser have both recommended the Proposal, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

16. OVERSEAS SCHEME SHAREHOLDERS**General**

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and Bermuda, the Takeovers Code and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document does not constitute an offer to buy or sell Shares or the solicitation of an offer to buy or subscribe for the Shares in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making of the Proposal to, and acceptance of the Proposal by, Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements of their own jurisdictions. The Offeror and the Company do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Offeror and the Company which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited to (i) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction and (ii) disclose its content or (iii) use information contained therein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any taxes, duties and other amounts required to be paid by the Scheme Shareholders in such jurisdictions. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons. Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, that those local laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

As at the Latest Practicable Date, there were 79 overseas Scheme Shareholders (representing approximately 21.24% of the total number of Scheme Shareholders) whose addresses as shown in the register of members of the Company were outside Hong Kong, and together held 1,293,545,018 Shares (representing approximately 5.37% of the total number of issued Shares). Those 79 Scheme Shareholders included Shareholders in Thailand, the British Virgin Islands, Singapore, the PRC, the United Kingdom, the United States, Malaysia, Canada, Australia and Macau.

Based on the legal advice obtained in relation to the laws of Australia and having considered the circumstances, the directors of the Offeror and the Directors consider that it may be unduly onerous and burdensome to despatch the Scheme Document and other relevant documents in relation to the Proposal to the Scheme Shareholder with a registered address in Australia (the “**Australian Scheme Shareholder**”), due to (i) the time and costs involved in complying with the local legal and/or regulatory requirements in Australia in relation to the Proposal, and (ii) there being only one Scheme Shareholder with a registered address in Australia holding 6,750 Shares (representing approximately 0.000028% of the total number of issued Shares and approximately 0.00011% of the total number of Scheme Shares). Accordingly, the Company and the Offeror have applied for and the Executive has granted a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code for the exclusion of the Australian Scheme Shareholder from receiving the Scheme Document and other relevant documents in relation to the Proposal.

The directors of the Offeror and the Directors had been advised by the local counsel in Thailand, the British Virgin Islands, Singapore, the PRC, the United Kingdom, the United States, Malaysia, Canada and Macau that there is no restriction under the respective laws or regulations of the aforementioned jurisdictions against extending the Scheme automatically or dispatching this Scheme Document to those overseas Shareholders. The Scheme will be extended and this Scheme Document will be despatched to those overseas Shareholders.

Notice to U.S. holders of Scheme Shares

The Proposal is being made to cancel the securities of a Bermuda company by means of a scheme of arrangement provided for under the laws of Bermuda. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the U.S. Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Bermuda and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the U.S. federal securities laws.

The receipt of cash pursuant to the Proposal by a U.S. holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Scheme may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his/her independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her.

It may be difficult for U.S. holders of Scheme Shares to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of Scheme Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

17. TAXATION

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

All Scheme Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal and in particular, whether the receipt of the Cancellation Price would make such Scheme Shareholder liable to taxation in Hong Kong or in other jurisdictions.

None of the Offeror, the Company, UBS, or any of their respective directors, officers, employees, agents, affiliates, or advisers or any other person involved in the Proposal accepts any responsibility for any taxation or other effects on, or liabilities of, any persons as a result of their approval or the implementation of the Proposal.

18. RECOMMENDATION

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal as set out in the letter from the Independent Board Committee to the Disinterested Shareholders in Part V this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action in respect of the Proposal.

19. ADDITIONAL INFORMATION

Additional information in relation to the Proposal is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, UBS, and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal have authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

20. LANGUAGE

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

1. FINANCIAL SUMMARY

The following is a summary of the audited consolidated financial results of the Group for each of the three years ended 31 December 2018, 2019 and 2020 and the unaudited consolidated financial information of the Group for each of the six months ended 30 June 2020 and 30 June 2021. The figures for the years ended 31 December 2018, 2019 and 2020 are extracted from the annual reports of the Company for the respective years, and the figures for each of the six months ended 30 June 2020 and 30 June 2021 are extracted from interim reports of the Company for the respective six months ended 30 June 2020 and 30 June 2021.

The auditor's reports from the Company's auditors, KPMG, in respect of the Group's audited consolidated financial statements for each of the financial year ended 31 December 2018, 2019 and 2020, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Save for a deemed disposal gain of US\$1,466 million in 2020, the Company had no exceptional or extraordinary items for each of the three years ended 31 December 2018, 2019 and 2020.

Save as disclosed below, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2018, 2019 and 2020.

Summary of Consolidated Statement of Comprehensive Income

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
		(Note)			
Continuing Operations					
Revenue	6,709,420	3,495,240	4,332,939	2,059,412	2,303,351
Cost of sales	(5,667,468)	(2,796,044)	(3,051,310)	(1,403,552)	(1,747,479)
Gross profit	1,041,952	699,196	1,281,629	655,860	555,872
Net changes in fair value of biological assets	95,870	105,554	2,820	(13,792)	(42,249)
	1,137,822	804,750	1,284,449	642,068	513,623
Other income, net	48,796	15,330	33,907	9,346	17,534
Selling and distribution costs	(283,405)	(94,280)	(114,261)	(53,688)	(71,601)
General and administrative expenses	(312,892)	(210,436)	(224,038)	(106,611)	(119,453)
Finance costs	(80,238)	(109,816)	(104,707)	(46,166)	(43,459)

	For the year ended 31 December			For the six months ended 30 June	
	2018 US\$'000 (audited)	2019 US\$'000 (audited) <i>(Note)</i>	2020 US\$'000 (audited)	2020 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Share of profits and losses of:					
Joint ventures	3,226	(37)	(50)	(24)	(1)
Other associates	19,069	(58)	(226)	(42)	(146)
A 35%-owned associate - CTI	–	–	66,450	–	30,421
Profit Before Tax	532,378	405,453	941,524	444,883	326,918
Income tax	(139,361)	(81,113)	(189,158)	(92,413)	(75,378)
Profit for the period/year from continuing operations	<u>393,017</u>	<u>324,340</u>	<u>752,366</u>	<u>352,470</u>	<u>251,540</u>
Discontinued Operations					
Results from operating activities, net of tax	–	143,364	188,657	96,080	–
Gain on deemed disposal of CTI	–	–	1,466,255	–	–
Profit for the period/year from discontinued operations	<u>–</u>	<u>143,364</u>	<u>1,654,912</u>	<u>96,080</u>	<u>–</u>
Profit for the period/year	<u>393,017</u>	<u>467,704</u>	<u>2,407,278</u>	<u>448,550</u>	<u>251,540</u>
Profit attributable to:					
Shareholders of the Company					
Continuing operations	281,659	216,940	519,153	235,523	161,869
Discontinued operations	–	128,863	169,643	86,587	–
	281,659	345,803	688,796	322,110	161,869
Gain on deemed disposal of CTI	–	–	1,466,255	–	–
	281,659	345,803	2,155,051	322,110	161,869
Non-controlling interests:					
Continuing operations	111,358	107,400	233,213	116,947	89,671
Discontinued operations	–	14,501	19,014	9,493	–
	111,358	121,901	252,227	126,440	89,671
	<u>393,017</u>	<u>467,704</u>	<u>2,407,278</u>	<u>448,550</u>	<u>251,540</u>

	For the year ended 31 December			For the six months ended 30 June	
	2018 US\$'000 (audited)	2019 US\$'000 (audited) <i>(Note)</i>	2020 US\$'000 (audited)	2020 US\$'000 (unaudited)	2021 US\$'000 (unaudited)
Total comprehensive income attributable to:					
Shareholders of the Company					
Continuing operations	198,113	212,419	604,728	228,013	194,707
Discontinued operations	–	121,769	156,287	75,836	–
	<u>198,113</u>	<u>334,188</u>	<u>761,015</u>	<u>303,849</u>	<u>194,707</u>
Gain on deemed disposal of CTI	–	–	1,466,255	–	–
	<u>198,113</u>	<u>334,188</u>	<u>2,227,270</u>	<u>303,849</u>	<u>194,707</u>
Non-controlling interests					
Continuing operations	99,505	104,438	212,273	116,522	90,987
Discontinued operations	–	15,943	49,102	8,211	–
	<u>99,505</u>	<u>120,381</u>	<u>261,375</u>	<u>124,733</u>	<u>90,987</u>
	<u>297,618</u>	<u>454,569</u>	<u>2,488,645</u>	<u>428,582</u>	<u>285,694</u>
Earnings per share attributable to shareholders of the Company (expressed in US cents per share)					
Basic and diluted					
Continuing operations	1.112	0.856	2.049	0.930	0.639
Discontinued operations	–	0.509	0.670	0.342	–
	<u>1.112</u>	<u>1.365</u>	<u>2.719</u>	<u>1.272</u>	<u>0.639</u>
Gain on deemed disposal of CTI	–	–	5.788	–	–
	<u>1.112</u>	<u>1.365</u>	<u>8.507</u>	<u>1.272</u>	<u>0.639</u>
Dividends	<u>139,656</u>	<u>103,929</u>	<u>370,251</u>	<u>123,417</u>	<u>81,195</u>
Total dividend per share (expressed in HK\$ per share)	<u>0.043</u>	<u>0.032</u>	<u>0.114</u>	<u>0.038</u>	<u>0.025</u>

Note: The financial figures for the year ended 31 December 2019 are restated figures extracted from the annual report of the Company for the year ended 31 December 2020.

2. CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the year ended 31 December 2018 are set out on pages 80 to 234 of the annual report of the Company for the year ended 31 December 2018, which was published on 11 April 2019, and which is posted on the website of the Company at <http://www.cpp.hk> and the Stock Exchange at www.hkexnews.hk, or at this direct link: http://www.cpp.hk/attachment/files/Financial%20Reports/Annual_Report_2018_ENG.pdf.

The audited consolidated financial statements of the Group for the year ended 31 December 2019 are set out on pages 97 to 246 of the annual report of the Company for the year ended 31 December 2019, which was published on 24 April 2020, and which is posted on the website of the Company at <http://www.cpp.hk> and the Stock Exchange at www.hkexnews.hk, or at this direct link: http://www.cpp.hk/attachment/files/Financial%20Reports/Annual_Report_2019_ENG.pdf.

The audited consolidated financial statements of the Group for the year ended 31 December 2020 are set out on pages 81 to 214 of the annual report of the Company for the year ended 31 December 2020, which was published on 27 April 2021, and which is posted on the website of the Company at <http://www.cpp.hk> and the Stock Exchange at www.hkexnews.hk, or at this direct link: http://www.cpp.hk/attachment/files/Financial%20Reports/Annual_Report_2020_ENG.pdf.

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2020 are set out on pages 10 to 46 of the interim report of the Company for the six months ended 30 June 2020, which was published on 24 September 2020, and which is posted on the website of the Company at <http://www.cpp.hk> and the Stock Exchange at www.hkexnews.hk, or at this direct link: http://www.cpp.hk/attachment/files/Financial%20Reports/Interim_Report_2020_ENG.PDF.

The unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2021 are set out on pages 8 to 44 of the interim report of the Company for the six months ended 30 June 2021, which was published on 24 September 2021, and which is posted on the website of the Company at <http://www.cpp.hk> and the Stock Exchange at www.hkexnews.hk, or at this direct link: http://www.cpp.hk/attachment/files/Financial%20Reports/Interim_Report_2021_ENG.PDF.

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2018, 2019 and 2020 and the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2020 and 30 June 2021 are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. PROFIT WARNINGS AND THIRD QUARTERLY RESULTS ANNOUNCEMENT

The Company issued a profit warning announcement on 30 September 2021 and 19 October 2021 respectively based on its unaudited management accounts prepared for the eight months period ended 31 August 2021 and nine months period ended 30 September 2021. Each of the profit warnings contained in the announcements (the “**Profit Warnings**”) constituted a profit forecast under Rule 10 of the Takeovers Code and is normally required under Rule 10.3 of the Takeovers Code to be reported on by the Company’s financial adviser and auditors or accountants. Under Rule 10.4 of the Takeovers Code, if a profit forecast is published first in an announcement, it must be repeated in full, together with the reports from the Company’s financial advisers and auditors or accountants on the said profit forecast, in the next document, which is the Scheme Document, to be sent to the Shareholders.

On 12 November 2021, the Company issued the Third Quarterly Results Announcement in relation to the unaudited consolidated results of the Group for the nine months ended 30 September 2021 in line with its current practice to publish its financial results on a quarterly basis. As the Third Quarterly Results Announcement was made after the commencement of the Offer Period in respect of the Proposal, the unaudited profit figures, “profit for the period” and “loss attributable to Shareholders of the Company” for the nine months ended 30 September 2021 as set out in the Third Quarterly Results Announcement (i.e. the Profit Estimate) constituted a profit forecast pursuant to Rule 10 of the Takeovers Code, and would have to be reported on by both the relevant financial advisers and auditors or accountants of the Company.

The Profit Estimate has been reported on by KPMG, the auditors of the Company, and the Independent Financial Adviser, and the respective letters from KPMG and the Independent Financial Adviser have been set out in the Third Quarterly Results Announcement. The requirement to Rule 10 of the Takeovers Code to report on the Profit Warnings has been superseded by the publication of the Third Quarterly Results Announcement and such reports.

Please refer to Appendix III for the full text of the Third Quarterly Results Announcement, including the respective letters from KPMG and the Independent Financial Adviser on the Profit Estimate of the Third Quarterly Results Announcement.

4. STATEMENT OF INDEBTEDNESS

This indebtedness statement details the indebtedness of the Group as at 30 September 2021, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Scheme Document.

As at 30 September 2021, the indebtedness of the Group was as follows:

- (a) bank and other borrowings of approximately US\$1,384 million, of which approximately US\$114 million was secured by certain of the Group's property, plant and equipment and land use rights. None of the borrowings was supported by guarantee given by third parties;
- (b) lease liabilities of approximately US\$509 million; and
- (c) contingent liabilities of approximately US\$9 million with respect to guarantees given by certain subsidiaries in the Group to financial institutions in the PRC.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding mortgages, charges, debentures, bank loans and overdrafts, debt securities or loan notes or other similar indebtedness, loan capital issued or outstanding or agreed to be issued, finance leases, liabilities under acceptance or acceptance credits or any finance lease commitments, or any guarantees or other material contingent liabilities.

5. MATERIAL CHANGE

As at the Latest Practicable Date, save for the following, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2020 (being the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date:

- (a) during the nine months ended 30 September 2021 (“9M2021”), the Group's profits were materially and adversely affected by the lower poultry and swine prices in China, leading to a deterioration in the performance of the Company's food and poultry farm subsidiaries and the Company's 35%-owned feed and swine farm associate; and by the lower swine prices in Vietnam, leading to a deterioration in the performance of the Group's agri-food business (Note);
- (b) the Company previously issued (a) on 9 July 2021 a profit warning based on the unaudited management accounts for the six months ended 30 June 2021, (b) on 30 September 2021 a further profit warning based on the unaudited management accounts for the eight months ended 31 August 2021, (c) on 19 October 2021 a further profit warning based on the unaudited management accounts for the nine months ended 30 September 2021, and (d) on 12 November 2021 the Company's 2021 unaudited third quarter results addressing the nine months ended 30 September 2021, i.e. the Third Quarterly Results Announcement (Note);

- (c) as disclosed in the Third Quarterly Results Announcement, the Group recorded a consolidated unaudited loss attributable to Shareholders of approximately US\$16.6 million for 9M2021 as compared to the profit attributable to Shareholders of approximately US\$496.1 million recorded in the unaudited third quarter results for the nine months ended 30 September 2020. Such decrease from profit to loss was mainly attributable to (i) in respect of the Group's business in China, the deteriorated performance of its food and poultry farm subsidiaries and its 35%-owned feed and swine farm associate as a result of lower poultry and swine prices; (ii) in respect of the Group's Vietnam business, less profit being generated from its agri-food business mainly because of lower swine prices; and (iii) the Group recording a significant negative net change in fair value of biological assets for 9M2021 due to lower swine prices in Vietnam and China (Note);
- (d) the material decrease in the Group's net assets by approximately 10.8% from approximately US\$4,032.7 million as at 31 December 2020 to approximately US\$3,597.1 million as at 30 September 2021, mainly attributable to the dividend paid during 9M2021 of approximately US\$457.4 million; and
- (e) the material increase in the Group's net debt to equity ratio (defined as total bank and other borrowings minus cash and deposits divided by total equity) from approximately 14.5% as at 31 December 2020 to approximately 29.7% as at 30 September 2021 as disclosed in the Third Quarterly Results Announcement. The increase in the Group's net debt to equity ratio from 31 December 2020 to 30 September 2021 was mainly a result of (i) the increase in bank and other borrowings by approximately 21.8% from approximately US\$1,135.9 million as at 31 December 2020 to approximately US\$1,384.0 million as at 30 September 2021, mainly as a result of the precautionary measure of the Group to increase the inventory level in view of possible shipment delay due to COVID-19 pandemic (inventories increased by approximately 43.0% from approximately US\$409.2 million as at 31 December 2020 to approximately US\$585.2 million as at 30 September 2021); and (ii) the decrease in the aggregate of cash and deposits by approximately 42.5% from approximately US\$549.4 million as at 31 December 2020 to approximately US\$316.1 million as at 30 September 2021 mainly as a result of the dividend paid during 9M2021.

Note: Pursuant to Rule 10 of the Takeovers Code, the unaudited profit figures, "profit for the period" and "loss attributable to Shareholders of the Company" for the nine months ended 30 September 2021 as set out in the Third Quarterly Results Announcement (i.e. the Profit Estimate) constituted a profit forecast and would have to be reported on by both the relevant financial advisers and auditors or accountants of the Company. Accordingly, the Profit Estimate has been reported on by KPMG, the auditors of the Company, and the Independent Financial Adviser. The letters issued by KPMG and the Independent Financial Adviser have been set out in the Third Quarterly Results Announcement. Please refer to Appendix III to this Scheme Document for the full text of the Third Quarterly Results Announcement and the respective letters from KPMG and the Independent Financial Adviser on the Profit Estimate.

1. RESPONSIBILITY STATEMENT

As at the Latest Practicable Date, the directors of the Offeror were Mr. Min Tieworn, Mr. Veeravat Kanchanadul, Mr. Chingchai Lohawatanakul, Mr. Adirek Sripratak and Mrs. Arunee Watcharananan, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

As at the Latest Practicable Date, the directors of CPF were Mr. Soopakij Chearavanont, Mr. Adirek Sripratak, Mr. Phongthep Chiaravanont, Mr. Suphachai Chearavanont, Mr. Rungson Sriworasat, Professor Dr. Pongsak Angkasith, Pol. Gen. Phatcharavat Wongsuwan, Mrs. Vatchari Vimooktayon, Mr. Vinai Vittavasgarnvej, Professor Dr. Kittipong Kittayarak, Mrs. Arunee Watcharananan, Mr. Prasit Boondoungprasert, Mr. Siripong Aroonratana, Dr. Sujint Thammasart, D. V.M., and Mr. Paisan Chirakitcharern, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

As at the Latest Practicable Date, the Directors were Mr. Soopakij Chearavanont (Chairman and executive Director), Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mrs. Arunee Watcharananan and Mr. Yu Jianping (each an executive Director), and Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe (each a non-executive Director), and Mr. Vinai Vittavasgarnvej, Mrs. Vatchari Vimooktayon, Mr. Cheng Yuk Wo, Professor Dr. Pongsak Angkasith and General Udomdej Sitabutr (each an independent non-executive Director).

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Scheme Document in relation to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the Directors, in their capacity as Directors, have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorized share capital of the Company was US\$600,000,000 divided into 36,000,000,000 Shares, 20,000,000,000 Series A Convertible Preference Shares and 4,000,000,000 Series B Convertible Preference Shares;
- (b) the issued and paid-up share capital of the Company was US\$253,329,149.80 divided into 24,071,837,232 Shares, nil Series A Convertible Preference Shares and 1,261,077,748 Series B Convertible Preference Shares;
- (c) there were 1,837,836 ADRs evidencing 1,837,836 ADSs, where every one ADS represents 25 Shares (i.e. 45,945,900 Shares are subject to the 1,837,836 ADSs);
- (d) all of the Shares in issue were fully paid or credited as fully paid and rank *pari passu* in all respects with each other, including, as to rights to dividends, voting and capital;
- (e) no new Shares had been issued by the Company since 31 December 2020, being the end of the last financial year of the Company up to and including the Latest Practicable Date; and
- (f) save for the Convertible Preference Shares, there were no options, derivatives, warrants or other securities convertible or exchangeable into Shares which were issued by the Company.

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange (i) on the last Trading Day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share HK\$
31 March 2021	1.00
30 April 2021	0.98
31 May 2021	0.98
30 June 2021	0.85
30 July 2021	0.79
31 August 2021	0.89
24 September 2021 (Last Trading Day)	0.96
30 September 2021	0.96
29 October 2021	1.10
19 November 2021 (Latest Practicable Date)	1.09

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.13 per Share on 5 October 2021 and HK\$0.76 per Share most recently on 28 July 2021 respectively.

4. DISCLOSURE OF INTERESTS

4.1 Directors' interests and short positions in the Shares and shares in the Company's associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or shares and debentures of any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code were as follows:

(a) Directors' interests in Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of the total issued Shares
Mr. Meth Jiaravanont	Beneficial owner	21,000,000 (L)	0.09%

L: Long positions

(b) Directors' interests in shares of associated corporation of the Company

Chia Tai Enterprises International Limited

Name of Director	Capacity	Number of Shares	Approximate percentage of the total issued Shares
Mr. Meth Jiaravanont	Beneficial owner	210,000 (L)	0.09%

L: Long positions

Mr. Meth Jiaravanont, being a Director and an Offeror Concert Party, will abstain from voting on the Scheme at the Court Meeting. He has indicated that those Shares which he holds will be voted in favour of the resolution(s) to be proposed at the SGM to approve and give effect to the Scheme, including the approval of the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished but not the ordinary resolution to approve the Rollover Arrangement.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or shares and debentures of any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests in any Shares, convertible securities, warrants, options or derivatives of the Company.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 or Part XV of the SFO.

4.2 Interests and short positions of the Offeror, the Offeror Concert Parties and other substantial Shareholders in the Shares

As at the Latest Practicable Date, Shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the total issued share capital of the Company
CPF	Beneficial owner, interest of controlled corporation and concert party	19,253,558,153 (L)	76.00%
CPG	Interest of controlled corporation	19,253,558,153 (L)	76.00%
ITOCHU	Beneficial owner and concert party	19,253,558,153 (L)	76.00%

L: Long positions

Note:

1. CPF had a long position in 19,253,558,153 Shares and underlying Shares of the Company which included (i) 1,261,077,748 Series B Convertible Preference Shares beneficially owned by CPF; (ii) 11,974,521,097 Shares beneficially owned by the Offeror; and (iii) 6,017,959,308 Shares beneficially owned by ITOCHU as a result of certain provisions in the SHA pursuant to section 317 of the SFO.
2. CPG had a long position of 19,253,558,153 Shares and underlying Shares of the Company through CPF, its controlled corporation.
3. ITOCHU beneficially owned 6,017,959,308 Shares, and is taken to be interested in the 19,253,558,153 Shares and underlying Shares of the Company in which CPF was interested in as a result of certain provisions in the SHA pursuant to section 317 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who (a) had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or (b) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

As at the Latest Practicable Date, the Offeror, its directors and the Offeror Concert Parties who held securities of the Company were as follows:

Name of Shareholder	As at the Latest Practicable Date	
	Number of Shares and underlying Shares held	Approximate % of the total issued share capital of the Company
Offeror	11,974,521,097	47.27
CPF ⁽¹⁾	1,261,077,748	4.98
ITOCHU	6,017,959,308	23.76
Mr. Kanchanadul	3,000,000	0.01
The Chiaravanont Brothers ⁽²⁾	59,000,000	0.23
Mr. Chearavanont	37,600,000	0.15
Dr. Thammasart	1,862,000	0.01
Mr. Chirakitcharern	1,420,000	0.01
Mr. Meth Jiaravanont	21,000,000	0.08
Total:	19,377,440,153	76.49

Note:

1. CPF held 1,261,077,748 Series B Convertible Preference Shares, which is convertible into the same number of underlying Shares.
2. The Chiaravanont Brothers include Mr. Phongthep Chiaravanont, a director of CPF, and his brothers, Mr. Manu Chiaravanond and Mr. Manas Chiaravanond.

4.3 Dealings in the securities of the Company

(a) During the Relevant Period:

- (i) save as disclosed below, none of the Offeror, its directors or the Offeror Concert Parties had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares:

Name of Offeror, its directors or the Offeror Concert Parties	Type of Transaction	Transaction Date	Number of Shares involved	Transaction Price per Shares (HK\$)
Offeror	on-market purchase	17 June 2021	1,000,000	0.92
Mr. Chirakitcharearn	on-market disposal	17 June 2021	224,000	0.91
Mr. Chirakitcharearn	on-market disposal	17 June 2021	500,000	0.92
Mr. Chirakitcharearn	on-market disposal	21 June 2021	100,000	0.90
Mr. Chirakitcharearn	on-market disposal	23 June 2021	700,000	0.86
Mr. Chirakitcharearn	on-market disposal	28 June 2021	200,000	0.87

- (ii) none of the Directors had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

(b) During the Offer Period and up to the Latest Practicable Date:

- (i) no subsidiaries of the Company, pension funds (if any) of any member of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or any associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding any exempt principal trader or exempt fund manager) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (ii) save for ITOCHU with respect to the Rollover Arrangement, no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with (A) the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, (B) the Offeror or the Offeror Concert Parties, owned or controlled, or had any dealings in, any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and
- (iii) no fund managers connected with the Company who managed funds on a discretionary basis (other than exempt fund managers) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

4.4 Interest and dealings in the securities of the Offeror

- (a) As at the Latest Practicable Date, none of the Company or any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.
- (b) During the Relevant Period, none of the Company or any of the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

4.5 Other interests

As at the Latest Practicable Date:

- (a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company were owned or controlled by a subsidiary of the Company, a pension fund (if any) of any member of the Group, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert”, or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders and exempt fund managers);
- (b) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company (other than exempt fund managers); and
- (c) none of the Company, the Directors, the Offeror or any of the Offeror Concert Parties had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4.6 Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (a) other than the Cancellation Price, no benefit (other than statutory compensation) was or would be given to any Director as compensation for his or her loss of office or otherwise in connection with the Proposal;
- (b) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with (A) the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and/or (B) the Offeror or the Offeror Concert parties save for the Rollover Arrangement;
- (c) there was no material contract which had been entered into by the Offeror in which any Director had a material personal interest;
- (d) there was no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the Directors and any other person which was conditional on or was dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (e) save for the Proposal, the Scheme and the Rollover Arrangement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or the Offeror Concert Parties on the one hand, and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or was dependent upon the Proposal;
- (f) save for the Rollover Agreement, there were no agreements or arrangements to which the Offeror or any of the Offeror Concert Parties was a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal;
- (g) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired pursuant to the Proposal, and the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Proposal to any other person;
- (h) save for the Proposal, the Scheme and the Rollover Arrangement, there was no arrangement (whether by way of option, indemnity or otherwise), in relation to the Shares or the shares of the Offeror and any of the Offeror Concert Parties which might be material to the Proposal;

- (i) neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment from any Disinterested Shareholder to vote for the Proposal and the Rollover Arrangement;
- (j) save for the Cancellation Price and the Rollover Arrangement, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any of the Offeror Concert Parties to the Scheme Shareholders or any person acting in concert with the Scheme Shareholders in connection with the cancellation of the Scheme Shares;
- (k) there is no special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any of the Offeror Concert Parties on the one hand, and the Scheme Shareholders or any person acting in concert with the Scheme Shareholders on the other hand; and
- (l) save for the Rollover Arrangement, there is no special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder of the Company and (i) the Offeror and any of the Offeror Concert Parties, or (ii) the Company, its subsidiaries or associated companies.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against any member of the Group.

6. MATERIAL CONTRACTS

Save for the agreement dated 14 September 2020 between CTI, a then indirect wholly-owned subsidiary of the Company, CP China Investment Limited, CP Food Enterprise (Qinhuangdao) Co., Ltd. and Chia Tai Animal Husbandry Investment Beijing) Co., Ltd. (the “Vendor”) in relation to the acquisition by CTI of the interests held by the Vendor in the Target Companies (as defined in the Company’s circular dated 13 October 2020) for an aggregate consideration of approximately RMB28,140 million, none of the members of the Group had entered into any material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group, within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, there was no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (a) which (including both continuous and fixed term contract) had been entered into or amended within six months before the commencement of the Offer Period; (b) which is a continuous contract with a notice period of 12 months or more; or (c) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

8. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of each of the experts who have been named in this Scheme Document or have given their opinion or advice which are contained in this Scheme Document:

Name	Qualification
UBS	UBS AG (acting through its Hong Kong Branch), a registered institution under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Proposal. UBS AG is incorporated in Switzerland with limited liability
Ballas Capital Limited	Ballas Capital Limited, a licensed corporation under the SFO, registered to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee
KPMG	Certified Public Accountants

Each of the experts named above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion in this Scheme Document of the text of its letter, report or opinion (as the case may be) and references to its name in the form and context in which they are included.

9. MISCELLANEOUS

- (a) The registered office of the Offeror is Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands. The correspondence address in Hong Kong of the Offeror is 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (b) The directors of the Offeror are Mr. Min Tieworn, Mr. Veeravat Kanchanadul, Mr. Chingchai Lohawatanakul, Mr. Adirek Sripratak and Mrs. Arunee Watcharananan.
- (c) The Offeror is a wholly-owned subsidiary of CPF. The registered office of CPF is at 313 C.P. Tower, Silom Road, Silom, Bangrak, Bangkok 10500, Thailand. The correspondence address in Hong Kong of CPF is 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (d) The directors of CPF are Mr. Soopakij Chearavanont, Mr. Adirek Sripratak, Mr. Phongthep Chiaravanont, Mr. Suphachai Chearavanont, Mr. Rungson Sriworasat, Professor Dr. Pongsak Angkasith, Pol. Gen. Phatcharavat Wongsuwan, Mrs. Vatchari Vimooktayon, Mr. Vinai Vittavasgarnvej, Professor Dr. Kittipong Kittayarak, Mrs. Arunee Watcharananan, Mr. Prasit Boondoungprasert, Mr. Siripong Aroonratana, Dr. Sujint Thammasart, D.V.M., and Mr. Paisan Chirakitcharearn.
- (e) The registered office of ITOCHU is at 5-1, Kita-Aoyama 2-chrome, Minato-ku, Tokyo 107-8077, Japan.
- (f) The directors of ITOCHU are Mr. Masahiro Okafuji, Mr. Yoshihisa Suzuki, Mr. Keita Ishii, Mr. Tomofumi Yoshida, Mr. Yuji Fukuda, Mr. Fumihiko Kobayashi, Mr. Tsuyoshi Hachimura, Ms. Atsuko Muraki, Mr. Masatoshi Kawana, Ms. Makiko Nakamori and Mr. Kunio Ishizuka.
- (g) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (h) The principal place of business of the Company is situated at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (i) The directors of the Company are Mr. Soopakij Chearavanont, Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mrs. Arunee Watcharananan, Mr. Yu Jianping, Mr. Meth Jiaravanont, Mr. Yoichi Ikezoe, Mr. Vinai Vittavasgarnvej, Mrs. Vatchari Vimooktayon, Mr. Cheng Yuk Wo, Professor Dr. Pongsak Angkasith and General Udomdej Sitabutr.
- (j) The secretary of the Company is Ms. Wong Pui Shan, who is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (k) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, which is situated at 4th Floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.
- (l) The Company's branch share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, which is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (m) The registered address of UBS in Hong Kong is situated at 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.
- (n) The principal place of business of the Independent Financial Adviser is situated at Unit 1802, 18/F, 1 Duddell Street, Central, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 9:00 a.m. to 5:00 p.m. on Business Days at the principal office of the Company in Hong Kong at 21st Floor, Far East Finance Centre 16 Harcourt Road, Hong Kong and on the website of the Company at <http://www.cpp.hk> and the website of SFC at www.sfc.hk from the date when this Scheme Document is published until (a) the Effective Date, and (b) the date on which the Scheme is withdrawn or lapses, whichever is earlier:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports containing the audited consolidated financial statements of the Company for each of the three years ended 31 December 2018, 31 December 2019 and 31 December 2020;
- (d) the interim reports containing the unaudited consolidated financial statements of the Company for the six months ended 30 June 2020 and 30 June 2021;
- (e) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (h) the material contract referred to in the section headed “6. Material Contracts” in this Appendix II;
- (i) the written consents referred to in the section headed “8. Consents and Qualifications of Experts” in this Appendix II;
- (j) the Rollover Agreement;
- (k) the Third Quarterly Results Announcement, the text of which is set out in Appendix III of this Scheme Document;
- (l) the report from KPMG on the Profit Estimate included in the Third Quarterly Results Announcement, the text of which is set out in Appendix III of this Scheme Document;
- (m) the report from the Independent Financial Adviser on the Profit Estimate included in the Third Quarterly Results Announcement, the text of which is set out in Appendix III of this Scheme Document; and
- (n) this Scheme Document.

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

**UNAUDITED RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021****Summary**

The board of directors (the “**Board**”) of C.P. POKPHAND CO. LTD. (the “**Company**”) is making this announcement of the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the nine months ended 30 September 2021 in line with its current practice to publish its financial results quarterly.

The unaudited consolidated loss attributable to shareholders of the Company for the nine months ended 30 September 2021 was approximately US\$17 million.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN US\$'000)**

	2021			2020 (Note)		
	Nine months ended 30 September			Nine months ended 30 September		
	Results before biological assets fair value changes	Biological assets fair value changes	Total	Results before biological assets fair value changes (Restated)	Biological assets fair value changes (Restated)	Total (Restated)
CONTINUING OPERATIONS						
REVENUE	3,304,860	–	3,304,860	3,199,600	–	3,199,600
Cost of sales	<u>(2,659,928)</u>	–	<u>(2,659,928)</u>	<u>(2,206,063)</u>	–	<u>(2,206,063)</u>
Gross profit	644,932	–	644,932	993,537	–	993,537
Net changes in fair value of biological assets	–	<u>(137,986)</u>	<u>(137,986)</u>	–	<u>(8,740)</u>	<u>(8,740)</u>
	644,932	(137,986)	506,946	993,537	(8,740)	984,797
Other income, net	26,024	–	26,024	17,536	–	17,536
Selling and distribution costs	(104,333)	–	(104,333)	(83,098)	–	(83,098)
General and administrative expenses	(178,534)	–	(178,534)	(175,666)	–	(175,666)
Finance costs	(65,863)	–	(65,863)	(63,800)	–	(63,800)
Share of profits and losses of:						
Joint venture	(2)	–	(2)	(31)	–	(31)
A 35%-owned associate	(19,663)	(44,309)	(63,972)	–	–	–
Other associates	(197)	–	(197)	(73)	–	(73)
PROFIT BEFORE TAX	302,364	(182,295)	120,069	688,405	(8,740)	679,665
Income tax	(88,230)	21,773	(66,457)	(143,239)	564	(142,675)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	214,134	(160,522)	53,612	545,166	(8,176)	536,990
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	–	–	–	154,600	–	154,600
PROFIT FOR THE PERIOD	214,134	(160,522)	53,612	699,766	(8,176)	691,590

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN US\$'000) (Continued)

	2021			2020 (Note)		
	Nine months ended 30 September			Nine months ended 30 September		
	Results before biological assets fair value changes	Biological assets fair value changes	Total	Results before biological assets fair value changes (Restated)	Biological assets fair value changes (Restated)	Total (Restated)
Profit/(loss) attributable to:						
Shareholders of the Company						
Continuing operations	110,038	(126,611)	(16,573)	362,311	(5,790)	356,521
Discontinued operations	-	-	-	139,561	-	139,561
	110,038	(126,611)	(16,573)	501,872	(5,790)	496,082
Non-controlling interest						
Continuing operations	104,096	(33,911)	70,185	182,855	(2,386)	180,469
Discontinued operations	-	-	-	15,039	-	15,039
	104,096	(33,911)	70,185	197,894	(2,386)	195,508
	214,134	(160,522)	53,612	699,766	(8,176)	691,590
PROFIT FOR THE PERIOD	214,134	(160,522)	53,612	699,766	(8,176)	691,590
OTHER COMPREHENSIVE INCOME						
Continuing operations						
Items that will not be reclassified subsequently to profit or loss:						
Share of other comprehensive income of:						
Associates			2,242			-
			2,242			-
Items that may be reclassified subsequently to profit or loss:						
Exchange differences related to translation of foreign operations			19,718			12,850
Cash flow hedge – effective portion of changes in fair value			(3,013)			-
Income tax effect			603			-
Share of other comprehensive income of:						
Associates			39,376			-
			56,684			12,850

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN US\$'000) (Continued)

	2021			2020 (Note)		
	Nine months ended 30 September			Nine months ended 30 September		
	Results before biological assets fair value changes	Biological assets fair value changes	Total	Results before biological assets fair value changes (Restated)	Biological assets fair value changes (Restated)	Total (Restated)
OTHER COMPREHENSIVE INCOME						
<i>(continued)</i>						
Continuing operations <i>(continued)</i>						
Other comprehensive income from continuing operations, net of income tax			<u>58,926</u>			<u>12,850</u>
Discontinued operations						
Items that will not be reclassified subsequently to profit or loss:						
Equity investments at fair value through other comprehensive income			-			(6,388)
Income tax effect			-			<u>1,597</u>
			-			(4,791)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences related to translation of foreign operations			-			18,682
Share of other comprehensive income of:						
Joint venture			-			540
Associates			-			<u>2,520</u>
			-			21,742
Other comprehensive income from discontinued operations, net of income tax			-			<u>16,951</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX			<u>58,926</u>			<u>29,801</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			<u>112,538</u>			<u>721,391</u>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN US\$'000) (Continued)

	2021			2020 (Note)		
	Nine months ended 30 September			Nine months ended 30 September		
	Results before biological assets fair value changes		Biological assets fair value changes	Results before biological assets fair value changes		Biological assets fair value changes
			Total	(Restated)	(Restated)	Total (Restated)
Total comprehensive income attributable to:						
Shareholders of the Company						
Continuing operations	163,652	(126,611)	37,041	375,065	(5,790)	369,275
Discontinued operations	–	–	–	153,695	–	153,695
	163,652	(126,611)	37,041	528,760	(5,790)	522,970
Non-controlling interest						
Continuing operations	109,408	(33,911)	75,497	182,951	(2,386)	180,565
Discontinued operations	–	–	–	17,856	–	17,856
	109,408	(33,911)	75,497	200,807	(2,386)	198,421
	<u>273,060</u>	<u>(160,522)</u>	<u>112,538</u>	<u>729,567</u>	<u>(8,176)</u>	<u>721,391</u>
<i>Details of revenue:</i>						
<i>Vietnam feed business</i>			792,138			677,415
<i>Vietnam farm business</i>			1,709,618			1,793,880
<i>Vietnam food business</i>			133,168			111,992
<i>China farm business</i>			402,359			383,680
<i>China food business</i>			267,413			232,459
<i>Others</i>			164			174
			3,304,860			3,199,600
<i>Depreciation of other right-of-use assets</i>			38,938			27,874
<i>Other depreciation and amortisation</i>			134,078			109,939
<i>Interest expense on lease liabilities</i>			39,698			27,106

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(IN US\$'000)

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	1,683,821	1,588,640
Investment properties	–	859
Land use rights	89,089	89,129
Other right-of-use assets	437,988	418,173
Non-current biological assets	85,342	79,622
Investments in joint venture	33	35
Investments in a 35%-owned associate	2,173,021	2,284,310
Investments in other associates	12,465	46,692
Other non-current assets	59,094	65,014
Deferred tax assets	9,628	8,242
Total non-current assets	4,550,481	4,580,716
CURRENT ASSETS		
Inventories	585,201	409,167
Current biological assets	703,187	638,820
Trade receivables	193,791	123,285
Prepayments, deposits and other receivables	264,391	295,802
Pledged deposits	7,755	11,896
Time deposits with maturity over three months	8,543	1,605
Cash and cash equivalents	299,837	535,891
Total current assets	2,062,705	2,016,466
CURRENT LIABILITIES		
Trade and bills payables	528,988	391,224
Other payables and accruals	451,421	434,101
Dividend payable	81,195	–
Lease liabilities	39,651	38,076
Bank and other borrowings	548,443	306,307
Income tax payables	13,535	58,241
Total current liabilities	1,663,233	1,227,949
NET CURRENT ASSETS	399,472	788,517
TOTAL ASSETS LESS CURRENT LIABILITIES	4,949,953	5,369,233

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN US\$'000) (Continued)

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	468,946	442,471
Bank borrowings	835,508	829,620
Other non-current liabilities	26,960	24,882
Deferred tax liabilities	21,433	39,550
Total non-current liabilities	1,352,847	1,336,523
NET ASSETS	3,597,106	4,032,710
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	253,329	253,329
Reserves	2,994,473	3,048,219
Dividend	–	246,834
	3,247,802	3,548,382
Non-controlling interest	349,304	484,328
TOTAL EQUITY	3,597,106	4,032,710

The Group's unaudited consolidated results for the nine months ended 30 September 2021 have been prepared by the directors based on the unaudited management accounts of the Group for the nine months ended 30 September 2021, on a basis consistent in all material respects in accordance with the accounting policies adopted by the Group as disclosed in the audited financial statements for the financial year ended 31 December 2020, except for the new standards and amendments to International Financial Reporting Standards ("IFRS") that are first effective for the current period. These new standards and amendments do not have significant financial effect on this financial information.

Note:

On 1 December 2020, Chia Tai Investment Co., Ltd. ("CTI"), originally a wholly-owned subsidiary of the Company, completed the acquisition of 43 entities that are engaged in swine business from Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd. ("CTAI"), a related company, for an aggregate consideration of RMB28,140 million (equivalent to approximately US\$4,312 million). The consideration was settled by means of issuance of new shares in CTI to CTAI representing 65% of its share capital as enlarged by such issue. Upon completion of this transaction on 1 December 2020, CTI is owned as to 35% by the Company and 65% by CTAI.

Accordingly, the financial results of CTI for the nine months ended 30 September 2020 were de-consolidated and presented as "Discontinued operations" in the consolidated financial statements in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Therefore, prior period comparative has been restated to conform with the current period presentation. Financial results of CTI for the nine months ended of 30 September 2021 were accounted for under the equity method and shown under "Share of profits and losses of a 35%-owned associate" on the unaudited consolidated statement of comprehensive income.

TAKEOVERS CODE IMPLICATIONS

Reference is made to the announcement (the “**Announcement**”) jointly issued by the Company and CPF Investment Limited on 30 September 2021 in relation to, among other things, the proposed privatisation of the Company (the “**Proposal**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement. This announcement is made after the commencement of the offer period (as defined under the Takeovers Code) in respect of the Proposal.

The unaudited profit figures, “profit for the period” and “loss attributable to Shareholders of the Company” for the nine months ended 30 September 2021 as set out in the unaudited consolidated statement of comprehensive income above constitute a profit forecast under Rule 10 of the Takeovers Code (the “**Profit Estimate**”), and should be reported on by both the relevant financial advisers and auditors or accountants of the Company (the “**Rule 10 Reports**”). The unaudited figures for the nine months ended 30 September 2021 have not been audited or reviewed by independent auditors nor reviewed by the audit committee of the Company.

According to Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code, reporting on a profit forecast involves the relevant financial advisers satisfying themselves that the forecast has been made with due care and consideration and the relevant auditors or accountants satisfying themselves that the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made. The Rule 10 Reports must be included in this announcement in accordance with Rule 10 of the Takeovers Code.

The Profit Estimate has been reported on by KPMG, as auditors of the Company, and Ballas Capital Limited, as independent financial adviser, in accordance with the requirements under Rule 10 of the Takeovers Code. The respective letters from KPMG and Ballas Capital Limited are set out in Appendices I and II below, respectively.

Each of KPMG and Ballas Capital Limited has given and has not withdrawn its consent to the issue of this announcement with the inclusion of its letter, report and/or opinion and the reference to its name in the form and context in which they appear in this announcement.

By Order of the Board
Arunee Watcharananan
Director

Hong Kong, 12 November 2021

As at the date of this announcement, the Board comprises Mr. Soopakij Chearavanont (Chairman and Executive Director), Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mrs. Arunee Watcharananan and Mr. Yu Jianping (each an Executive Director), and Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe (each a Non-executive Director), and Mr. Vinai Vittavasarnvej, Mrs. Vatchari Vimooktayon, Mr. Cheng Yuk Wo, Professor Dr. Pongsak Angkasith and General Udomdej Sitabutr (each an Independent Non-executive Director).

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in the announcement misleading.

Appendix I — Report from KPMG

The following is the text of a report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

12 November 2021

The Board of Directors
C.P. POKPHAND CO. LTD.
21/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Dear Sirs,

C.P. POKPHAND CO. LTD. (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

Profit Estimate for the nine months ended 30 September 2021

We refer to the estimate of the “profit for the period” and “loss attributable to Shareholders of the Company” for the nine months ended 30 September 2021 (the “**Profit Estimate**”) as set forth in the Company’s announcement dated 12 November 2021 with regards to the Company’s unaudited results for the nine months ended 30 September 2021.

We have been advised by the directors of the Company that the Profit Estimate was prepared based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2021, which had been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021 which conform with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”).

The Profit Estimate is prepared by the directors of the Company and constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by The Securities and Futures Commission.

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 30 September 2021.

The Company’s directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures. We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Company’s announcement dated 12 November 2021 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong

Appendix II — Letter from the Independent Financial Adviser

BALLAS
C A P I T A L

Unit 1802, 18/F,
1 Duddell Street, Central
Hong Kong

12 November 2021

The board of Directors
C.P. POKPHAND CO. LTD.
21st Floor, Far East Finance Centre
16 Harcourt Road, Hong Kong

Dear Sir or Madam,

C.P. POKPHAND CO. LTD. (the “Company”) and its subsidiaries (collectively, the “Group”)

We refer to the estimate of the “profit for the period” and “loss attributable to shareholders of the Company” for the nine months ended 30 September 2021 (the “**Profit Estimate**”) as set out in the Company’s announcement dated 12 November 2021 with regards to the Company’s unaudited results for the nine months ended 30 September 2021.

The Profit Estimate is regarded as a profit forecast pursuant to Rule 10 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) and is required to be reported on in accordance with Rule 10 of the Takeovers Code.

The Profit Estimate has been compiled by the directors of the Company (the “**Directors**”) based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2021 (the “**September Management Accounts**”) prepared by the Directors. The September Management Accounts forms the key bases upon which the Profit Estimate has been compiled.

We have reviewed the Profit Estimate and the September Management Accounts and discussed with the Directors and the management of the Company the bases and the adopted accounting policies upon which the September Management Accounts and the Profit Estimate were prepared respectively. We have also considered the report on the Profit Estimate dated 12 November 2021 issued by KPMG to you. KPMG is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Company’s announcement dated 12 November 2021 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the annual report of the Company for the year ended 31 December 2020 and the interim report of the Company for the six months ended 30 June 2021.

Based on our work done set out above, we are satisfied that the Profit Estimate for which the Directors are solely responsible has been compiled by the Directors with due care and consideration.

This letter is provided to the board of Directors solely for the purpose of complying with Rule 10 of the Takeovers Code. We do not accept any responsibility to any other person in respect of, arising out of, or in connection with this letter.

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Heidi Cheng
Managing Director

**IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
COMMERCIAL COURT**

**2021: No. 344
IN THE MATTER OF
C. P. POKPHAND CO. LTD.**

AND

**IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981 OF
BERMUDA, AS AMENDED**

**SCHEME OF ARRANGEMENT
BETWEEN
C. P. POKPHAND CO. LTD.
AND
THE SCHEME SHAREHOLDERS**

PRELIMINARY

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“Business Day”	any day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	HK\$1.15 for every Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“Chiaravanont Brothers”	Mr. Phongthep Chiaravanont, a director of CPF, and his brothers, Mr. Manu Chiaravanond and Mr. Manas Chiaravanond, and therefore Offeror Concert Parties
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	C.P. POKPHAND CO. LTD., a company incorporated in Bermuda with limited liability, whose Shares are currently listed on the Main Board of the Stock Exchange (stock code: 43)

“Condition(s)”	the condition(s) of the Proposal, details of which are set out in the Scheme Document under the section headed “2. Terms of the Proposal – Conditions of the Proposal and the Scheme” in Part VII – Explanatory Statement of the Scheme Document
“CPF”	Charoen Pokphand Foods Public Company Limited, a company incorporated in Thailand, and whose shares are listed on The Stock Exchange of Thailand under stock code CPF
“Court”	the Supreme Court of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at 10:00 a.m. on Wednesday, 15 December 2021 at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties
“Dr. Thammasart”	Dr. Sujint Thammasart, D.V.M, a director of CPF and an Offeror Concert Party
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Court, becomes effective in accordance with the Companies Act and the Conditions
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Cheng Yuk Wo and General Udomdej Sitabutr, being all of the non-executive Directors who are not Offeror Concert Parties, formed for the purpose of advising the Disinterested Shareholders in respect of the Proposal, the Scheme and the Rollover Arrangement
“Independent Financial Adviser”	Ballas Capital Limited, a licensed corporation under the SFO, registered to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee

“ITOCHU”	ITOCHU Corporation, a company incorporated under the laws of Japan, whose shares are listed on the Tokyo Stock Exchange under stock code 8001
“Latest Practicable Date”	19 November 2021, being the latest practicable date for ascertaining certain information contained in the Scheme Document
“Mr. Chearavanont”	Mr. Dhanin Chearavanont, the father of Mr. Soopakij Chearavanont (chairman and executive Director of the Company and director of CPF), Mr. Suphachai Chearavanont (executive Director of the Company and director of CPF) and Mr. Narong Chearavanont (executive Director of the Company), and therefore an Offeror Concert Party
“Mr. Kanchanadul”	Mr. Veeravat Kanchanadul, a director of the Offeror and an Offeror Concert Party
“Offeror”	CPF Investment Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of CPF
“Offeror Concert Parties”	persons acting in concert with the Offeror in relation to the Company as defined under the Takeovers Code, including CPF, ITOCHU, Mr. Kanchanadul, the Chiaravanont Brothers, Mr. Chearavanont, Dr. Thammasart, Mr. Chirakitcharern and Mr. Meth Jiaravanont
“Proposal”	the proposed privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange, in each case, on the terms and subject to the Conditions set out in the Scheme Document
“Rollover Agreement”	the rollover agreement entered into between the Offeror and ITOCHU on 24 September 2021
“Rollover Arrangement”	the arrangement between the Offeror and ITOCHU under the Rollover Agreement, details of which are set out in the section headed “5. Special Deal relating to Rollover Arrangement” in Part VII – Explanatory Statement of the Scheme Document
“Scheme”	the scheme of arrangement under section 99 of the Companies Act, for the implementation of the Proposal, involving the cancellation of all the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court or agreed by the Company and the Offeror, and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares

“Scheme Document”	the composite scheme document despatched jointly by the Offeror and the Company to the Shareholders containing, among other things, further details of the Proposal, a letter from the Board, a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the recommendations of the Independent Board Committee and notices to convene the Court Meeting and SGM together with forms of proxy in relation thereto
“Scheme Record Date”	Friday, 14 January 2022 or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	Share(s) held by the Scheme Shareholders
“Scheme Shareholder(s)”	Shareholder(s) (other than the Offeror and ITOCHU) as at the Scheme Record Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held in accordance with the Company’s bye-laws at 10:30 a.m. on Wednesday, 15 December 2021 at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal, or any adjournment thereof
“Share(s)”	ordinary share(s) of par value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

- (B) The Company is a limited liability company incorporated in Bermuda on 27 October 1987, whose Shares are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, the Company had an authorized share capital of US\$600,000,000 divided into 36,000,000,000 Shares, 20,000,000,000 Series A Convertible Preference Shares and 4,000,000,000 Series B Convertible Preference Shares. The Company has 24,071,837,232 Shares, nil Series A Convertible Preference Shares and 1,261,077,748 Series B Convertible Preference Shares in issue.
- (C) The Offeror has agreed to appear by Appleby (Bermuda) Ltd at the hearing of the petition to sanction the Scheme and has undertaken to the Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable by the Offeror for the purpose of giving effect to the Scheme.
- (D) The primary purpose of the Scheme is to cancel all Scheme Shares and to issue new Shares (credited as fully paid) to the Offeror equal to the number of Scheme Shares cancelled on the Effective Date, so that the Company becomes wholly-owned by the Offeror and ITOCHU.

THE SCHEME

PART 1**CANCELLATION OF THE SCHEME SHARES**

1. On the Effective Date:
 - (a) all Scheme Shares shall be cancelled; and
 - (b) the Company shall issue new Shares (credited as fully paid) to the Offeror equal to the number of Scheme Shares cancelled and the Company shall apply the reserve created arising in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par the new Shares.

PART 2**CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES**

2. In consideration of the cancellation of all the Scheme Shares, each Scheme Shareholder shall be entitled to receive the Cancellation Price for each Scheme Share cancelled.

PART 3**GENERAL**

3. Cheques in respect of the Cancellation Price shall be sent to the Scheme Shareholders whose names appear in the register of members of the Company as at the Scheme Record Date within seven Business Days of the Effective Date.
4. On or after the day being six calendar months after the posting of the cheques for the payment of the Cancellation Price, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.
5. The Offeror shall hold all monies in respect of uncashed cheques for the Cancellation Price until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and any expenses incurred.

6. Upon the Effective Date, all of the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.
7. The Scheme shall become effective as soon as a copy of the order of the Court sanctioning the Scheme under section 99 of the Companies Act has been delivered to the Registrar of Companies for registration.
8. The Company and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to the Scheme or to any condition(s) which the Court may see fit to approve or impose.
9. Unless this Scheme becomes effective on or before 28 February 2022, this Scheme shall lapse.
10. Subject to the requirements of the Takeovers Code, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses of and incidental to this Scheme.

**C.P. POKPHAND CO. LTD.***(Incorporated in Bermuda with limited liability)**(Stock Code: 43)***IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
COMMERCIAL COURT****2021: No. 344****IN THE MATTER OF
C. P. POKPHAND CO. LTD.****AND****IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981 OF
BERMUDA, AS AMENDED****SCHEME OF ARRANGEMENT****BETWEEN****C. P. POKPHAND CO. LTD.****AND****THE SCHEME SHAREHOLDERS**

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 19 November 2021 made in the above matter, the Supreme Court of Bermuda (the “**Court**”) has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme mentioned below) to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “**Scheme**”) proposed to be made between C.P. POKPHAND CO. LTD. (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 15 December 2021 at 10:00 a.m. (Hong Kong time) at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the explanatory statement required by section 100 of the Companies Act 1981 of Bermuda (as amended) are part of the composite scheme document which also includes this notice and other information. A copy of the composite scheme document can be obtained by the Scheme Shareholders from the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, as their proxy to attend and vote in their stead. A **PINK** form of proxy for use at the Court Meeting is enclosed with the composite scheme document. The completion and return of the **PINK** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting, or any adjournment thereof, if he/she so wishes and in such event, the **PINK** form of proxy previously submitted will be revoked by operation of law.

In the case of joint registered holders of a Scheme Share (as defined in the Scheme), the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding. In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

The **PINK** form of proxy for use at the Court Meeting, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event no later than 10:00 a.m. (Hong Kong time) on Monday, 13 December 2021 but if it is not so lodged, it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

By the Order, the Court has appointed Mr. Cheng Yuk Wo, or failing which, any other director of the Company, or failing which, any other person authorized by the Board, to act as chairman of the Court Meeting and has directed the chairman of the Court Meeting (or a person duly authorised by the chairman of the Court Meeting) to report the results of the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Court.

Dated: 23 November 2021

By order of the Court
Appleby (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda
Attorneys for the Company

Notes:

1. For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Friday, 10 December 2021 to Wednesday, 15 December 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 9 December 2021. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting.
2. In line with the prevailing practices and guidelines on the prevention of COVID-19, the Company may, depending on the development with regard to COVID-19, implement additional precautionary measures at the Court Meeting which may include without limitation:
 - (a) all attendees will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the Court Meeting;
 - (b) there will be compulsory body temperature screening for all persons before entering the venue of the Court Meeting;
 - (c) attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the Court Meeting; (ii) he/she is subject to any HKSAR Government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the venue of the Court Meeting or be required to promptly leave the venue of the Court Meeting;
 - (d) no refreshments will be provided to attendees; and
 - (e) other practical precautions which may include maintaining appropriate distancing and spacing at the venue, limiting the number of attendees at the Court Meeting as may be necessary to avoid over-crowding.
3. If any participant declines to comply with any of the abovementioned measures, the Company reserves the right to deny such person to enter into the venue or to request him/her to leave the venue. Any person who has been denied entry into the Court Meeting venue will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue.
4. The Company reminds all Shareholders that physical attendance in person at the Court Meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the Court Meeting as their proxy to vote on the relevant resolution(s) instead of attending the Court Meeting in person by completing and returning the **PINK** form of proxy enclosed with the composite scheme document.
5. The Company shall follow the latest directions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) and implement further precautionary measures as and when necessary.
6. If a tropical cyclone warning signal No. 8 or above or "extreme conditions" caused by typhoons is or is expected to be hoisted or a black rainstorm warning signal is or is expected to be in force at any time after 8:00 a.m. on the date of the Court Meeting, the Court Meeting will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the rescheduled Court Meeting.

As at the date of this notice, the Directors are Mr. Soopakij Chearavanont (Chairman and executive Director), Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mrs. Arunee Watcharananan and Mr. Yu Jianping (each an executive Director), and Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe (each a non-executive Director), and Mr. Vinai Vittavasarnvej, Mrs. Vatchari Vimooktayon, Mr. Cheng Yuk Wo, Professor Dr. Pongsak Angkasith and General Udomdej Sitabutr (each an independent non-executive Director).

**C.P. POKPHAND CO. LTD.***(Incorporated in Bermuda with limited liability)**(Stock Code: 43)***NOTICE OF SPECIAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of C.P. POKPHAND CO. LTD. (the “**Company**”) will be held at Suites 6411-6416, 64th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong on Wednesday, 15 December 2021 at 10:30 a.m. (Hong Kong time) (or as soon as the Court Meeting (as defined in the Scheme Document (as defined below) shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

1. “**THAT**, for the purpose of giving effect to the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme Document) (the “**Scheme**”) as set out in the composite scheme document dated 23 November 2021 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting, on the Effective Date (as defined in the Scheme Document), the reduction of the issued share capital of the Company by the cancellation of the Scheme Shares, be and is hereby approved.”

ORDINARY RESOLUTIONS

2. “**THAT**, (i) subject to and contemporaneously with the cancellation of the Scheme Shares (as defined in the Scheme Document), the issued share capital of the Company shall be maintained by the allotment and issue to the Offeror of such number of new Shares of the Company, credited as fully paid, as is equal to the number of the Scheme Shares cancelled; (ii) the Company shall apply the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par the new Shares; and (iii) the directors of the Company be and are hereby authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) (a) the making of an application to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the withdrawal of the listing of the shares of the Company from the Stock Exchange, subject to the Scheme taking effect; (b) any reduction of the issued share capital of the Company; (c) the allotment and issuance of the new Shares to the Offeror referred to above; and (d) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme which the Supreme Court of Bermuda may see fit to impose, be and are hereby approved.”

3. “**THAT**, the Rollover Arrangement (as defined in the Scheme Document), which constitutes a special deal under Rule 25 of the Takeovers Code, be and is hereby approved.”

By Order of the Board
C. P. POKPHAND CO. LTD.
Arunee Watcharananan
Director

Hong Kong, 23 November 2021

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

Principal Office in Hong Kong:

21st Floor, Far East Finance Centre
16 Harcourt Road, Hong Kong

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme Document shall have the same meanings when used in this notice.
2. Any Shareholder entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend and vote on his behalf at the SGM provided that if more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
3. In the case of joint registered holders of any Share(s), the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
4. A **WHITE** form of proxy for use at the SGM is enclosed with the composite scheme document. The completion and return of the **WHITE** form of proxy will not preclude a Shareholder from attending and voting in person at the SGM, or any adjournment thereof, if he/she so wishes and in such event, the **WHITE** form of proxy previously submitted will be revoked by operation of law.
5. The **WHITE** form of proxy for use at the SGM, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notorially certified copy thereof, must be lodged at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible, but in any event no later than 10:30 a.m. (Hong Kong time) on Monday, 13 December 2021 and, in default, the form of proxy shall not be treated as valid.
6. For the purpose of determining the entitlements of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 10 December 2021 to Wednesday, 15 December 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 9 December 2021. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the SGM.

7. In line with the prevailing practices and guidelines on the prevention of COVID-19, the Company may, depending on the development with regard to COVID-19, implement additional precautionary measures at the SGM which may include without limitation:
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 - (d) no refreshments will be provided to attendees; and
 - (e) other practical precautions which may include maintaining appropriate distancing and spacing at the venue, limiting the number of attendees at the SGM as may be necessary to avoid over-crowding.
8. If any participant declines to comply with any of the abovementioned measures, the Company reserves the right to deny such person to enter into the venue or to request him/her to leave the venue. Any person who has been denied entry into the SGM venue will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue.
9. The Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the SGM as their proxy to vote on the relevant resolution(s) instead of attending the SGM in person by completing and returning the **WHITE** form of proxy enclosed with the composite scheme document.
10. The Company shall follow the latest directions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) and implement further precautionary measures as and when necessary.
11. If a tropical cyclone warning signal No. 8 or above or “extreme conditions” caused by typhoons is or is expected to be hoisted or a black rainstorm warning signal is or is expected to be in force at any time after 8:00 a.m. on the date of the SGM, the SGM will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and venue of the rescheduled SGM.

As at the date of this notice, the Directors are Mr. Soopakij Chearavanont (Chairman and executive Director), Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mrs. Arunee Watcharananan and Mr. Yu Jianping (each an executive Director), and Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe (each a non-executive Director), and Mr. Vinai Vittavasarnevej, Mrs. Vatchari Vimooktayon, Mr. Cheng Yuk Wo, Professor Dr. Pongsak Angkasith and General Udomdej Sitabutr (each an independent non-executive Director).