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C.P. POKPHAND CO. LTD.

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

CONTINUING CONNECTED TRANSACTION

MASTER TRADEMARK SUB-LICENCE AGREEMENT AND THE PROPOSED ANNUAL CAPS

On 28 February 2017, CP China Investment, a direct wholly-owned subsidiary of the Company, entered into the Master Trademark Sub-licence Agreement with CT Animal Husbandry, an indirect wholly-owned subsidiary of CPG, whereby CT Animal Husbandry will sub-licence CP China Subsidiaries a non-exclusive right to use the Trademark in the PRC in accordance with the terms and conditions of the Master Trademark Sub-licence Agreement.

The caps for the royalty fee to be paid by CP China Subsidiaries to CT Animal Husbandry under the Master Trademark Sub-licence Agreement for the periods from 1 March 2017 to 31 December 2017 and from 1 January 2018 to 13 August 2018 are proposed to be US\$3.0 million (approximately HK\$23.3 million) and US\$4.4 million (approximately HK\$34.1 million) respectively, representing the prorated amounts of the annual caps of US\$3.6 million (approximately HK\$27.9 million) and US\$7.1 million (approximately HK\$55.0 million) for the years ending 31 December 2017 and 2018 respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 47.8% of the Shares in issue and approximately 44.75% of CPF's issued share capital is held by CPG. Due to CPG's near majority shareholding in CPF, the Company and CPG have agreed to treat CPG as a substantial shareholder of the Company and its subsidiaries and their respective associates as connected persons of the Company within the meaning of the Listing Rules. As CT Animal Husbandry is a subsidiary of CPG, the transaction contemplated under the Master Trademark Sub-licence Agreement is therefore treated as if it was a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the proposed annual caps under the Master Trademark Sub-licence Agreement are more than 0.1% but less than 5%, the transaction under the Master Trademark Sub-licence Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

MASTER TRADEMARK SUB-LICENCE AGREEMENT

On 28 February 2017, CP China Investment, a direct wholly-owned subsidiary of the Company, entered into the Master Trademark Sub-licence Agreement with CT Animal Husbandry, an indirect wholly-owned subsidiary of CPG and to which CPG as licensor had granted a non-exclusive right to use and sub-licence the Trademark. Pursuant to the Master Trademark Sub-licence Agreement, CT Animal Husbandry will sub-licence CP China Subsidiaries a non-exclusive right to use the Trademark in accordance with the terms and conditions of the agreement. The major terms of the Master Trademark Sub-licence Agreement are summarised below:

(a) Date

28 February 2017

(b) Parties

- (i) CT Animal Husbandry (as licensor)
- (ii) CP China Investment (as licensee)

(c) Subject matter

The sub-licence of a non-exclusive right of use of the Trademark in the PRC in connection with the production, distribution and sale of certain designated food products under Class 29, and the provision of ancillary retail, management and consultancy services under Class 35.

(d) Royalty fee

The following royalty fee is payable by CP China Subsidiaries in respect of the use of the Trademark under Class 29:

- (i) equivalent to 0.2% of the net sale value of fresh-food products; and (ii) equivalent to 0.4% of the net sale value of cooked-food products of CP China Subsidiaries from sale of goods.

The royalty rate was arrived at after arm's length negotiations between CP China Investment and CT Animal Husbandry with reference to the royalty fees charged by other licensors for similar transactions and the prevailing market conditions.

No additional royalty fee is payable for the use of the Trademark in providing ancillary retail, management and consultancy services under Class 35.

(e) Payment terms

The royalty fee shall be assessed by CT Animal Husbandry on a quarterly basis based on the books and records of CP China Subsidiaries and shall be payable in accordance with the invoices to be issued by CT Animal Husbandry. CP China Investment has agreed to submit the relevant books and records of CP China Subsidiaries to CT Animal Husbandry for examination.

(f) Term

The Master Trademark Sub-licence Agreement will take effect from 1 March 2017 and continue until 13 August 2018, being the date on which the registration by CPG in the PRC of the Trademark under Class 29 will expire.

(g) Annual caps

The caps for the royalty fee to be paid by CP China Subsidiaries to CT Animal Husbandry under the Master Trademark Sub-licence Agreement for the periods from 1 March 2017 to 31 December 2017 and from 1 January 2018 to 13 August 2018 are proposed to be US\$3.0 million (approximately HK\$23.3 million) and US\$4.4 million (approximately HK\$34.1 million) respectively, representing the prorated amounts of the annual caps of US\$3.6 million (approximately HK\$27.9 million) and US\$7.1 million (approximately HK\$55.0 million) for the years ending 31 December 2017 and 2018 respectively.

The above annual caps have been determined with reference to the historical net sale values of fresh-food products and cooked-food products of CP China Subsidiaries and allowing for growth in the business of CP China Subsidiaries in the coming years.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The subsidiaries of the Group are principally engaged, in the PRC, in the manufacture and sale of animal feed products and value-added, processed food products, and, in Vietnam, in (i) the manufacture and sale of animal feed products, (ii) breeding, farming and sale of livestock and aquatic animals, and (iii) the manufacture and sale of value-added, processed food products.

CP China Investment is an investment holding company and directly wholly-owned by the Company.

CT Animal Husbandry is an investment holding company and indirectly wholly-owned by CPG.

CPG is an investment holding company.

REASONS FOR ENTERING INTO THE MASTER TRADEMARK SUB-LICENCE AGREEMENT

The Trademark, which was registered in the PRC by CPG and for which CT Animal Husbandry holds a non-exclusive licence to use and sub-licence, is a well-known and famous brand in the China agri-food market. The Directors believe that it is in the best interest of CP China Investment to enter into the Master Trademark Sub-licence Agreement as the usage of the Trademark by CP China Investment and its subsidiaries will promote their sales and strengthen their position in the China agri-food market.

The Directors (including the independent non-executive Directors) believe that the terms of the Master Trademark Sub-licence Agreement and the proposed annual caps are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Board considered that each of Mr. Dhanin Chearavanont (chairman and executive director of the Company), Mr. Adirek Sripratak (vice chairman and executive director of the Company), Mr. Soopakij Chearavanont (vice chairman and executive director of the Company), Mr. Suphachai Chearavanont (executive director of the Company) and Mrs. Arunee Watcharananan (executive director of the Company) had a material interest in the transaction contemplated under the Master Trademark Sub-licence Agreement in view of their respective shareholdings in CPG, and accordingly all of them had abstained from voting on the resolutions proposed and passed at the board meeting of the Company held to consider, among other things, the Master Trademark Sub-licence Agreement. Other than Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Suphachai Chearavanont and Mrs. Arunee Watcharananan, no other Director was considered to have a material interest in the transaction contemplated under the Master Trademark Sub-licence Agreement, and hence no other Director abstained from voting on the board resolutions for approving the Master Trademark Sub-licence Agreement.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

- “associates” has the meaning ascribed to this term in the Listing Rules
- “Board” the board of directors of the Company
- “Company” C.P. Pokphand Co. Ltd., an exempted company incorporated in Bermuda whose Shares are listed and traded on the Main Board of the Stock Exchange under stock code 43
- “connected persons” has the meaning ascribed to this term in the Listing Rules

“Continuing Connected Transaction”	the continuing connected transaction contemplated under the Master Trademark Sub-licence Agreement
“CP China Investment”	CP China Investment Limited, a company organised and existing under the laws of the Cayman Islands
“CP China Subsidiaries”	Subsidiaries of CP China Investment in the PRC
“CPF”	Charoen Pokphand Foods Public Company Limited, a company organised and existing under the laws of the Kingdom of Thailand whose shares are listed and traded on the Stock Exchange of Thailand
“CPG”	Charoen Pokphand Group Company Limited, a company organised and existing under the laws of the Kingdom of Thailand
“CT Animal Husbandry”	Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd., a limited liability company incorporated in the PRC and an indirectly wholly-owned subsidiary of CPG
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Trademark Sub-licence Agreement”	the agreement dated 28 February 2017 made between CT Animal Husbandry as licensor and CP China Investment as licensee, for the sub-licence of a non-exclusive right of use of the Trademark in connection with the production, distribution and sale of certain designated food products under Class 29 and the provision of ancillary retail, management and consultancy services under Class 35
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Shareholders”	holders of Shares from time to time
“Shares”	ordinary shares of US\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to this term in the Listing Rules
“Trademark”	the sign “CP” represented graphically and registered by CPG in the PRC under Class 29 in connection with certain designated food products and under Class 35 in connection with the provision of certain designated services
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board
Arunee Watcharananan
Director

Note: For the purpose of this announcement, the exchange rate for the conversion of US\$ into HK\$ for indication only is: US\$1.0 = HK\$7.75.

Hong Kong, 28 February 2017

As at the date of this announcement, the Board comprises eight executive directors, namely, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Suphachai Chearavanont, Mr. Bai Shanlin, Mr. Sooksunt Jiumjaiswanglerg, Mrs. Arunee Watcharananan and Mr. Yu Jianping; two non-executive directors, namely, Mr. Meth Jiaravanont and Mr. Yoichi Ikezoe; and five independent non-executive directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mrs. Vatchari Vimooktayon.