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**LETTER FROM THE BOARD**

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**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 Vittavagarnvej  
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**

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### 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.

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### 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.**

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### **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.

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### **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 Vittavasarnevej, 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.

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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.

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### **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.

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### 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*