

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



C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

**CONNECTED TRANSACTION
ACQUISITION OF ENTIRE EQUITY INTEREST IN
C.P. AQUACULTURE (YANGJIANG) CO., LTD.**

AND

**CONTINUING CONNECTED TRANSACTIONS
REVISED ANNUAL CAPS FOR MASTER LEASE AGREEMENT**

THE ACQUISITION

On 25 May 2011, Chia Tai Investment, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Wide Master for the purchase of the entire equity interest in Yangjiang Aquaculture at the Consideration. Upon Completion, Yangjiang Aquaculture will become an indirect wholly-owned subsidiary of the Company.

REVISED ANNUAL CAPS FOR MASTER LEASE AGREEMENT

Reference is made to the announcement and the circular of the Company dated 18 October 2010 and 8 November 2010, respectively relating to, inter alia, the Master Lease Agreement.

On 25 May 2011, the Group leased an additional feedmill located in the PRC from the OSIL Group, which was not previously included in the fixed assets related to feed production currently leased by the Group under the Master Lease Agreement, resulting in the total rental/fee payable by the Group to the OSIL Group and/or its related entities under the Master Lease Agreement exceeding the previously approved annual caps in respect of the financial years ending 31 December 2011 and 31 December 2012. The Revised Annual Caps for the annual rental/fee payable by the Group to the OSIL Group and/or its related entities under the Master Lease Agreement for the financial years ending 31 December 2011 and 31 December 2012 are RMB32.8 million (approximately US\$4.9 million) and RMB36.5 million (approximately US\$5.5 million).

LISTING RULES IMPLICATIONS

The Acquisition

Wide Master is a wholly-owned subsidiary of OSIL which is a substantial shareholder of the Company and an associate of the controlling shareholders of the Company. Wide Master is therefore a connected person of the Company under the Listing Rules. The Acquisition constitutes a connected transaction for the Company and is subject to the reporting and announcement requirements pursuant to Rule 14A.32 of the Listing Rules and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Revised Annual Caps for Master Lease Agreement

The transactions under the Master Lease Agreement constitute continuing connected transactions for the Company which were (together with the related annual caps) approved at the Previous SGM. Pursuant to Rule 14A.36 of the Listing Rules, the Company is required to re-comply with Rule 14A.35(3) of the Listing Rules for the Revised Annual Caps. As the applicable percentage ratios are more than 0.1% but less than 5% and the Revised Annual Caps are above HK\$1 million, the Revised Annual Caps are subject to the reporting and announcement requirements pursuant to Rule 14A.34 of the Listing Rules and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

General

The Directors (including the independent non-executive Directors) believe that the terms of the Acquisition under the Acquisition Agreement and the Revised Annual Caps are on normal commercial terms which are fair and reasonable insofar as the shareholders of the Company as a whole are concerned.

THE ACQUISITION

On 25 May 2011, Chia Tai Investment, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Wide Master for the purchase of the entire equity interest in Yangjiang Aquaculture at the Consideration. Upon Completion, Yangjiang Aquaculture will become an indirect wholly-owned subsidiary of the Company.

A summary of the major terms of the Acquisition Agreement is set out below:

Date:

25 May 2011

Parties:

Vendor : Wide Master
Purchaser : Chia Tai Investment

Interest to be acquired:

Pursuant to the Acquisition Agreement, Wide Master agreed to transfer to Chia Tai Investment the entire equity interest in Yangjiang Aquaculture. Upon Completion, Yangjiang Aquaculture will become an indirect wholly-owned subsidiary of the Company.

Consideration and payment:

The Consideration is US\$6.437 million (equivalent to approximately HK\$50.2 million), to be paid in cash in full by Chia Tai Investment within six months of the date of Completion. The Consideration will be funded by the Group's own financial resources.

The original purchase cost of the entire equity interest in Yangjiang Aquaculture to Wide Master is US\$6 million (equivalent to approximately HK\$46.8 million), being the registered capital of Yangjiang Aquaculture paid up by Wide Master since the incorporation of Yangjiang Aquaculture. Yangjiang Aquaculture has a total registered capital of US\$10 million and 60% of which has been paid up by Wide Master.

The Consideration was arrived at after arm's length negotiations between the parties by reference to the net asset value of Yangjiang Aquaculture as appeared in its unaudited accounts as at 31 December 2010, being US\$6.2 million (equivalent to approximately HK\$48.4 million).

Completion

Completion shall take place on the day on which Chia Tai Investment is registered as the sole shareholder of Yangjiang Aquaculture with the issuance of the business licence of Yangjiang Aquaculture by the relevant PRC government authority. If the aforesaid registration with the relevant PRC government authority is not completed by 31 December 2011, either party may terminate the Acquisition Agreement. Completion is expected to take place no later than 30 September 2011.

REVISED ANNUAL CAPS FOR MASTER LEASE AGREEMENT

Reference is made to the announcement and the circular of the Company dated 18 October 2010 and 8 November 2010, respectively relating to, inter alia, the Master Lease Agreement.

Original annual caps

As approved at the Previous SGM, the annual caps for the aggregate annual rental/fee payable by the Group to the OSIL Group and/or its related entities under the Master Lease Agreement are RMB25.8 million (approximately US\$3.9 million) and RMB26.4 million (approximately US\$4.0 million) for the financial years ending 31 December 2011 and 31 December 2012, respectively.

Revised Annual Caps

On 25 May 2011, the Group leased an additional feedmill located in the PRC from the OSIL Group, which was not previously included in the fixed assets related to feed production currently leased by the Group under the Master Lease Agreement, resulting in the total rental/fee payable by the Group to the OSIL Group and/or its related entities under the Master Lease Agreement exceeding the previously approved annual caps in respect of the financial years ending 31 December 2011 and 31 December 2012.

The Revised Annual Caps for the annual rental/fee payable by the Group to the OSIL Group and/or its related entities under the Master Lease Agreement for the financial years ending 31 December 2011 and 31 December 2012 are RMB32.8 million (approximately US\$4.9 million) and RMB36.5 million (approximately US\$5.5 million). The Revised Annual Caps will replace the original annual caps approved at the Previous SGM in respect of the financial years ending 31 December 2011 and 31 December 2012. The incremental change of the annual caps is RMB7.0 million (approximately US\$1.1 million) and RMB10.1 million (approximately US\$1.5 million) for the financial years ending 31 December 2011 and 31 December 2012, respectively.

The Revised Annual Caps have been determined by reference to: (i) the rental/fee for the aforesaid additional feedmill leased by the Group from the OSIL Group for its feed production activities, being additional leasing arrangements the Group was not able to ascertain when the Master Lease Agreement was entered into; and (ii) the provision for possible annual increase in government levies.

INFORMATION ON PARTIES AND INTERESTS TO BE ACQUIRED

The Group is principally engaged in the operation of feedmills for the production and sale of feed products. Additionally, the Group is also involved in various other relatively smaller businesses, including the production and sale of chlortetracycline products and through its jointly controlled entities, in the manufacturing and sale of motorcycles, the sale of Caterpillar machinery, and manufacturing and sale of carburetors and automobile accessories.

Each of OSIL and Wide Master is principally an investment holding company.

Yangjiang Aquaculture was established in the PRC in 2008 as a greenfield project to be principally engaged in the production and sale of aqua feed including fish and shrimp feed. There are no net profits attributable to Yangjiang Aquaculture for the two financial years immediately preceding the Acquisition as Yangjiang Aquaculture has not yet commenced operation as at the date of this Announcement and is expected to commence operation in 2012.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE REVISED ANNUAL CAPS

The Group is one of the leading feed producers in the PRC controlling 78 feedmills across 28 provinces and municipalities in the PRC. Upon Completion, Yangjiang Aquaculture will become an indirect wholly-owned subsidiary of the Company. The Acquisition will allow the Group to increase its aqua feed production capacity in the PRC and further reinforce the Group's leading position in the aqua feed industry.

The Directors consider that the Revised Annual Caps will enable the Group to expand its feed production scale and total production volume by the inclusion of an additional feedmill owned by the OSIL Group and/or its related entities in the Group's existing leasing arrangements for feed production facilities under the Master Lease Agreement, without incurring any capital expenditure but with the neighboring animal husbandry businesses representing ready and willing customers of the feed to be produced at these leased facilities.

The Directors (including the independent non-executive Directors) believe that the terms of the Acquisition under the Acquisition Agreement and the Revised Annual Caps are on normal commercial terms which are fair and reasonable insofar as the shareholders of the Company as a whole are concerned. As Mr. Dhanin Chearavanont, the chairman of the Company, together with other members of the Chearavanont Shareholders, has a controlling interest in OSIL, the Board considers that Mr. Dhanin Chearavanont has a material interest in the transactions contemplated under the Acquisition Agreement and the Revised Annual Caps, and accordingly Mr. Dhanin Chearavanont has abstained from voting on the resolutions tabled at the relevant Board meeting. Other than Mr. Dhanin Chearavanont who has abstained from voting, no other Director has a material interest in the transactions contemplated under the Acquisition Agreement and the Revised Annual Caps, and hence no other Director has abstained from voting on the board resolutions approving the Acquisition Agreement and the Revised Annual Caps.

LISTING RULES IMPLICATIONS

The Chearavanont Shareholders, on an aggregate basis, are directly and indirectly interested in approximately 70.86% of the Ordinary Shares in issue, and are therefore collectively the controlling shareholders of the Company. OSIL, a substantial shareholder of the Company, is indirectly held as to 51.31% by the Chearavanont Shareholders and hence also an associate of the Chearavanont Shareholders. Wide Master is a wholly-owned subsidiary of OSIL. Each of OSIL and Wide Master is therefore a connected person of the Company under the Listing Rules.

The Acquisition

The Acquisition constitutes a connected transaction for the Company. As the applicable percentage ratios are more than 0.1% but less than 5% and the Consideration is above HK\$1 million, the Acquisition is subject to the reporting and announcement requirements pursuant to Rule 14A.32 of the Listing Rules and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Revised Annual Caps for Master Lease Agreement

The transactions under the Master Lease Agreement constitute continuing connected transactions for the Company which were (together with the related annual caps) approved at the Previous SGM. Pursuant to Rule 14A.36 of the Listing Rules, the Company is required to re-comply with Rule 14A.35(3) of the Listing Rules for the Revised Annual Caps. As the applicable percentage ratios are more than 0.1% but less than 5% and the Revised Annual Caps are above HK\$1 million, the Revised Annual Caps are subject to the reporting and announcement requirements pursuant to Rule 14A.34 of the Listing Rules and exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

| | |
|-----------------------------|--|
| “Acquisition” | the acquisition of the 100% equity interest in Yangjiang Aquaculture by Chia Tai Investment from Wide Master under the Acquisition Agreement |
| “Acquisition Agreement” | the agreement dated 25 May 2011 entered into between Wide Master and Chia Tai Investment in relation to the Acquisition |
| “associates” | has the meaning ascribed to this term in the Listing Rules |
| “Board” | the board of Directors of the Company |
| “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 70.86% of the Ordinary Shares in issue |
| “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 an indirect wholly-owned subsidiary of the Company |
| “Completion” | completion of the Acquisition under the Acquisition Agreement |
| “Consideration” | the total consideration payable by Chia Tai Investment for the Acquisition |

| | |
|--------------------------|---|
| “Company” | C.P. POKPHAND CO. LTD., an exempted company incorporated in Bermuda whose Ordinary Shares are listed and traded on the Main Board of the Stock Exchange under stock code 43 |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries from time to time |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Master Lease Agreement” | the agreement dated 18 October 2010 made between OSIL as provider and the Company as operator for the lease and/or use of relevant fixed assets (comprising land, buildings and plant and machinery) located in the PRC which are owned by the OSIL Group and/or its related entities and which the Group will require for its feed production activities, which was (together with the related annual caps) approved at the Previous SGM |
| “Ordinary Shares” | ordinary shares of US\$0.01 each in the capital of the Company |
| “OSIL” | Orient Success International Limited, a company incorporated in the British Virgin Islands and indirectly wholly-owned by Charoen Pokphand Group Company Limited which is in turn held as to 51.31% by the Chearavanont Shareholders |
| “OSIL Group” | OSIL and its subsidiaries, jointly controlled entities and associated companies from time to time |
| “PRC” | the People’s Republic of China, excluding for this purpose Hong Kong and Macau Special Administrative Region |
| “Previous SGM” | the special general meeting of the Company held on 24 November 2010 |

| | |
|-------------------------|---|
| “related entities” | in the case of the Master Lease Agreement, collectively, the OSIL Group, or any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or is a fellow holding company of any such holding company or fellow holding company or one in the equity capital of which it and/or such other company or companies and/or the Chearavanont Shareholders taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors, as may be designated by OSIL from time to time |
| “Revised Annual Caps” | the revised annual caps for the Master Lease Agreement for the financial years ending 31 December 2011 and 31 December 2012 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “US\$” | United States dollars, the lawful currency of the United States of America |
| “Wide Master” | Wide Master Investment Limited (統傑投資有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of OSIL |
| “Yangjiang Aquaculture” | 卜蜂水產 (陽江) 有限公司 (C.P. Aquaculture (Yangjiang) Co., Ltd.), a limited liability company incorporated in the PRC as a greenfield project to be principally engaged in the production and sale of aqua feed including fish and shrimp feed |

Hong Kong, 25 May 2011

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 HK\$ and RMB into US\$ for indication only:

US\$1.00 = HK\$7.80

US\$1.00 = RMB6.63

As at the date of this announcement, the Board comprises eight executive Directors, namely, Mr. Dhanin Chearavanont, Mr. Thanakorn Seriburi, Mr. Soopakij Chearavanont, Mr. Anan Athigapanich, Mr. Damrongdej Chalongphuntarat, Mr. Bai Shanlin, Mr. Suphachai Chearavanont and Mr. Robert Ping-Hsien Ho, two non-executive Directors, namely Mr. Meth Jiaravanont and Mr. Patrick Thomas Siewert (Mr. Poon Yee Man Alwin as alternate Director), and three independent non-executive Directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul.