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C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

**CONNECTED TRANSACTIONS
CONSTRUCTION AND PROJECT MANAGEMENT CONTRACTS
FOR NEW SHRIMP BREEDING FACILITIES**

On 13 August 2020, CP Zhanjiang, a wholly-owned subsidiary of the Company, entered into the following contracts to develop new shrimp breeding facilities in Zhanjiang, Guangdong, the PRC :

- (i) the Construction Contract – engage CSCEC-CP as the contractor for the design, construction and related work of the new shrimp breeding facilities; and
- (ii) the Project Management Contract – appoint Chia Tai Handing as the project manager for the management of the aforesaid development project.

LISTING RULES IMPLICATIONS

As explained in the section headed “Listing Rules Implications” below, the transactions contemplated under the Construction Contract and the Project Management Contract are treated as connected transactions of the Company under the Listing Rules and are subject to certain reporting and announcement requirements under the Listing Rules.

CONSTRUCTION AND PROJECT MANAGEMENT CONTRACTS

On 13 August 2020, CP Zhanjiang, a wholly-owned subsidiary of the Company, entered into the Construction Contract and the Project Management Contract to develop new shrimp breeding facilities in Zhanjiang, Guangdong, the PRC. The key terms of the respective contracts are set out below:

Construction Contract

Parties

- (i) CP Zhanjiang (as project developer)
- (ii) CSCEC-CP (as contractor)

Scope of Services

CSCEC-CP shall be responsible for the design, construction and related work for the new shrimp breeding facilities, including breeding facilities, ancillary buildings, infrastructure facilities and electrical engineering works.

Contract Sum

The total contract sum is approximately RMB81.9 million (approximately US\$11.7 million).

Construction Period and Payment Terms

The construction period is 276 days from the date of the Construction Contract.

The contract sum is payable in cash in stages in accordance with the progress of the construction and will be funded by the Group's internal resources.

Project Management Contract

Parties

- (i) CP Zhanjiang (as project developer)
- (ii) Chia Tai Handing (as project manager)

Scope of Services

Chia Tai Handing shall be responsible to carry out the project management of the entire shrimp breeding facilities development project.

Project Management Fee

The project management fee is approximately RMB4.4 million, (approximately US\$0.6 million), which is equivalent to 3% of the total project cost.

Payment Terms

The project management fee is payable in cash in accordance with the completion of the project and will be funded by the Group's internal resources.

INFORMATION ON PARTIES

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

CP Zhanjiang is a wholly-owned subsidiary of the Company incorporated in the PRC. It is principally engaged in the manufacture and sale of aqua products in the PRC.

CSCEC-CP is a joint venture which is 50% owned by CPG and 50% owned by CSCEC. It is principally engaged in construction engineering, sale of construction materials and construction advisory services.

Chia Tai Handing is a subsidiary of CPG and is principally engaged in management advisory, project management and technical advisory business for development projects in the PRC and has past experience in providing project management services to the Group and is familiar with the Group's operational requirements and quality standards.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION AND PROJECT MANAGEMENT CONTRACTS

To expand the aqua business of the Group in China, CP Zhanjiang has been developing new shrimp breeding facilities at Zhanjiang, Guangdong.

CP Zhanjiang conducted public tenders for the award of the construction contract and the project management contract to select and appoint the appropriate contractor and project manager for developing its new shrimp breeding facilities. For both contracts, bidders were assessed based on their score achieved using a number of selection criteria including price, know-how, capabilities, commitment, personnel and experience.

Amongst the bids submitted for the construction contract and the project management contract, CSCEC-CP and Chia Tai Handing both achieved the highest scores. CSCEC-CP has good reputation in the construction industry in China and the Group believed that CSCEC-CP is a reliable construction contractor. As a project manager, Chia Tai Handing is experienced in managing aquaculture development projects. The terms offered by both CSCEC-CP and Chia Tai Handing were respectively no less favourable to the Group than the terms offered by other bidders which were independent third parties.

The Board considered that each of Mr. Soopakij Chearavanont (chairman and an executive director of the Company), Mr. Adirek Sripratak, Mr. Suphachai Chearavanont (each a vice chairman and an executive director of the Company), Mr. Narong Chearavanont and Mrs. Arunee Watcharananan (each an executive director of the Company) who attended the relevant Board meeting had a material interest in the transactions contemplated under the Construction Contract and the Project Management Contract in view of their respective shareholdings in CPG, being the ultimate holding company of Chia Tai Handing and a 50% shareholder of CSCEC-CP. Accordingly, they abstained from voting on the resolutions relating to the Construction Contract and the Project Management Contract.

Save as disclosed above, none of the other Directors who attended the relevant Board meeting was considered to have a material interest in the transactions contemplated under the Construction Contract and the Project Management Contract, and hence none of the other Directors abstained from voting on the board resolutions for approving the Construction Contract and the Management Contract.

The Directors (including the independent non-executive Directors but excluding those Directors mentioned above who the Board considered to have a material interest in the transactions) believe that each of the Construction Contract and the Management Contract is on normal commercial terms and has been entered into in the ordinary and usual course of business of the Group, and that the terms of each of the Construction Contract and the Project Management Contract are fair and reasonable and that the transactions are in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 49.7% of the Shares in issue and CPG holds approximately 48.4% of the issued share capital of CPF. 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. Accordingly, CPG and its subsidiaries and their respective associates are treated as connected persons of the Company. As (i) CSCEC-CP is 50% owned by CPG and (ii) Chia Tai Handing is a subsidiary of CPG, each of the transactions contemplated under the Construction Contract and the Project Management Contract is treated as a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated the Construction Contract and the Management Contract are more than 0.1% but less than 5%, the transactions under the Construction Contract and the Project Management Contract are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements 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.

“associates”	has the meaning ascribed to this term in the Listing Rules
“Board”	the board of Directors of the Company

“Chia Tai Handing”	正大漢鼎現代農業科技有限公司 (Chia Tai Handing Modern Agricultural Technology Co., Ltd.^) (formerly known as 正大漢鼎工程管理有限公司 (Chia Tai Handing Engineering Management Co., Ltd.^)), a company incorporated in the PRC and a wholly-owned subsidiary of CPG
“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
“Construction Contract”	the contract dated 13 August 2020 entered into between CP Zhanjiang and CSCEC-CP, under which CSCEC-CP is appointed as the contractor for the design and construction and related work of new shrimp breeding facilities being developed by CP Zhanjiang
“CP Zhanjiang”	卜峰水產(湛江)有限公司 (C.P. Aquaculture (Zhanjiang) Co., Ltd.), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“CPF”	Charoen Pokphand Foods Public Company Limited, a company incorporated in the Kingdom of Thailand whose shares are listed and traded on the Stock Exchange of Thailand
“CPG”	Charoen Pokphand Group Company Limited, a company incorporated in the Kingdom of Thailand which has a diverse shareholding structure with more than 80 shareholders, the largest of which is a company holding not more than 13% of its shares and the ultimate beneficial owner of which is Mr. Sumet Jiaravanon
“CSCEC”	中國建築集團有限公司 (China State Construction Engineering Corporation), a state-owned enterprise established and administrated by State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“CSCEC-CP”	中建正大科技有限公司 (CSCEC-CP Science & Technology Co., Ltd.), a limited liability company incorporated in the PRC and a joint venture which is 50% owned by CPG and 50% owned by CSCEC
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Project Management Contract”	the contract dated 13 August 2020 entered into between CP Zhanjiang and Chia Tai Handing, under which Chia Tai Handing is appointed as the project manager to carry out management of the new shrimp breeding facilities being developed by CP Zhanjiang
“RMB”	Renminbi, the lawful currency of the PRC
“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
“US\$”	United States dollars, the lawful currency of the United States of America

[^] For identification purpose only.

By Order of the Board
Arunee Watcharananan
Director

Note: For the purpose of this announcement, the exchange rate for the conversion of RMB into US\$ for indication only is: US\$1.0 = RMB7.0.

Hong Kong, 13 August 2020

As at the date of this announcement, the Board comprises eight executive directors, namely, Mr. Soopakij Chearavanont, Mr. Adirek Sripratak, Mr. Suphachai Chearavanont, Mr. Narong 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. Vinai Vittavasgarnvej, Mrs. Vatchari Vimooktayan, Mr. Cheng Yuk Wo, Professor Dr. Pongsak Angkasith and General Udomdej Sitabutr.