C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)
(Stock Code: 43)

(1) RESTRUCTURING INVOLVING A VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS AND FINANCIAL ASSISTANCE CONSTITUTING A MAJOR AND CONNECTED TRANSACTION

(2) INCREASE IN AUTHORIZED SHARE CAPITAL

(3) AMENDMENTS TO BYE-LAWS

(4) ISSUE OF CONVERTIBLE PREFERENCE SHARES

(5) SPECIFIC MANDATE FOR THE NEW ISSUE OF CONSIDERATION SHARES, CONVERTIBLE PREFERENCE SHARES AND CPS CONVERSION SHARES

AND

(6) CONTINUING CONNECTED TRANSACTIONS

Financial Advisor to C.P. POKPHAND CO. LTD.

UBS Investment Bank

UBS Investment Bank

Independent Financial Advisor to Independent Board Committee and Independent Shareholders

CIMB

CIMB Securities (HK) Limited

ACQUISITION

The Acquisition Agreement

Reference is made to the announcement of the Company dated 27 November 2009 where the Company announced that it has recently re-commenced discussion with its controlling shareholders in regard to the possible acquisition of their interests in substantially all of the independent feed mill operations controlled by shareholders in China.

On 11 December 2009, the Company entered into the Acquisition Agreement with OSIL in relation to the proposed acquisition by the Company of the CPI Interests.

Through the transactions under the Acquisition Agreement, the CPP Group will acquire the Relevant Business operated by the Restructured CPI Group in the PRC. The Acquisition represents an attractive opportunity for the Company to (a) acquire a controlling interest in one of the leading producers of animal and aqua feed in the PRC; (b) broaden and diversify the income base of the CPP Group; and (c) gain exposure in a profitable business in the PRC with sustainable growth over the long term.

The total Consideration for the Acquisition is HK$5,382 million. The Consideration will be satisfied by the issue of a total of 16,534,562,211 Consideration Shares (subject to possible deduction if the Intercompany Debt is not fully repaid). There will be no immediate cash outflow for the CPP Group with respect to the Acquisition (save for the payment of related expenses).

CPI currently provides certain technical services to various companies in the Restructured CPI Group and the relevant Service Fees were previously paid to CPI's ultimate holding company CPG under the Service Agreements. As part of the Pre-Acquisition Restructuring, the CPG Group has agreed with CPI that a service fee is payable by the CPG Group to CPI in the amount of US$31 million, for the year ending 31 December 2009. This payment is to reflect the commercial agreement whereby the Acquisition will include the economic benefit of the Service Fees. The combined profits of the Restructured CPI Group attributable to the owner of CPI for the year ended 31 December 2007 and 2008, based on unaudited management accounts prepared in accordance with IFRS, were US$14,940,000 and US$33,029,000, respectively. The Service Fees paid by the Restructured CPI Group for the year ended 31 December 2007 and 2008 and the 11 months ended 30 November 2009 were US$24,887,000, US$31,571,000 and US$28,077,000, respectively.

For reference purposes, the combined unaudited net profit attributable to the owner of the Restructured CPI Group for 2007 and 2008, adjusting for the Service Fees, would have been US$39,827,000 and US$64,600,000, respectively. Pursuant to the Pre-Acquisition Restructuring, the Restructured CPI Group will have the economic benefit of the Service Fees with effect from 1 January 2009.

INCREASE IN AUTHORIZED SHARE CAPITAL

The current authorized share capital of the Company is US$150,000,000 divided into 15,000,000,000 CPP Shares of US$0.01 each, of which 2,889,730,786 are in issue and are fully paid or credited as fully paid. In order to satisfy the issue of the Consideration Shares, the Convertible Preference Shares and (upon conversion of the Convertible Preference Shares) the CPS Conversion Shares and to accommodate future expansion and growth of the CPP Group, the Directors propose to increase the authorized share capital of the Company from US$150,000,000 divided into 15,000,000,000 CPP Shares to US$500,000,000 divided into 30,000,000,000 CPP Shares and 20,000,000,000 Convertible Preference Shares, by the creation of an additional 15,000,000,000 new CPP Shares and 20,000,000,000 new Convertible Preference Shares. The increase in the authorized share capital of the Company and the creation of the Convertible Preference Shares are conditional upon the approval of the Shareholders at the SGM.

AMENDMENTS TO BYE-LAWS

To incorporate the rights, privileges and restrictions of the Convertible Preference Shares in the Bye-laws, a special resolution will be proposed at the SGM to amend the Bye-laws. Details of the proposed amendments will be disclosed in the circular to be dispatched to the Shareholders. The amendments of the Bye-laws will be conditional upon the approval of the Shareholders by way of a special resolution at the SGM.

PROPOSED CONTINUING CONNECTED TRANSACTIONS

On 11 December 2009, the Company entered into the Master CPP Supply Agreement, the Master CPP Purchase Agreement and the Master Business Carve-out Agreement respectively with OSIL. These CCT Agreements will take effect upon completion of the Acquisition.

Master CPP Supply Agreement

Pursuant to the Master CPP Supply Agreement, the New CPP Group shall supply to the OSIL Group various feed-related products produced or procured by the New CPP Group such as animal feed, chlortetracycline, animal drugs and feed raw materials which may be required by the OSIL Group.

The transactions contemplated under the Master CPP Supply Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The annual cap for the supply of the CPP Products by the New CPP Group to the OSIL Group for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012 is RMB2,594.4 million (approximately HK$2,948.2 million), RMB4,498.4 million (approximately HK$5,111.8 million) and RMB6,935.1 million (approximately HK$7,880.8 million), respectively. As the Master CPP Supply Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the Master CPP Supply Agreement becomes effective until 31 December 2010.

Master CPP Purchase Agreement

Pursuant to the Master CPP Purchase Agreement, the New CPP Group shall purchase from the OSIL Group L-Lysine and edible oil which it may require from the OSIL Group.

The transactions contemplated under the Master CPP Purchase Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The annual cap for the purchase of the OSIL Products by the New CPP Group from the OSIL Group for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012 is RMB126.5 million (approximately HK$143.8 million), RMB186.0 million (approximately HK$211.4 million) and RMB233.5 million (approximately HK$265.3 million), respectively. As the Master CPP Purchase Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the Master CPP Purchase Agreement becomes effective until 31 December 2010.

Master Business Carve-out Agreement

Pursuant to the Master Business Carve-out Agreement, the New CPP Group shall either lease to the OSIL Group or grant OSIL Group the right to use certain fixed assets on the books of the New CPP Group and which the OSIL Group will require for its non-feed production activities.

The transactions contemplated under the Master Business Carve-out Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The maximum aggregate annual rental/fee payable to the New CPP Group by the OSIL Group under the Master Business Carve-out Agreement during its term will not exceed RMB22.9 million (approximately HK$26.0 million), RMB24.7 million (approximately HK$28.1 million) and RMB26.7 million (approximately HK$30.3 million) for the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012, respectively. As the Master Business Carve-out Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the Master Business Carve-out Agreement becomes effective until 31 December 2010.

LISTING RULES IMPLICATIONS

The Acquisition

For the reasons stated in the section headed "Listing Rules Implications" below, the Acquisition (including the issue of Consideration Shares and Convertible Preference Shares as a consideration for the Acquisition) constitutes a very substantial acquisition and connected transactions for the Company.

Financial Assistance

Each of the Transitional Arrangements relating to the Acquisition involving the Intercompany Debt settlement and the provision of Transitional Guarantees by the New CPP Group post-completion constitutes financial assistance under the Listing Rules and a major and connected transaction for the Company under the Listing Rules. Such Transitional Arrangements form an integral part of the Acquisition and will be aggregated with the Acquisition for the purposes of the Listing Rules.

Accordingly, the Acquisition (including the Transitional Arrangements) is subject to, among other things, the approval of the Independent Shareholders at a general meeting of the Company. The Chearavanont Shareholders and their respective associates are required to abstain from voting in respect of the proposed resolutions to approve these matters.

Continuing Connected Transactions

As the relevant percentage ratios (under Rule 14.07 of the Listing Rules) for the annual caps of the Master CPP Supply Agreement, the Master CPP Purchase Agreement, and the Master Business Carve-out Agreement are more than 2.5%, the transactions contemplated under the Master CPP Supply Agreement, the Master CPP Purchase Agreement, and the Master Business Carve-out Agreement constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

Shareholders' Approval and Independent Board Committee

The Company will convene a SGM to seek, amongst other things, the approval of the Independent Shareholders in respect of the Acquisition, and the Continuing Connected Transactions (including the proposed annual caps).

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Acquisition and the Continuing Connected Transactions and an independent financial adviser, CIMB Securities (HK) Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Acquisition and the Continuing Connected Transactions are fair and reasonable and in the interests of the Shareholders as a whole.

Circular

A circular containing, among other things, (i) further information on the Acquisition (including the Transitional Arrangements) and the Continuing Connected Transactions; (ii) a letter from the independent financial adviser containing its advice to the Independent Board Committee on the Acquisition and the Continuing Connected Transactions; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the SGM will be dispatched to the Shareholders as soon as practicable pursuant to the requirements under the Listing Rules.

Completion of the Acquisition is subject to various conditions and may or may not proceed to completion. Shareholders and potential investors of the Company should exercise caution when dealing in the CPP Shares.

A. ACQUISITION

Background

Reference is made to the announcement of the Company dated 27 November 2009 where the Company announced that it has recently re-commenced discussion with its controlling shareholders in regard to the possible acquisition of their interests in substantially all of the independent feed mill operations controlled by shareholders in China.

On 11 December 2009, the Company entered into the Acquisition Agreement with OSIL in relation to the proposed acquisition by the Company of the CPI Interests.

Through the transactions under the Acquisition Agreement, the CPP Group will acquire the Relevant Business operated by the Restructured CPI Group in the PRC. The Acquisition represents an attractive opportunity for the Company to (a) acquire a controlling interest in one of the leading producers of animal and aqua feed in the PRC; (b) broaden and diversify the income base of the CPP Group; and (c) gain exposure in a profitable business in the PRC with sustainable growth over the long term.

The total Consideration for the Acquisition is HK$5,382 million. The Consideration will be satisfied by the issue of a total of 16,534,562,211 Consideration Shares (subject to possible deduction if the Intercompany Debt is not fully repaid). There will be no immediate cash outflow for the CPP Group with respect to the Acquisition (save for the payment of related expenses).

CPG intends to maintain controlling shareholding in the Company for the foreseeable future.

A summary of the major terms of the Acquisition is set out below.

1. THE ACQUISITION

The Acquisition Agreement

(a) Date

11 December 2009

(b) Parties

Vendor	:	OSIL
Purchaser	:	the Company

(c) Assets to be acquired

CPP has conditionally agreed to acquire from OSIL the CPI Interests. The Restructured CPI Group will, following the completion of the Pre-Acquisition Restructuring and on Completion, be principally engaged in the operation of the Relevant Business in the PRC.

(d) Consideration and Payment

The total Consideration for the Acquisition is HK$5,382 million and will be satisfied in the following manner:

(i) HK$886,908,917 to be satisfied on Completion by the allotment and issuance of 2,724,758,578 new CPP Shares by the Company to OSIL (and/or such other person(s) as it may nominate), credited as fully paid at the issue price of HK$0.3255 per CPP Share;

(ii) HK$2,155,091,083 to be satisfied on Completion by the allotment and issuance of 6,620,863,542 Convertible Preference Shares to OSIL (and/or such other person(s) as it may nominate) at an issue price of HK$0.3255 per Convertible Preference Share; and

(iii) HK$2,340,000,000 to be satisfied (on a deferred basis) after Completion and such fixed consideration shall be paid upon determination and/or settlement of the Intercompany Debt, by the allotment and issuance of up to an aggregate 7,188,940,092 Consideration Shares (to OSIL and/or such other person(s) as it may nominate) at an issue price of HK$0.3255 per new CPP Share or (as the case may be) Convertible Preference Share in the manner described in the section headed "Other terms of the Acquisition Agreement – Intercompany Debt" below.

The Consideration was arrived at after arm's length negotiations among the parties by reference to, inter alia:

(a) the unaudited combined historical results of CPI, assuming the completion of the Pre-Acquisition Restructuring;

(b) recent comparable transactions and market comparables;

(c) the combined profits of the Restructured CPI Group for the years ended 31 December 2007 and 2008 based on its unaudited management accounts, being approximately US$15,924,000 and US$37,913,000, respectively;

(d) the Service Fees paid by the Restructured CPI Group for the years ended 31 December 2007 and 2008, being US$24,887,000 and US$31,571,000, respectively and the economic benefit of the Service Fees being transferred by CPG to CPI as part of the Pre-Acquisition Restructuring with effect from 1 January 2009; and

(e) the amount of the net profit after tax of the Restructured CPI Group for the year ending 31 December 2009 of not less than US$82 million as warranted by OSIL (see further details in the paragraph headed "Profit warranty" under the section headed "The Acquisition" in this announcement).

Further details of the terms of the Convertible Preference Shares are set out below in the section headed "Summary of Terms of Convertible Preference Shares" in this announcement.

(e) **Issue Price**

The Issue Price of HK$0.3255 for each Consideration Share and each Convertible Preference Share was determined after arm's length negotiations between the parties to the Acquisition Agreement. The Issue Price of HK$0.3255 represents:

(i) a discount of approximately 45.8% to the closing price of HK$0.60 per CPP Share as quoted on the Stock Exchange on the last trading day before the Acquisition Agreement;

(ii) a discount of approximately 46.6% to the average of the closing prices of HK$0.610 per CPP Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the last trading day before the Acquisition Agreement;

(iii) a discount of approximately 34.4% to the average of the closing prices of HK$0.496 per CPP Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the last trading day before the Acquisition Agreement;

(iv) a discount of approximately 1.3% to the average of the closing prices of HK$0.330 per CPP Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the last trading day before the Acquisition Agreement; and

(v) a premium of approximately 12.6% to the audited net asset value per CPP Share attributable to Shareholders as at 31 December 2008 of approximately HK$0.289 per Share.

An announcement was made on 26 August 2009 by the CPP Group in relation to a proposed asset injection from CPG. The current trading price of the shares of the Company represents a premium to the trading price of its shares before such announcement.

The issue price of HK$0.3255 per Consideration Share represents a 10.3% premium to the closing price as at 25 August 2009, a 16.6% discount to the average price of HK$0.390 from 26 August 2009 to the current trading price; a 25.7% premium to the 12-month average price of HK$0.259 and a 1.3% discount to the 6-month average price of HK$0.330.

(f) Conditions Precedent

Completion of the Acquisition Agreement is conditional upon, among other things, the following conditions being fulfilled:

(i) the approval of the Independent Shareholders being obtained in respect of the Acquisition Agreement and the CCT Agreements (and the transactions contemplated thereunder respectively), including without limitation the issue and allotment of the Consideration Shares, the Convertible Preference Shares and (upon conversion of the Convertible Preference Shares) the CPS Conversion Shares;

(ii) the increase in the authorised share capital of the Company from the current US$150,000,000 divided into 15,000,000,000 CPP Shares to US$500,000,000 divided into 30,000,000,000 CPP Shares and 20,000,000,000 Convertible Preference Shares and the passing of a special resolution at the SGM for the alteration of the Bye-laws to provide for the rights, privileges and restrictions of the Convertible Preference Shares;

(iii) the Company being satisfied that the Pre-Acquisition Restructuring has been completed including all applicable consents and/or waivers from banks and/or other lenders to OSIL and/or its affiliates with respect to the implementation of the Pre-Acquisition Restructuring being obtained (and if subject to conditions, on conditions acceptable to the Company);

(iv) the approval of the Listing Committee of the Stock Exchange being obtained for the listing of and permission to deal in the Consideration Shares and the CPS Conversion Shares on the Stock Exchange;

(v) the completion of the legal and financial due diligence review by the Company; and

(vi) the Company being satisfied that any or all other material approvals, consents and waivers required by any applicable law or rules or regulations, or by governmental, administrative or regulatory bodies necessary or otherwise appropriate, for the parties to consummate the transactions contemplated by the Acquisition Agreement, have been obtained.

The Company may waive, in part or in full, only the conditions set out in (iii) and (v) above. If the above conditions have not been fulfilled, or as the case may be, waived on or before 30 June 2010 (or such later date as the parties may agree in writing), the Acquisition Agreement may be terminated and neither party shall have any claim whatsoever against the other in connection therewith, save and except for any antecedent breach. If the Company waives the satisfaction of the condition set out in (iii) above and proceeds with completion when the Pre-Acquisition Restructuring is not fully completed, it may do so only on the condition that as between OSIL and the Company, OSIL shall (a) remain the beneficial owner of all assets attributable to the Non-Feed Business and be responsible for all liabilities attributable to the Non-Feed Business, and (b) indemnify the New CPP Group in respect of all liabilities, losses and expenses incurred by the New CPP Group in connection with, or as a result of, the Non-Feed Business.

(g) Completion

Completion of the Acquisition Agreement shall take place on the 5th Business Day following the day on which the last of the conditions precedent to the Acquisition Agreement shall have been fulfilled (or such later date as the parties to the Acquisition Agreement may agree). Completion is expected to take place no later than 30 June 2010.

Completion of the Acquisition is subject to a number of conditions as described in the section headed "Conditions Precedent" above. Upon completion of the Acquisition, CPI will become a wholly-owned subsidiary of the Company.

(h) Non-Competition Undertaking

OSIL will procure CPG to provide, on or prior to Completion, an undertaking in favour of the Company that, with effect from the date of Completion and so long as CPG remains an associate of the controlling shareholder of the Company, it will not, and will procure that its subsidiaries (other than entities within the New CPP Group, those subsidiaries whose shares are publicly listed on a stock exchange, and the Excluded Feed Entities) will not, without the prior written consent of the Company, to, among other things, carry on or be engaged, concerned or interested directly or indirectly in carrying on the Relevant Business anywhere in the PRC. For the avoidance of doubt, the non-compete restriction does not extend to the operation of integrated farms in the PRC which incorporate feed production facilities mainly for self-use and not for third party sales.

(i) Right of First Refusal

It is a term of the Acquisition Agreement that if at any time after completion of the Acquisition Agreement, OSIL wishes to directly or indirectly dispose of its interests in the Excluded Feed Entities to any independent third party, it shall, subject to the right of any minority shareholder of the Excluded Feed Entities subsisting at the time, grant the Company a right of first refusal to purchase such interests on the same terms offered to such third party.

(j) Other terms of the Acquisition Agreement

(a) Intercompany Debt. As at the date of this Announcement, various entities within the Restructured CPI Group have provided funds to the Non-Feed Entities in the form of advances. OSIL has undertaken to the Company that on Completion, the Intercompany Debt will not exceed US$300 million. OSIL has also undertaken to procure that the Intercompany Debt shall be fully settled by the relevant Non-Feed Entities within three years from the date of Completion, subject to the terms and conditions set out in the Acquisition Agreement. Notwithstanding the foregoing, OSIL agrees that CPI and/or CPP may at any time and from time to time before the expiry of three years from the date of Completion require OSIL and/or the OSIL Group to repay the outstanding Intercompany Debt or any part thereof to fund the working capital of the Restructured CPI Group, if so required.

A set of completion accounts will be prepared by OSIL in this regard, and this will be subject to review by the Company. Based on such completion accounts, if the amount of the Intercompany Debt is less than US$300 million (the difference being the "Excess"), the Company shall within 10 business days after the Intercompany Debt has been ascertained, issue to OSIL (and/or such other person(s) as OSIL may direct) such number of Consideration Shares as shall when multiplied by the issue price of HK$0.3255 per Consideration Share. Such Consideration Shares will be issued in the form of new CPP Shares or, in the event that the Company would not be able to comply with the public float requirements under the Listing Rules at the time as a result of the issue of the full number of such new CPP Shares the maximum number of new CPP Shares as would be possible without breaching the Public Float Requirement and the balance in the form of Convertible Preference Shares.

The Company will thereafter, upon repayment of any part of the Intercompany Debt, issue such number of Consideration Shares as shall when multiplied by the issue price of HK$0.3255 per Consideration Share, be equal to the amount of the Intercompany Debt so repaid. For illustrative purposes and assuming all Consideration Shares are to be issued in Convertible Preference Shares and an exchange rate of US$1 = HK$7.8, if the outstanding Intercompany Debt is US$250 million at the date of Completion, then the Consideration Shares to be issued upon (i) the determination of the Intercompany Debt would be 1,198,156,682 Convertible Preference Shares (in respect of the Excess) and (ii) subsequent repayment in full of such amount of Intercompany Debt in one lump sum would be 5,990,783,410 Convertible Preference Shares (being the result of 250 million x HK$7.8 ÷ HK$0.3255). If the Intercompany Debt is US$300 million at the date of Completion and a partial repayment of US$50 million is made thereafter, then the Consideration Shares to be issued upon such partial repayment shall be 1,198,156,682 Convertible Preference Shares (being the result of US$50 million x HK$7.8 ÷ HK$0.3255).

(b) Service Agreements. CPI currently provides certain technical services to various companies in the Restructured CPI Group and the relevant Service Fees were previously paid to CPI's ultimate holding company CPG under the Service Agreements. As part of the Pre-Acquisition Restructuring, the CPG Group has agreed with CPI that a service fee is payable by the CPG Group to CPI in the amount of US$31 million, for the year ending 31 December 2009. This payment is to reflect the commercial agreement whereby the Acquisition will include the economic benefit of the Service Fees. The combined profits of the Restructured CPI Group attributable to the owner of CPI for the year ended 31 December 2007 and 2008, based on unaudited management accounts prepared in accordance with IFRS, were US$14,940,000 and US$33,029,000, respectively. The Service Fees paid by the Restructured CPI Group for the year ended 31 December 2007 and 2008 and the 11 months ended 30 November 2009 were US$24,887,000, US$31,571,000 and US$28,077,000, respectively.

For reference purposes, the combined unaudited net profit attributable to the owner of the Restructured CPI Group for 2007 and 2008, adjusting for the Service Fees, would have been US$39,827,000 and US$64,600,000, respectively. Pursuant to the Pre-Acquisition Restructuring, the Restructured CPI Group will have the economic benefit of the Service Fees with effect from 1 January 2009.

(c) Profit warranty. OSIL warrants that the net profit after tax ("**NPAT**") of the Restructured CPI Group taking into account the transfer of the economic benefit of the Service Agreements to CPI as shown in the management accounts to be prepared within 30 days of Completion for the financial year ending 31 December 2009 (the "**Management Accounts**") shall not be less than US$82 million (the "**Warranted NPAT**"). In the event that the Restructured CPI Group cannot meet the amount of the Warranted NPAT, OSIL shall return the difference between the Warranted NPAT and the actual NPAT for the financial year ending 31 December 2009 in cash to the Company within 30 days upon completion of the preparation of the Management Accounts.

(d) Transitional guarantees. On a transitional basis, after Completion, the Company, through members of the New CPP Group, will continue to provide corporate guarantees in respect of the banking facilities which have been extended by financial institutions to the OSIL Group from prior to Completion. The aggregate amount of such corporate guarantees will not exceed RMB300 million. In consideration of the New CPP Group maintaining such financial assistance after Completion, the OSIL Group will indemnify the New CPP Group in respect of all losses and costs which it may suffer or incur as a result of any demand on the guarantees provided by the CPP Group. All of the relevant banking facilities granted to the OSIL Group involve short term loans with maturity of one year or less, with the latest maturity date falling on 30 November 2010 except for one facility of RMB20 million terminating in September 2012. The Company does not presently intend to renew such corporate guarantees when the relevant banking facilities mature and/or are repaid by the OSIL Group. Any renewal of such corporate guarantees in future will be subject to compliance with the Listing Rules.

(e) Indemnity. Subject to the terms of the Acquisition Agreement, OSIL will indemnify the New CPP Group in respect of all liabilities, losses and expenses incurred by the Restructured CPI Group in connection with, or as a result of, the carrying on of the Non-Feed Business by the relevant members of the Restructured CPI Group prior to the Completion.

(f) Exchange rate. The parties under the Acquisition Agreement agreed that for purposes of all currency conversions under the Acquisition Agreement and the transactions contemplated therein (including the Transitional Arrangements), they shall adopt the prevailing exchange rate.

2. SUMMARY OF TERMS OF CONVERTIBLE PREFERENCE SHARES

A summary of the principal terms of the Convertible Preference Shares is set out below.

Par value	US$0.01 each
Issue price	HK$0.3255 per Convertible Preference Share

Conversion period	Any time after issue, provided that the conversion right will be suspended to the extent that it would result in the Company failing to comply with any Public Float Requirement under the Listing Rules applicable to the Company.
Conversion ratio	Each Convertible Preference Share shall be convertible into such number of CPP Share(s) being one (1) multiplied by the conversion rate. The conversion rate shall be determined by dividing the issue price of each Convertible Preference Share by the conversion price.
Conversion price	The initial conversion price is the issue price. The conversion price is subject to adjustment upon the occurrence of certain prescribed events (including consolidation, subdivision or reclassification of shares, capitalization of profits or reserves, capital distributions, rights issues of CPP Shares or options over CPP Shares, and issues at less than the conversion price), but provided that the conversion price shall not be less than the then subsisting nominal value of a CPP Share into which such Convertible Preference Share is being converted. If any adjustment is required to be made to the conversion price, a further announcement will be made by the Company.
Dividends and distributions	Each Convertible Preference Share shall confer on the holder thereof the right to receive dividend pari passu with holders of CPP Shares on the basis of the number of CPP Share(s) into which each Convertible Preference Share may be converted and on an as converted basis.
Voting rights	The holder(s) of Convertible Preference Shares shall not have the right to attend and vote at a general meeting (except a general meeting for winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of such holder(s) or vary the restrictions to which the Convertible Preference Shares are subject).

Ranking	On a distribution of assets on liquidation, winding-up or dissolution of the Company, the assets and funds of the Company available for distribution among the members of the Company shall, subject to applicable laws, be applied in the following priority: (i) firstly, in paying to the holders of the Convertible Preference Shares, pari passu as between themselves by reference to the aggregate nominal amounts of the Convertible Preference Shares held by them respectively, an amount equal to, respectively, the aggregate of the issue price of all of the Convertible Preference Shares held by them respectively; and (ii) secondly, the balance of such assets shall be distributed on a pari passu basis among the holders of any class of shares in the capital of the Company other than the Convertible Preference Shares and other than any shares which are not entitled to participate in the distribution of such assets, by reference to the aggregate nominal amounts of the shares held by them respectively; and (iii) the remaining balance of such assets shall belong to and be distributed on a pari passu basis among the holders of any class of shares including the Convertible Preference Shares, other than any shares not entitled to participate in the distribution of such assets, by reference to the aggregate nominal amount of shares held by them respectively.
Transferability	The Convertible Preference Shares shall be transferable without any restriction by the holders thereof.
Redemption	The Convertible Preference Shares shall be non-redeemable by the Company or the holders thereof.
Listing	No application will be made for the listing of the Convertible Preference Shares on the Stock Exchange or any other stock exchange.

3. INCREASE IN AUTHORIZED SHARE CAPITAL

The current authorized share capital of the Company is US$150,000,000 divided into 15,000,000,000 ordinary CPP Shares of US$0.01 each, of which 2,889,730,786 are in issue and are fully paid or credited as fully paid. In order to satisfy the issue of the Consideration Shares, the Convertible Preference Shares and (upon the conversion of the Convertible Preference Shares) the CPS Conversion Shares and to accommodate future expansion and growth of the CPP Group, the Directors propose to increase the authorized share capital of the Company from US$150,000,000 divided into 15,000,000,000 CPP Shares to US$500,000,000 divided into 30,000,000,000 CPP Shares and 20,000,000,000 Convertible Preference Shares, by the creation of an additional 15,000,000,000 new CPP Shares and 20,000,000,000 new Convertible Preference Shares. The increase in the authorized share capital of the Company and the creation of the Convertible Preference Shares are conditional upon the approval of the Shareholders by way of an ordinary resolution at the SGM.

4. AMENDMENTS TO BYE-LAWS

To incorporate the rights, privileges and restrictions of the Convertible Preference Shares in the Bye-laws, a resolution will be proposed at the SGM to amend the Bye-laws. Details of the proposed amendments will be disclosed in the circular to be dispatched to the Shareholders. The amendments of the Bye-laws will be conditional upon the approval of the Shareholders by way of a special resolution at the SGM.

5. SPECIFIC MANDATE AND APPLICATION FOR LISTING

No new CPP Shares have been issued under the General Mandate since its date of grant, and, as the date of this announcement, the balance of the General Mandate would allow the Board to issue and/or otherwise deal with 577,946,157 new CPP Shares. Since the aggregate number of the Consideration Shares, Convertible Preference Shares and the CPS Conversion Shares will exceed the remaining balance of 577,946,157 new CPP Shares under the General Mandate, the issue of the Consideration Shares, the Convertible Preference Shares and (upon the conversion of the Convertible Preference Shares) the CPS Conversion Shares will therefore be made under the Specific Mandate.

An application will be made for the listing of the Consideration Shares and the CPS Conversion Shares (to be issued on conversion of the Convertible Preference Shares) on the Stock Exchange.

6. SHAREHOLDING STRUCTURE

Assuming that there are no changes in the issued share capital of the Company prior to the completion of the Acquisition, the effect on the holding structure of the Consideration Shares immediately following completion (i) without repayment of Intercompany Debt; (ii) assuming full repayment of the Intercompany Debt; and (iii) on full conversion of the Convertible Preference Shares with repayment of the Intercompany Debt (although such conversion would not be permitted if the Company cannot meet the public float requirement) will be as follows:

Name of shareholders	Existing shareholding structure			Shareholding structure at Completion before repayment of Intercompany Debt			Shareholding structure after Completion assuming full repayment of Intercompany Debt			Shareholding structure after Completion assuming full repayment of Intercompany Debt and conversion of all Convertible Preference Shares (for illustrative purposes only)		
	No. of CPP shares	%	No. of Convertible Preference Shares	No. of CPP shares	%	No. of Convertible Preference Shares	No. of CPP shares	%	No. of Convertible Preference Shares	No. of CPP shares	%	No. of Convertible Preference Shares
CPI Holding Co., Ltd.	1,004,014,695	34.74%	0	1,004,014,695	17.88%	0	1,004,014,695	17.88%	0	1,004,014,695	5.17%	0
OSIL	0	0.00%	0	2,724,758,578	48.53%	6,620,863,543	2,724,758,578	48.53%	13,809,803,634	16,534,562,212	85.12%	0
Worth Access Trading Limited (held by Charoen Pokphand Holding Company Limited)	481,250,000	16.65%	0	481,250,000	8.57%	0	481,250,000	8.57%	0	481,250,000	2.48%	0
Chearavanont shareholders	843,750	0.03%	0	843,750	0.02%	0	843,750	0.02%	0	843,750	0.00%	0
Public Shareholders	1,403,622,341	48.57%	0	1,403,622,341	25.00%	0	1,403,622,341	25%	0	1,403,622,341	7.23%	0
Total	**2,889,730,786**	**100.00%**	**0**	**5,614,489,364**	**100.00%**	**6,620,863,543**	**5,614,489,364**	**100.00%**	**13,809,803,634**	**19,424,292,998**	**100.00%**	**0**

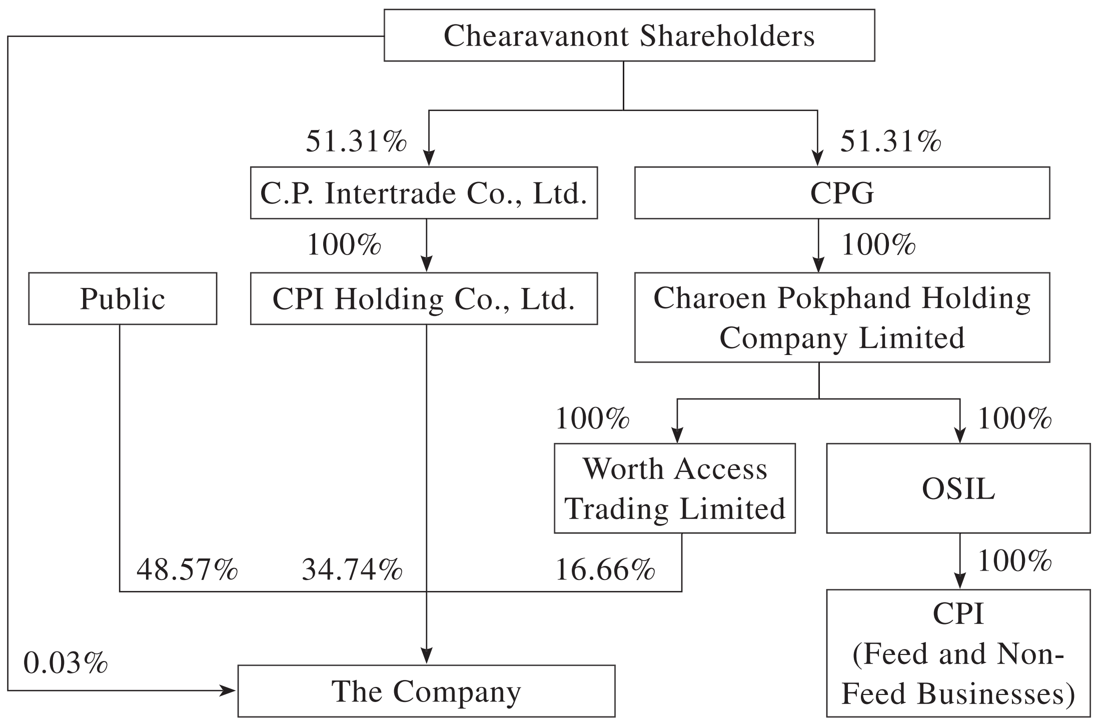
Under the terms of the Convertible Preference Shares, CPP shall not issue CPS Conversion Shares upon exercise of the conversion right relating to the Convertible Preference Shares in the event that the Public Float Requirement as set out under the Listing Rules cannot be complied with.

With a view to maintain its listing status, the Company will procure that not less than 25% of the CPP Shares in issue from time to time are held by the public for the purposes of the Listing Rules.

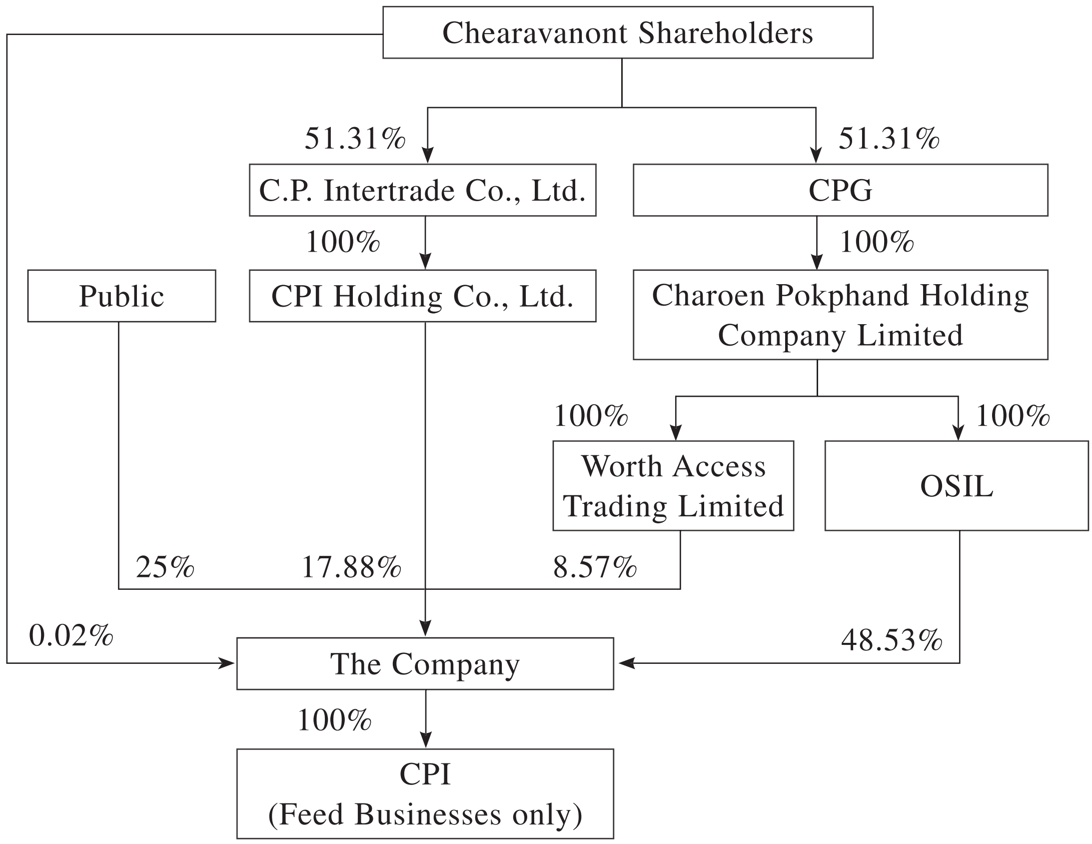
7. **STRUCTURE CHART PRIOR TO/POST ACQUISITION**

The following diagrams illustrate the corporate and shareholding structure of the CPP Group (a) as at the date of this announcement; and (b) immediately after completion of the Acquisition (assuming none of the Convertible Preference Shares are converted):-

(a) As at the date of this announcement:



(b) Immediately after completion of the Acquisition (assuming none of the Convertible Preference Shares are converted):



B. CONTINUING CONNECTED TRANSACTIONS

The following CCT Agreements will take effect subject to and conditional upon the completion of the Acquisition:

1. MASTER CPP SUPPLY AGREEMENT

(a) Date

11 December 2009

(b) Parties

(i) The Company (as supplier)

(ii) OSIL (as purchaser)

(c) Subject matter

Supply of various feed-related products produced or procured by the New CPP Group such as animal feed, chlortetracycline, animal drugs and feed raw materials which may be required by the OSIL Group and which the New CPP Group may be able to supply in circumstances which are of commercial benefit to the New CPP Group.

(d) Price

To be determined by reference to the prevailing market price of, the cost of marketing (if any) and demand for the CPP Products in the PRC, and the sale prices for such products to be sold by the New CPP Group to the OSIL Group shall be no less favourable than those available to the New CPP Group from purchasers which are independent third parties.

(e) Payment terms

Credit terms of up to 60 days, or other generally accepted market terms from time to time. Payment for the purchases shall be made by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

(f) Term

The Master CPP Supply Agreement shall take effect from the date of completion of the Acquisition (which is expected to be in June 2010) and continue until 31 December 2012. The Master CPP Supply Agreement will not take effect unless completion of the Acquisition takes place.

(g) Annual caps

The annual cap for the supply of the CPP Products by the New CPP Group to the OSIL Group for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012 is RMB2,594.4 million (approximately HK$2,948.2 million), RMB4,498.4 million (approximately HK$5,111.8 million) and RMB6,935.1 million (approximately HK$7,880.8 million), respectively. As the Master CPP Supply Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the Master CPP Supply Agreement becomes effective until 31 December 2010.

The proposed annual caps have been determined by reference to: (i) the value of the historical annual sales of the CPP Products by the relevant entities of the Restructured CPI Group to the members of the OSIL Group for the three years ended 31 December 2008; (ii) the prevailing market prices of the CPP Products; (iii) allowances for possible price increases in line with consumer prices in the PRC generally and volume growth in the future; and (iv) the expected increase in demand for the CPP Products during the relevant period. The proposed annual cap for 2010 for the transactions under the Master CPP Supply Agreement represents a 93% increment over the aggregate value of the historical transactions for January to September 2009 and forecast for October to December 2009 between the relevant members of the Restructured CPI Group, on the one hand, and the members of the OSIL

Group, on the other, in relation to the projected supply of the CPP Products for 2009. The proposed annual cap for each of 2011 and 2012 represents an approximately 73% and 54% increment over that of the previous year. Information on the historical transactions between the relevant members of the Restructured CPI Group and the relevant members of the OSIL Group in relation to the supply of the CPP Products for the years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009 is RMB576.8 million (approximately HK$655.5 million), RMB771.3 million (approximately HK$876.5 million), RMB1,141.2 million (approximately HK$1,296.8 million) and RMB996.7 million (approximately HK$1,132.6 million), respectively.

2. MASTER CPP PURCHASE AGREEMENT

(a) Date

11 December 2009

(b) Parties

(i) The Company (as purchaser)

(ii) OSIL (as supplier)

(c) Subject matter

Purchase of L-Lysine and edible oil by the New CPP Group which it may require from the OSIL Group and which the OSIL Group may be able to supply in circumstances which are of commercial benefit to the New CPP Group.

(d) Price

To be determined by reference to the prevailing market price of and demand for the OSIL Products in the PRC, and the purchase prices for such products shall be no less favourable than those available to the New CPP Group from suppliers which are independent third parties.

(e) Payment terms

Credit terms of up to 60 days, or other generally accepted market terms from time to time. Payment for the purchases shall be made by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

(f) Term

The Master CPP Purchase Agreement shall take effect from the date of completion of the Acquisition (which is expected to be in June 2010) and continue until 31 December 2012. The Master CPP Purchase Agreement will not take effect unless completion of the Acquisition takes place.

(g) **Annual caps**

The annual cap for the purchase of the OSIL Products by the New CPP Group from the OSIL Group for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012 is RMB126.5 million (approximately HK$143.8 million), RMB186.0 million (approximately HK$211.4 million) and RMB233.5 million (approximately HK$265.3 million), respectively. As the Master CPP Purchase Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the Master CPP Purchase Agreement becomes effective until 31 December 2010.

The proposed annual caps have been determined by reference to: (i) the value of the historical annual purchases of the OSIL Products by the relevant entities of the Restructured CPI Group from the members of the OSIL Group for the three years ended 31 December 2008; (ii) the prevailing market prices of the OSIL Products; (iii) allowances for possible price increases in line with consumer prices in the PRC generally and volume growth in the future; and (iv) the expected increase in demand for the relevant products by CPP over the period. The proposed annual cap for 2010 for the transactions under the Master CPP Purchase Agreement represents a 55% increment over the aggregate value of the historical transactions for January to September 2009 and forecast for October to December 2009 between the relevant members of the Restructured CPI Group, on the one hand, and the members of the OSIL Group, on the other, in relation to the projected purchase of the OSIL Products for 2009. The proposed annual cap for each of 2011 and 2012 represents an approximately 47% and 25% increment over that of the previous year. Information on the historical transactions between the relevant members of the Restructured CPI Group and the relevant members of the OSIL Group in relation to the purchase of the OSIL Products for the years ended 31 December 2006, 2007, 2008 and the nine months ended 30 September 2009 is RMB25.6 million (approximately HK$29.1 million), RMB33.2 million (approximately HK$37.7 million), RMB52.5 million (approximately HK$59.7 million) and RMB58.1 million (approximately HK$66.0 million), respectively.

3. MASTER BUSINESS CARVE-OUT AGREEMENT

(a) Date

11 December 2009

(b) Parties

(i) the Company (the provider)

(ii) OSIL (the operator)

(c) Subject Matter

Lease and/or use of relevant fixed assets (comprising land, buildings and plant and machinery) in the PRC which remain on the books of the New CPP Group and which the OSIL Group will require for its non-feed production activities.

(d) Price

To be determined based on commercial terms agreed after good faith and arms' length negotiation between the relevant parties, by reference to the depreciation expenses of the New CPP Group for the relevant fixed assets, the applicable tax costs and expenses and other applicable government levy which may be incurred by the New CPP Group in relation to such fixed assets, and the rental/usage fees shall be no less favourable than those available to the New CPP Group from lessees/users who are independent third parties. Each specific lease/ usage arrangement relating to a particular location shall be governed by a separate lease/ contract arrangement. All risks associated with the relevant fixed assets will be for the account of the OSIL Group. The OSIL Group shall be responsible for the maintenance and management of the relevant fixed assets.

(e) Payment terms

To be paid monthly in arrears. Payment shall be made by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

(f) Term

The Master Business Carve-out Agreement shall take effect from the date of completion of the Acquisition (which is expected to be in June 2010) and to continue until 31 December 2012. The Master Business Carve-out Agreement will not take effect unless completion of the Acquisition takes place.

(g) Annual Cap

The maximum aggregate annual rental/fee payable to the New CPP Group by the OSIL Group under the Master Business Carve-out Agreement during its term will not exceed RMB22.9 million (approximately HK$26.0 million), RMB24.7 million (approximately HK$28.1 million) and RMB26.7 million (approximately HK$30.3 million) for the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012, respectively. As the Master Business Carve-out Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the Master Business Carve-out Agreement becomes effective until 31 December 2010.

The proposed annual caps have been determined by reference to the consumer price index and the provision for possible annual increase in government levy.

C. INFORMATION ON PARTIES AND INTERESTS TO BE ACQUIRED

The Group is principally engaged in the production and sale of chlortetracycline products, the manufacturing and sale of motorcycles, the sale of Caterpillar machinery, and the manufacturing and sale of carburetors and automobile accessories through its jointly-controlled entities and property and investment holding.

OSIL is principally an investment holding company. OSIL is wholly-owned indirectly by CPG, which is owned as to 51.31% by the Chearavanont Shareholders, the controlling Shareholders of the Company.

The Restructured CPI Group is principally engaged in the Relevant Business. The original purchase cost of the CPI Interests for CPG was approximately in the range of US$220 million to US$240 million.

The unaudited combined financial results of the Restructured CPI Group (assuming completion of the Pre-Acquisition Restructuring), which have been prepared in accordance with IFRS, for the years ended 31 December 2007 and 2008 were as follows:

	Year ended 31 December	
	2007	**2008**
	US$'000	*US$'000*
Turnover	1,413,423	1,944,630
EBITDA before payment of Service Fees	72,900	115,162
Profit before tax before payment of Service Fees	44,488	78,202
Profit after tax attributable to owner of CPI before payment of Service Fees	39,827	64,600
Service Fees	24,887	31,571
Total Assets	622,116	789,703
Net Asset Value	157,391	267,351

Note:

The Restructured CPI Group sold certain feed product to related parties during the period at below market prices. Pursuant to the Acquisition, sales to related parties will be done at market price. Such additional margin will increase profit before tax by approximately 11.7% and 13.7% for 2007 and 2008 respectively.

D. REASONS FOR THE ACQUISITION

The Company believes that the Acquisition represents an attractive opportunity to (a) acquire a controlling interest in one of the leading producers of animal and aqua feed in the PRC; (b) broaden and diversify the income base of the CPP Group; and (c) gain exposure in a profitable business in the PRC with sustainable growth over the long term.

The Restructured CPI Group is one of the leading feed producers in the PRC. The Restructured CPI Group will have:

(a) a vast scale of operations, spanning 26 provinces and municipalities in the PRC, providing a scaleable platform for a nationwide footprint;

(b) an extensive distribution network with over 24,000 independent distributors; and

(c) a diversified product base, producing both animal, including poultry, swine and duck feed, and aquatic, including fish and shrimp feed.

In addition, the Restructured CPI Group will have a dedicated and established technical support team with over 3,000 employees, which is able to provide after-sales technical support to customers of the Restructured CPI Group. This enhances the competitiveness of the Restructured CPI Group and allows it to develop strong relationship with its customers.

Following the Acquisition, the equity base of the New CPP Group will be substantially enlarged from approximately US$28,898,000 to US$194,244,000 as the Consideration comprises the issue of Consideration Shares. There will be no immediate cash outflow for the CPP Group pursuant to completion of the Acquisition.

Other than its existing business, the CPP Group was previously engaged in the trading of agricultural products, the Relevant Business and the poultry farming operations prior to the completion of the disposal of Chia Tai China Agro and Chia Tai Investment (together, the "**Disposed Business**") in August 2008. (Details and the reasons of such disposal were disclosed in the announcement and circular issued by the Company on 18 April 2008 and 27 May 2008, respectively.) The Disposed Business comprised both feed and farming businesses. As mentioned in the announcement and the circular issued by the Company and dated 18 April and 27 May 2008, respectively, the financial performance of the Company's agribusiness had been negatively impacted by the intermittent outbreaks of animal-borne diseases, the import ban imposed on certain agribusiness products in some important export markets, and pricing pressure from local competitors; and in additional its operating profit had been adversely affected by the substantial finance costs associated with its high debt/total equity gearing ratio at that time and its outlook at that time had become unclear with the implementation by the PRC authorities of measures to control food and livestock prices.

It has been identified that the earnings from the farming business of the Disposed Business has been volatile as it has been adversely impacted by various animal diseases and governmental control on livestock prices from time to time. Since the Company's disposal of the Disposed Business in 2008, the CPG Group has taken steps to change the management approach to the Disposed Business i.e. to focus on the profitability of the individual lines of the relevant component businesses, rather than the Disposed Business on an integrated basis. The CPP Group management of the individual lines of the Disposed Business has since been able to review the Relevant Business independently and during this process, it became clear that the Relevant Business, being part of the Disposed Business, has strong potential for growth and enhanced profitability if it could be delineated from the rest of the Disposed Business, which is expected to continue to be negatively affected by most of the factors mentioned above. As a result, the Company has been offered the opportunity to acquire that part of the Disposed Business which carries on the Relevant Business in the form of the Restructured CPI Group, which would be put in place upon completion of the Pre-Acquisition Restructuring. Through the Pre-Acquisition Restructuring, the rest of the Disposed Business (comprising mainly the farming business) will be excluded from the Relevant Business that is proposed to be acquired by the Company through the Acquisition. The Board believes that the Relevant Business on a standalone basis is a more profitable and stable business from an earnings perspective. For financial information of the Restructured CPI Group, please see the section headed "Information on Parties and Interests to be Acquired" below.

The Acquisition will also position the Company well to capitalize on numerous growth opportunities, including the following:

Sustainable growth in the feed industry
The Directors believe the growth of feed industry will continue in the medium-term, driven by increasing demand for quality food from farmers as their disposable incomes rise and their awareness of feed safety increases. In addition, the Directors expect the continuous high demand for meat and aquatic food and thus, for feed. As GDP per capita and disposable incomes rise in the PRC, the Directors expect that the population will consume more meat and aquatic food products.

Industry consolidation
The animal feed industry in the PRC is highly fragmented, with over 100,000 producers as compared to approximately 300 producers in the U.S. As China is the world's second largest animal feed producer by volume, the Directors believe the industry will consolidate and that CPP has the leadership, the management capability, funding resources and nationwide footprint to drive the consolidation process.

Horizontal expansion
The PRC agricultural industry is a large and growing market that encompasses many more products besides livestock and aqua feed. CPP is well positioned to add additional rural products to its portfolio through its distribution network.

As disclosed in the CPP Group's 2009 Interim Report dated 21 September 2009, the CPP Group is in the process of expanding its sales networks and enhancing publicity for its chlortetracycline business and through its jointly-controlled entities, the industrial business. The CPP Group intends to continue with such business plans regarding its chlortetracycline business and industrial business after Completion. The Acquisition will provide an opportunity for CPP Group to broaden and diversify its income base. Following the Acquisition, the Company intends to continue its current chlortetracycline business and industrial business while placing increasing emphasis on the Relevant Business in the longer term. The Acquisition will substantially improve the business of the CPP Group and enhance its shareholder value. Based on the above reasons, the Board believes that the Acquisition will be beneficial to the Company and its Shareholders as a whole.

Shareholders should note upon completion of the Acquisition, the Company will have higher earnings than its current earnings and that the Acquisition is accretive, i.e. the earnings per share (EPS) post-Acquisition will be higher than the EPS before the Acquisition, notwithstanding the enlarged share capital follow completion of the Acquisition.

The historical purchase cost of CPI Interests is not reflective of the value of the Relevant Business, (following the Pre-Acquisition Restructuring), taking into account its potential future earnings and growth.

As stated above, the Acquisition represents an attractive opportunity now to the Company and its Shareholders to (a) acquire a controlling interest in the Relevant Business which is one of the leading producers of animal and aqua feed in the PRC's fragmented feed industry; (b) broaden and diversity the income base of the CPP Group; and (c) gain exposure in a profitable business in the PRC with sustainable growth over the long term.

In the circumstances, the Directors (excluding the members of the Independent Board Committee whose opinion will be set out in the circular after taking into account the independent financial adviser's advice to be set out in the circular) consider that the terms of the Acquisition (including the Transitional Arrangements) are on normal commercial terms, fair and reasonable and in the interests of the Shareholders and the Company as a whole.

E. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

As the Restructured CPI Group will become wholly-owned subsidiaries of the Company upon completion of the Acquisition, the Company and OSIL have entered into the Master CPP Supply Agreement and the Master CPP Purchase Agreement in order to continue the supply and purchase of the CPP Products and the OSIL Products, respectively between the New CPP Group and the OSIL Group following such completion.

Certain assets relating to the Non-Feed Business cannot be legally disposed of by the Restructured CPI Group as the relevant consent of the joint venture partner cannot be obtained. Accordingly, the Company and OSIL have entered into the Master Business Carve-out Agreement to carve out such Non-Feed Business assets from the New CPP Group in order to give effect to the Pre-Acquisition Restructuring. Under this arrangement, all economic benefits and risks associated with such "carved out" assets in substance belong to the OSIL Group, even though such assets may remain on the books of the New CPP Group.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) consider the proposed terms of the Continuing Connected Transactions under the CCT Agreements, including the respective annual caps, are on normal commercial terms, fair and reasonable and in the interest of the shareholders of the Company as a whole.

F. LISTING RULES IMPLICATIONS

The Chearavanont Shareholders, on aggregate basis, are directly and indirectly interested in approximately 51.43% of the issued share capital of the Company.

Very Substantial Acquisition and Connected Transaction

Each of OSIL and CPI is owned as to 100% by CPG, which is in turn owned as to 51.31% by the Chearavanont Shareholders, the controlling shareholders of the Company. Hence, OSIL, CPI and CPG are connected persons of the Company within the meaning of the Listing Rules. Accordingly, the Acquisition (including the issue of Consideration Shares and Convertible Preference Shares as a consideration for the Acquisition) constitutes connected transactions for the Company for the purposes of the Listing Rules.

Based on the relevant percentage ratio(s), the Acquisition also constitutes a very substantial acquisition of the Company under Rule 14.07 of the Listing Rules.

Financial Assistance

Based on the relevant percentage ratio(s), each of the Transitional Arrangements relating to the Acquisition involving the Intercompany Debt settlement and the provision of Transitional Guarantees by the New CPP Group post-completion constitutes financial assistance under the Listing Rules and a major and connected transaction for the Company under the Listing Rules. Such Transitional Arrangements form an integral part of the Acquisition and will be aggregated with the Acquisition for the purposes of the Listing Rules.

The Acquisition (including the Transitional Arrangements) requires the approval of the Independent Shareholders at the SGM. Pursuant to Rule 14A.18 and Rule 14.49 of the Listing Rules, the Chearavanont Shareholders and their respective associates will abstain from voting at the SGM. In accordance with the requirements of the Listing Rules, the vote to be taken at the SGM shall be conducted by poll.

Continuing Connected Transactions

The transactions under the CCT Agreements constitute continuing connected transactions under the Listing Rules. Taking into account the aggregate annual caps of the respective transactions under each of the CCT Agreements, the respective transactions contemplated under the CCT Agreements will constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules and will be subject to Independent Shareholders' approval at the SGM and be the subject of advice from the Independent Board Committee and the fairness opinion of an independent financial adviser.

G. SPECIAL GENERAL MEETING

The SGM will be convened as soon as practicable at which resolutions will be proposed to approve the Acquisition and the Continuing Connected Transactions (including the proposed annual caps), and the ancillary transactions contemplated thereunder. The Chearavanont Shareholders and their respective associates will abstain from voting at the SGM in respect of the resolutions on these matters.

H. GENERAL

The Independent Board Committee of the Company has been constituted to consider the terms of the Acquisition and the Continuing Connected Transactions and to advise and make recommendation to the Independent Shareholders as to how to vote at the SGM on the resolutions regarding the aforesaid. Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul have been appointed by the Board to serve as members of the Independent Board Committee.

CIMB Securities (HK) Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions contemplated in the Acquisition and the Continuing Connected Transactions.

A circular containing, among other things, (i) further information on the Acquisition (including the Transitional Arrangements) and the Continuing Connected Transactions; (ii) a letter from the independent financial adviser containing its advice to the Independent Board Committee on the Acquisition and the Continuing Connected Transactions; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the SGM will be dispatched to Shareholders as soon as practicable pursuant to the requirements under the Listing Rules.

The Acquisition (including the Transitional Arrangements) and the Continuing Connected Transactions are inter-conditional on each other. The Acquisition (including the Transitional Arrangements) is conditional on each of the proposed increase in authorized share capital of the Company and the proposed amendments to the Bye-laws being approved by the Shareholders, but not vice versa.

Completion of the Acquisition is subject to various conditions and may or may not proceed to completion. Shareholders and potential investors in the Company should exercise caution when dealing in the CPP Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Acquisition"	the proposed acquisition of the CPI Interests by the Company under the Acquisition Agreement and all arrangements contemplated under the Acquisition Agreement (including where the context requires, the Transitional Arrangements)
"Acquisition Agreement"	the agreement dated 11 December 2009 entered into between OSIL and the Company in relation to the Acquisition
"Bye-laws"	the bye-laws of the Company for the time being
"associates"	has the meaning ascribed to this term in the Listing Rules
"Board"	the board of directors of the Company
"Business Day"	a day (other than a Saturday, a Sunday or a day on which typhoon signal no. 8 or a "black" rainstorm warning is hoisted in Hong Kong) on which banks are generally open for business in Hong Kong
"CCT Agreements"	collectively, the Master CPP Supply Agreement, the Master CPP Purchase Agreement and the Master Business Carve-out Agreement
"Chearavanont Shareholders"	four members of the Chearavanont family, namely Mr. Jaran Chiaravanont, Mr. Montri Jiaravanont, Mr. Sumet Jiaravanon and Mr. Dhanin Chearavanont who, on an aggregate basis, are directly and indirectly interested in approximately 51.43% of the issued share capital of the Company
"Chia Tai China Agro"	Chia Tai (China) Agro-Industrial Ltd., a company organized and existing under the laws of Bermuda and a wholly-owned subsidiary of OSIL

"Chia Tai Investment"	正大（中國）投資有限公司 (Chia Tai (China) Investment Co., Ltd.), a company incorporated in the PRC and a wholly-owned subsidiary of CPI
"Completion"	completion of the acquisition of the CPI Interests by the Company under the Acquisition Agreement
"Consideration"	the total consideration payable by the Company for the Acquisition
"Consideration Shares"	the new CPP Shares and/or Convertible Preference Shares to be allotted and issued, credited as fully paid, in satisfaction of part of the consideration for the Acquisition, in accordance with the terms and conditions of the Acquisition Agreement
"Continuing Connected Transactions"	the continuing connected transactions under the CCT Agreements
"CPG"	Charoen Pokphand Group Company Limited, a company organized and existing under the laws of the Kingdom of Thailand and owned as to 51.31% by the Chearavanont Shareholders
"CPG Group"	CPG and/or its subsidiaries
"CPI"	CP China Investment Limited, a company incorporated in the Cayman Islands with limited liability and which will be the holding company of the Relevant Business pursuant to the Pre-Acquisition Restructuring
"CPI Interests"	the entire legal and beneficial interests in the issued share capital of CPI
"Company" or "CPP"	C.P. POKPHAND CO. LTD., an exempted company incorporated in Bermuda whose shares are listed and traded on the Main Board of the Stock Exchange under stock code 43
"Convertible Preference Shares"	the convertible preference shares of US$0.01 each in the capital of the Company to be allotted and issued, credited as fully paid, in satisfaction of part of the consideration for the Acquisition in accordance with the terms and conditions of the Acquisition Agreement

"CPP Group"	the Company and its subsidiaries from time to time
"CPP Products"	the products to be supplied by the New CPP Group under the Master CPP Supply Agreement
"CPP Share(s)"	ordinary share(s) of US$0.01 each in the capital of the Company
"CPS Conversion Price"	the price per CPS Conversion Shares, subject to adjustment if any, at which the Convertible Preference Shares are to be converted into CPS Conversion Shares
"CPS Conversion Shares"	the CPP Shares to be issued by the Company upon the conversion of the Convertible Preference Shares which shall rank pari passu with the other existing CPP Shares
"Directors"	the directors of the Company
"EBITDA"	earnings before interests, taxes, depreciations and amortizations
"Excluded Feed Entities"	the following entities: (i) 開封正大有限公司(Kaifeng Chia Tai Co., Ltd.), a PRC joint venture enterprise owned beneficially as to 50% by OSIL and the other 50% by an independent third party; (ii) 佳木斯正大有限公司(Jiamusi Chia Tai Co. Ltd.), a PRC joint venture enterprise owned beneficially as to 65% by OSIL and other 35% by an independent third party; and (iii) 合肥正大有限公司(Hefei Chiatai Co., Ltd.), a PRC company wholly owned beneficially by OSIL
"General Mandate"	the general mandate of the Company granted by the Shareholders to authorize the Directors to allot and issue up to 577,946,157 CPP Shares pursuant to an ordinary resolution in the annual general meeting held on 3 June 2009
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Independent Board Committee"	the independent committee of the Board comprising the Company's independent non-executive Directors, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul, which has been established to advise the Independent Shareholders in respect of the Acquisition and Continuing Connected Transactions
"Independent Shareholders"	Shareholders other than the Chearavanont Shareholders and their respective associates
"Intercompany Debt"	the outstanding advances from the relevant members of the Restructured CPI Group to the relevant members of the OSIL Group for the time being
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New CPP Group"	CPP and its subsidiaries, jointly-controlled entities and associated company immediately following completion of the Acquisition
"Non-Feed Business"	the business involving the trading of agricultural products, poultry farming and the operation of integrated mills
"Non-Feed Entities"	the entities directly or indirectly owned by OSIL, which do not form part of the Restructured CPI Group under the Pre-Acquisition Restructuring
"OSIL"	Orient Success International Limited, a company incorporated in the British Virgin Islands with limited liability, which is principally an investment holding company and the holder of the entire issued share capital of CPI
"OSIL Group"	OSIL and its subsidiaries, jointly controlled entities and associated companies (excluding for this purpose, the Restructured CPI Group)

"OSIL Products"	the products to be purchased by the New CPP Group from the OSIL Group under the Master CPP Purchase Agreement
"PRC"	the People's Republic of China excluding for this purpose, Hong Kong and Macau Special Administrative Region
"Pre-Acquisition Restructuring"	the pre-acquisition restructuring relating to CPI, its subsidiaries and its jointly controlled entities ("**CPI Group**") involving, among other things, the transfer to the CPI Group by CPG of all entities involved in the Relevant Business (other than the Excluded Feed Entities) and the disposal and/or carve out by the CPI Group of all entities and assets not involved in the Relevant Business
"Public Float Requirement"	the requirement under the Listing Rules applicable to the Company that not less than a specified percentage of the CPP Shares which are listed on the Stock Exchange shall be held by the public for the purpose of the Listing Rules
"Relevant Business"	the operation of independent feed mill facilities in the PRC for production of feed for sale to third parties
"Restructured CPI Group"	CPI, its subsidiaries, jointly controlled entities and associated companies (if any), assuming the Pre-Acquisition Restructuring is completed
"RMB"	Renminbi, the lawful currency of the PRC
"Service Agreements"	the subsisting service agreements to which various members of the Restructured CPI Group are parties in relation to the payment of the Service Fees in return for the provision of certain technical services
"Service Fees"	the fees payable by members of the Restructured CPI Group for certain technical services provided to these entities
"Shareholders"	holders of CPP Shares from time to time

"SGM"	a special general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Acquisition and the Continuing Connected Transactions and the respective transactions contemplated thereunder
"Specific Mandate"	a specific mandate to be granted to the Directors in relation to the issue of the Consideration Shares, the Convertible Preference Shares and the CPS Conversion Shares to be approved by the Shareholders at the SGM
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Transitional Arrangements"	the settlement of the Intercompany Debt and the provision of the Transitional Guarantees as described in the section headed "Other terms of the Acquisition Agreement"
"Transitional Guarantees"	the guarantees provided by the Restructured CPI Group in favour of lenders to the OSIL Group to guarantee the performance of members of the OSIL Group under various banking facilities extended to the OSIL Group prior to Completion
"US$"	United States dollars, the lawful currency of the Untied States of America

Hong Kong, 11 December 2009

By Order of the Board
Robert Ping-Hsien Ho
Director

Note: For the purpose of this announcement, the following exchange rates have in general been used for the conversion of US$ and RMB into Hong Kong dollars for indication only:

US$1.000 = HK$7.8 *RMB 1.00 = HK$0.88*

As at the date of this announcement, the Board comprises twelve executive Directors, namely, Mr. Sumet Jiaravanon, Mr. Dhanin Chearavanont, Mr. Thanakorn Seriburi, Mr. Meth Jiaravanont, Mr. Robert Ping-Hsien Ho, Mr. Soopakij Chearavanont, Mr. Nopadol Chiaravanont, Mr. Chatchaval Jiaravanon, Mr. Benjamin Jiaravanon, Mr. Narong Chearavanont, Mr. Suphachai Chearavanont and Mr. Pang Siu Chik and three independent non-executive Directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul.