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C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

CONTINUING CONNECTED TRANSACTIONS

THE 2017 CTEI MASTER SUPPLY AGREEMENT

Reference is made to the announcement of the Company dated 29 September 2015 in relation to the 2015 CTEI Master Supply Agreement. As the 2015 CTEI Master Supply Agreement will expire on 31 December 2017 and the Company intends to continue the transactions contemplated thereunder, on 30 October 2017, the Company entered into the 2017 CTEI Master Supply Agreement with CTEI.

Pursuant to the 2017 CTEI Master Supply Agreement, the CPP Group shall purchase the CTEI Products from the CTEI Group which may be used by the CPP Group for its feed and farming businesses.

ANNUAL CAPS FOR THE 2017 CTEI MASTER SUPPLY AGREEMENT

The annual caps for the purchase of the CTEI Products by the CPP Group from the CTEI Group under the 2017 CTEI Master Supply Agreement for the financial years ending 31 December 2018, 2019 and 2020 respectively are proposed to be US\$3.7 million, US\$4.1 million and US\$4.4 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 47.8% of the Shares in issue and is therefore the controlling shareholder of the Company. CPF is also interested in approximately 47.8% of the total issued share capital of CTEI. Companies in the CTEI Group are therefore associates of CPF and connected persons of the Company under the Listing Rules. Transactions between the CPP Group and the CTEI Group under the 2017 CTEI Master Supply Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps under the 2017 CTEI Master Supply Agreement are more than 0.1% but less than 5%, the transactions contemplated under the 2017 CTEI Master Supply Agreement are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 29 September 2015 in relation to the 2015 CTEI Master Supply Agreement. As the 2015 CTEI Master Supply Agreement will expire on 31 December 2017 and the Company intends to continue the transactions contemplated thereunder, on 30 October 2017, the Company entered into the 2017 CTEI Master Supply Agreement with CTEI.

The major terms of the 2017 CTEI Master Supply Agreement are set out below:

(a) **Date**

30 October 2017

(b) **Parties**

- (i) The Company (as purchaser)
- (ii) CTEI (as supplier)

(c) **Subject matter**

Purchase of the CTEI Products from the CTEI Group.

(d) **Price**

The CPP Group adopts the same price determination procedure for the purchase of the CTEI Products from the CTEI Group as that for the purchase of similar products from independent third party suppliers. The relevant company in the CPP Group compares the quote from the CTEI Group with quotes from available independent third party suppliers for a similar volume of the same or similar products of comparable standards and decides to purchase from which supplier. The process is to ensure that the price for the same volume of the same or similar CTEI Products offered by the CTEI Group will not be higher than those offered by available independent third party suppliers.

(e) **Payment terms**

The CPP Group will generally request for credit terms of 60 days from delivery but this may be adjusted taking into account generally accepted market terms from time to time.

(f) **Term**

Subject to the passing of the resolution by the independent shareholders of CTEI at a special general meeting for approving the 2017 CTEI Master Supply Agreement and the transactions contemplated thereunder, the 2017 CTEI Master Supply Agreement shall take effect from 1 January 2018 and continue until 31 December 2020.

(g) Historical amount of purchase

The historical amount paid to the CTEI Group under the 2015 CTEI Master Supply Agreement for the period from 3 July 2015, being the date of listing of CTEI on the Main Board of the Stock Exchange when companies in the CTEI Group became connected persons of the Company for Listing Rules purposes, to 31 December 2015, the financial year ended 31 December 2016 and the eight months ended 31 August 2017 were US\$4.7 million, US\$9.6 million and US\$1.4 million, respectively.

(h) Annual caps

The annual caps for the purchase of the CTEI Products by the CPP Group from the CTEI Group under the 2017 CTEI Master Supply Agreement for the financial years ending 31 December 2018, 2019 and 2020 respectively are proposed to be US\$3.7 million, US\$4.1 million and US\$4.4 million.

The above annual caps have been determined with reference to:

- (i) the historical purchases of the CTEI Products from the CTEI Group for the period from 3 July 2015 to 31 December 2015, the financial year ended 31 December 2016 and the eight months ended 31 August 2017;
- (ii) the prevailing market prices of the CTEI Products, taking into account the prices set by other suppliers and allowing for possible price fluctuations. In determining the proposed annual caps, the CPP Group expects the average selling price of the CTEI Products for the three financial years ending 31 December 2020 to remain relatively stable;
- (iii) the projected increase in the purchase volume of the CTEI Products for 2018. Although purchase of the CTEI Products from the CTEI Group increased to US\$9.6 million for the year ended 31 December 2016, due to a change in the government policy restricting the use of one of the CTEI Products in a country where a CPP subsidiary operates, the purchase of this type of CTEI Product dropped significantly in the eight months ended 31 August 2017. As a result, the overall purchase of the CTEI Products from the CTEI Group decreased to US\$ 1.4 million for the eight months ended 31 August 2017. However, this CPP subsidiary intends to purchase another type of CTEI Product from the CTEI Group, which is not subject to this usage restriction, starting from the first quarter of 2018. Therefore, the overall purchase of the CTEI Products from the CTEI Group for 2018 is expected to increase compared to that of 2017; and
- (iv) a 10% annual increase compared to the expected purchase in 2018 as a buffer for unexpected increase in the demand for, or the selling price of, the CTEI Products.

INFORMATION ON THE PARTIES

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

CTEI is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of chlortetracycline.

REASONS FOR RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors consider that the Continuing Connected Transactions will enable the CPP Group to continue to purchase the CTEI Products required by its feed and farming businesses from the CTEI Group which offers a reliable and high quality source of supply. CTEI Products are used by the CPP Group as feed additives to promote healthy growth of livestock, prevent or cure animal diseases and improve overall feed efficiency.

The Directors (including the independent non-executive Directors) believe that the Continuing Connected Transactions are in the ordinary and usual course of business of the CPP Group and the terms of the 2017 CTEI Master Supply Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As (i) Mr. Dhanin Chearavanont (chairman and executive director of the Company), Mr. Adirek Sripratak (vice chairman and executive director of the Company), Mr. Sooksunt Jiumjaiswanglerg and Mrs. Arunee Watcharananan (executive directors of the Company) are directors of CPF which is the controlling shareholder of the Company and CTEI, and (ii) Mr. Soopakij Chearavanont (vice chairman and executive director of the Company) is director of CTEI, the Board considered that each of Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Sooksunt Jiumjaiswanglerg and Mrs. Arunee Watcharananan had a material interest in the transactions contemplated under the 2017 CTEI Master Supply Agreement. Accordingly, Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Sooksunt Jiumjaiswanglerg and Mrs. Arunee Watcharananan abstained from voting on the resolution passed at the board meeting of the Company to approve the 2017 CTEI Master Supply Agreement. Other than Mr. Dhanin Chearavanont, Mr. Adirek Sripratak, Mr. Soopakij Chearavanont, Mr. Sooksunt Jiumjaiswanglerg and Mrs. Arunee Watcharananan, no other Director was considered to have a material interest in the transactions contemplated under the 2017 CTEI Master Supply Agreement, and hence no other Director abstained from voting on the board resolution for approving the 2017 CTEI Master Supply Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CPF is interested in approximately 47.8% of the Shares in issue and is therefore the controlling shareholder of the Company. CPF is also interested in approximately 47.8% of the total issued share capital of CTEI. Companies in the CTEI Group are therefore associates of CPF and connected persons of the Company under the Listing Rules. Transactions between the CPP Group and the CTEI Group under the 2017 CTEI Master Supply Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the annual caps under the 2017 CTEI Master Supply Agreement are more than 0.1% but less than 5%, the transactions contemplated under the 2017 CTEI Master Supply Agreement are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and 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.

“2015 CTEI Master Supply Agreement”	the master agreement dated 16 April 2015 made between the Company as purchaser and CTEI as supplier for the purchase of the CTEI Products
“2017 CTEI Master Supply Agreement”	the master agreement dated 30 October 2017 made between the Company as purchaser and CTEI as supplier for the purchase of the CTEI Products which may be required by the CPP Group and the CTEI Group may be able to supply from time to time with a term of three years until 31 December 2020
“associates”	has the meaning ascribed to this term in the Listing Rules
“Board”	the board of directors of the Company
“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
“connected persons”	has the meaning ascribed to this term in the Listing Rules

“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2017 CTEI Master Supply Agreement
“controlling shareholder”	has the meaning ascribed to this term in the Listing Rules
“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
“CPP Group”	the Company and its subsidiaries from time to time
“CTEI”	Chia Tai Enterprises International Limited, an exempted company incorporated in Bermuda whose ordinary shares are listed and traded on the Main Board of the Stock Exchange under stock code 3839
“CTEI Group”	CTEI and its subsidiaries from time to time
“CTEI Products”	various chlortetracycline products and such animal drugs (including any antibiotics) to be purchased by the CPP Group from the CTEI Group under the 2017 CTEI Master Supply Agreement
“Directors”	the directors of the Company
“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, 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

“US\$”

United States dollars, the lawful currency of the United States of America

By Order of the Board
Arunee Watcharananan
Director

Hong Kong, 30 October 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 Andrew Chiu Cheung, Mr. Sombat Deo-isres, Mr. Sakda Thanitcul, Mr. Vinai Vittavasgarnvej and Mrs. Vatchari Vimooktayon.