

Information Memorandum Regarding the Acquisition of Assets and Connected Transaction in respect of the acquisition of equity capital in 43 entities operating Swine Business in China

The Board of Directors of Charoen Pokphand Foods Public Company Limited (“**Company**”) has resolved to approve the acquisition by Chia Tai Investment Co., Ltd. (“**CTI**”) (which is an indirect wholly-owned subsidiary of C.P. Pokphand Co., Ltd. (“**CPP**”), a subsidiary of the Company) of the equity capital of each of the 43 entities operating Swine Business (as defined below) in China (“**Targets**”) held by Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd. (“**Vendor**”) (which is an indirect wholly-owned subsidiary of Charoen Pokphand Group Company Limited (“**CPG**”), a major shareholder of the Company) in return for the newly issued shares of CTI (“**Transaction**”). The value of the Transaction is approximately RMB 28,140 million (or equivalent to approximately THB 131,287 million or equivalent to approximately USD 4,109 million USD¹). The Transaction constitutes an asset acquisition transaction pursuant to the Rules of Acquisition or Disposal of Assets² and a connected transaction pursuant to the Rules on Connected Transactions³. Details of the Transaction are as shown below:

1 Transaction Date

CTI has entered into the agreement dated September 14, 2020 with (i) CP China Investment Limited (“**CP China Investment**”), (ii) CP Food Enterprises (Qinhuangdao) Co., Ltd. (“**CP Qinhuangdao**”) and (iii) the Vendor, in relation to the acquisition of the equity capital of each of the Targets held by the Vendor in return for the newly issued shares of CTI (“**Agreement**”). Pursuant to the Agreement, CTI will acquire the equity capital of each of the Targets from the Vendor and issue new shares representing 65% of its share capital as enlarged by such issue to the Vendor as the consideration thereof after obtaining approval from the Extraordinary General Shareholders’ Meeting (“**EGM**”) No. 1/2020 of the Company which will be convened on October 27, 2020 and upon fulfilment of the other conditions precedent as stated in Section 10 below.

2 The Parties Involved and the Relationship with the Company and the Connected Person of the Company

Purchaser : CTI

Seller : Vendor

Relationship with the Company :

CTI

CTI is a joint stock company established in the People’s Republic of China⁴ (“**PRC**”) and an indirect subsidiary of the Company (through CPP which is an indirect subsidiary of the Company operating as an investment holding company listed on the Stock Exchange of Hong Kong). CPP and its subsidiaries (the “**Group**”) principally engaged in the manufacture and sale of animal feeds in the PRC. Primarily, CTI produces and sells animal feed, located in 29 counties in the People’s Republic of China including, Beijing, Hubei, Inner Mongolia, Sichuan, Chongqing, Jiangsu, Liaoning, Anhui, Fujian, Gansu, Guangdong, Guangxi, Guizhou, Henan, Hebei, Hunan, Jilin, Jiangxi Shaanxi, Shanxi, Shandong, Yunnan, Ningxia Hui Autonomous Region, Zhejiang Qinghai, Hainan,

¹ For reference purpose, the exchange rate is THB 4.6655 = RMB 1 and RMB 6.849 = USD 1

² **Rules of Acquisition or Disposal of Assets** refer to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, B.E. 2547 (2004) dated 29 October 2004 (as amended).

³ **Rules on Connected Transactions** refer to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions dated August 31, 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2546 (2003) dated 19 November 2003 (as amended).

⁴ For the purpose of this announcement, the People’s Republic of China excludes the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), the Macao Special Administrative Region of the People’s Republic of China and Taiwan.

Heilongjiang, Tianjin and Xinjiang Uygur Autonomous Region, in which CTI has a stake in the animal feed production and distribution companies ranging from 25.4% - 100.0%.

CP China Investment is an investment holding company incorporated in the Cayman Islands and a direct wholly-owned subsidiary of CPP.

CP Qinhuangdao is a limited liability company established in the PRC and a wholly-owned subsidiary of CPP. CP Qinhuangdao is principally engaged in the business of manufacture and sale of food products.

The Vendor

The Vendor is an investment holding company established in the PRC and an indirect wholly-owned subsidiary of CPG.

CPG is a major shareholder of the Company. CPG is an investment holding company with a diverse shareholding structure with more than 80 shareholders, of which the largest shareholder is a company holding approximately 13% of its shares and ultimate beneficial owner is Mr. Sumet Jiaravanon. To the best of the Directors' knowledge, none of the other shareholders of CPG is interested in 10% or more of CPG's shares.

3 General Characteristics and Transaction Size

3.1 General characteristics

CTI has entered into the Agreement with CP China Investment, CP Qinhuangdao and the Vendor, under which CTI has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the equity capital of each of the Targets held by the Vendor, for an aggregate consideration of approximately RMB 28,140 million (or equivalent to approximately THB 131,287 million or equivalent to approximately USD 4,109 million⁵) upon fulfilment of the other conditions precedent as stated in Section 10 below. As consideration for the equity capital of the Targets, CTI will issue to the Vendor its new shares representing 65% of its registered capital as enlarged.

Brief details of the Targets are set out in the Appendix.

3.2 Calculation of size of the Transaction

3.2.1 Calculation of size of asset acquisition transaction

The Transaction is considered an acquisition of assets under the Rules of Acquisition or Disposal of Assets with the highest transaction size of 80.5% which is calculated on the basis of Net Profit from Operation based on the reviewed consolidated financial statements of the Company and its subsidiaries for the past four quarters, starting June 30, 2020. The criteria of the value of the transaction size is as follows:

Calculation Criteria	Formula in Calculation	Calculated Item Size
1 Net Tangible asset - NTA	$\frac{\text{NTA of the Business that will buy or sell} \times \text{Proportion of Shares} \times 100}{\text{NTA of Listed Companies}}$	37.2%
2 Net Profit from Operation	$\frac{\text{Net profit from operation of the company that will buy or sell} \times \text{Proportion of shares} \times 100}{\text{Net income from normal operations of listed companies}}$	80.5%
3 Total Value of Consideration	$\frac{\text{Paid or Received Amount in Proportion} \times 100}{\text{Total Assets of Listed Companies}}$	17.5%
4 Criteria of Value of Shares Issued for Assets Payment	$\frac{\text{Number of Shares Issued for Assets Payment} \times 100}{\text{Number of Issued and Paid-up shares of Listed Company}}$	47.9%

⁵ For reference purpose, the exchange rate is THB 4.6655 = RMB 1 and RMB 6.849 = USD 1

The Company and/or its subsidiaries has no transaction on acquisition of assets during the past 6 months. Therefore, the Transaction is considered Class 1 Transaction under the Rules of Acquisition or Disposal of Assets. The Company is required to disclose the information regarding the Transaction to the SET, appoint an independent financial advisor to render opinion to shareholders on the transaction and convene a meeting of shareholders to resolve to approve the execution of the Transaction.

3.2.2 Calculation of size of connected transaction

The Transaction is also considered a connected transaction under the Rules on Connected Transactions. Based on the reviewed consolidated financial statements of the Company and its subsidiaries as of June 30, 2020 (taken into account the effect of the treasury stocks until August 28, 2020), the size of the transaction value exceeds 3% of the Company's net tangible assets. The Company and/or its subsidiaries has no connected transaction with the Vendor or related person of the Vendor during the past 6 months. Thus, it is considered a connected transaction under the type of transaction relating to assets or service of which the transaction value exceeds 3% of the value of net tangible assets of the Company. The Company is required to disclose the information regarding the transaction to the SET, appoint an independent financial advisor to render opinion to shareholders on the transaction and convene a meeting of shareholders to resolve to approve the execution of the transaction.

4 Details of Acquired Assets

4.1 General characteristics of the business

The Targets are 43 entities established in the PRC and are engaged in the breeding, farming, slaughtering, food processing and sale of swine in the PRC ("Swine Business"). The Targets have facilities in 22 provinces in China with a combined farming capacity of 7.2 million hogs per annum.

4.2 Connected persons of the Company which hold shares in the Targets

The Vendor, an indirect wholly-owned subsidiary of CPG which is the major shareholder of the Company.

4.3 Summary of financial position and operating results of the Targets

The combined financial information of the Targets for the two years ended December 31, 2018 and December 31, 2019 and the five-months period ended May 31, 2020 prepared in accordance with IFRS is set out below:

Unit: thousand USD and THB ⁶	Fiscal year ended December 31,				Five months ended	
	2018		2019		May 31, 2020	
	USD	THB	USD	THB	USD	THB
Total revenues	935,489	29,473,329	1,439,222	45,343,840	943,494	29,725,533
Gross profit	(12,927)	(407,275)	336,578	10,604,159	423,892	13,355,057
Selling and administrative expenses	(64,446)	(2,030,423)	(124,722)	(3,929,466)	(61,898)	(1,950,146)
(Loss) / profit from operations	(95,808)	(3,018,508)	521,425	16,427,912	451,382	14,221,151
Profit / (loss) before taxation	(137,714)	(4,338,790)	457,503	14,413,998	424,661	13,379,285
Profit / (loss) after taxation	(137,722)	(4,339,042)	457,500	14,413,904	424,660	13,379,253
Net profit attributable to shareholders after net change in fair value of biological assets	(135,423)	(4,266,610)	444,298	13,997,964	414,602	13,062,368
Net profit attributable to shareholders before net change in fair value of biological assets	(123,804)	(3,900,544)	150,021	4,726,532	335,958	10,584,626
Other financial information						
Earnings before interest expenses, taxes, depreciation and amortization)	(53,538)	(1,686,758)	571,718	18,012,433	474,858	14,960,781
Total assets	1,363,673	42,963,609	1,869,261	58,892,563	2,315,906	72,964,471

⁶ For reference purpose, the exchange rate is THB 31.5058 = USD 1.

Unit: thousand USD and THB ⁵	Fiscal year ended December 31,				Five months ended	
	2018		2019		May 31, 2020	
	USD	THB	USD	THB	USD	THB
Total liabilities	1,271,720	40,066,556	1,305,509	41,131,105	1,350,422	42,546,125
Total shareholders' equity	90,415	2,848,597	546,060	17,204,057	939,219	29,590,846
Net asset value	91,953	2,897,053	563,752	17,761,458	965,484	30,418,346

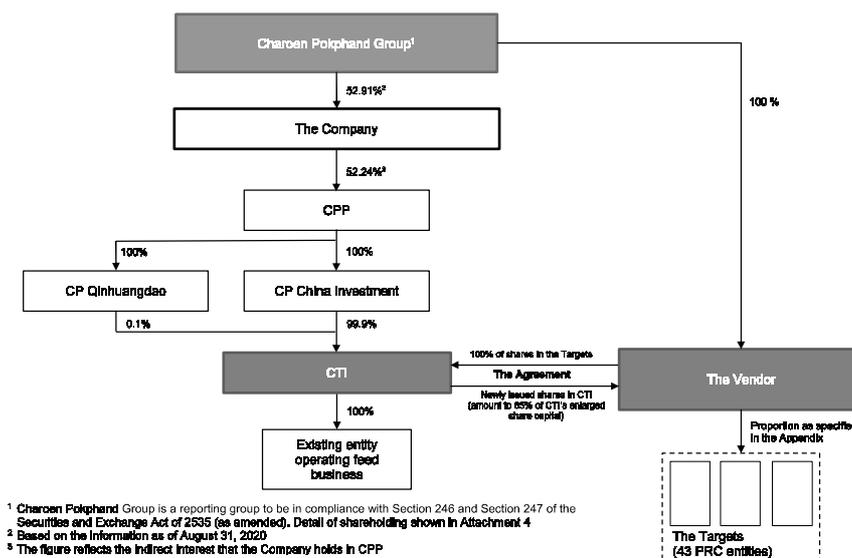
Remarks: The above financial information is prepared by the management of the Targets.

4.4 Investment structure

Upon completion of the Transaction, which will take place within 15 business days following the satisfaction or waiver (where permitted) of the conditions to the completion of the Transaction (or on such other date as the parties may agree), CTI will be owned as to 34.965% by CP China Investment, as to approximately 0.035% (which will be diluted from 0.1% pre-Transaction) by CP Qinhuangdao and as to 65% by the Vendor. As a result, following the completion of the Transaction, CTI will cease to be an indirect subsidiary of the Company but instead become an associate of the Company (through indirect holding by CPP of 35% in CTI), and the financial results of CTI (together with financial results of the Targets which will be consolidated by CTI only) will cease to be consolidated by CPP and the Company.

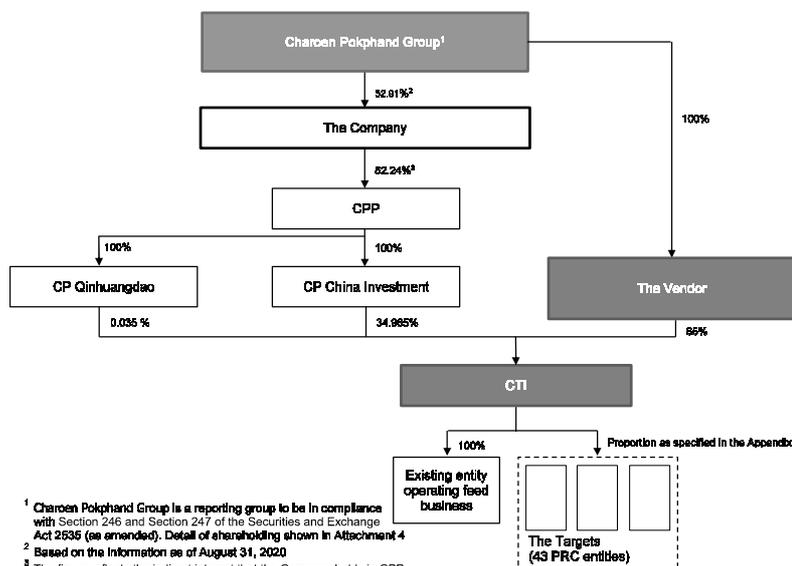
The shareholding structure of CTI before and after completion of the Transaction is set out below.

Current Structure



¹ Charoen Polphand Group is a reporting group to be in compliance with Section 246 and Section 247 of the Securities and Exchange Act of 2015 (as amended). Detail of shareholding shown in Attachment 4
² Based on the information as of August 31, 2020
³ The figure reflects the indirect interest that the Company holds in CPP

Post Transaction Structure



¹ Charoen Polphand Group is a reporting group to be in compliance with Section 246 and Section 247 of the Securities and Exchange Act of 2015 (as amended). Detail of shareholding shown in Attachment 4
² Based on the information as of August 31, 2020
³ The figure reflects the indirect interest that the Company holds in CPP

5 Total Consideration Value and Payment Method

CTI will pay the consideration of approximately RMB 28,140 million (or equivalent to approximately THB 131,287 million or equivalent to approximately USD 4,109 million⁷) by issuing its new shares representing 65% of its enlarged share capital to the Vendor.

Financial information of CTI

The combined financial information of CTI for the two years ended December 31, 2018 and December 31, 2019 and the six months ended June 30, 2020 prepared in accordance with IFRS is set out below:

Unit: thousand USD and THB ⁸	Fiscal year ended December 31,				Six months ended June 30,	
	2018		2019		2020	
	USD	THB	USD	THB	USD	THB
Total revenues	3,678,391	115,890,651	3,597,818	113,352,134	2,077,891	65,465,618
Gross profit	535,867	16,882,919	526,858	16,599,083	297,537	9,374,141
Selling and administrative expenses	(354,506)	(11,168,995)	(368,718)	(11,616,756)	(190,025)	(5,986,890)
(Loss) / profit from operations	231,870	7,305,250	187,230	5,898,831	121,815	3,837,879
Profit before taxation	234,632	7,392,269	183,787	5,790,356	120,945	3,810,469
Profit after taxation	186,462	5,874,634	143,364	4,516,798	96,080	3,027,077
Net profit attributable to shareholders	165,349	5,209,453	128,863	4,059,932	86,587	2,727,993
Other financial information						
Earnings before interest expenses, taxes, depreciation and amortization	293,443	9,245,156	262,460	8,269,012	161,498	5,088,124
Total assets	2,238,501	70,525,765	2,328,842	73,372,030	2,354,753	74,188,377
Total liabilities	1,245,245	39,232,440	1,316,666	41,482,616	1,401,028	44,140,508
Total shareholders' equity	904,755	28,505,030	926,038	29,175,568	859,952	27,093,476
Net asset value	993,256	31,293,325	1,012,176	31,889,415	953,725	30,047,869

6 Value of Acquired Assets

The consideration for the Transaction is approximately RMB 28,140 million (or equivalent to approximately THB 131,287 million or equivalent to approximately USD 4,109 million⁷). In return for the Vendor's transfer of the equity capital in the Targets held by it to CTI, CTI will issue to the Vendor new shares in the registered capital of CTI equivalent to 65% of its registered capital as enlarged.

The consideration for the Transaction was determined upon arm's length negotiations between the parties to the Agreement with reference to the price-earnings multiple of 5.0 (which was a result of negotiations by reference to the average price-earnings multiple of comparable companies in the swine business in the PRC) applied to the Targets Profit Warranty, and having also considered the following:

- (i) precedent transactions involving the acquisition of or investment in companies principally engaged in a similar business as the Targets in the PRC;
- (ii) average price-earnings multiple of listed companies engaged in a similar business as the Targets in the PRC;
- (iii) a comparison of the historical performance in 2018, 2019 and the period ended May 31, 2020 of the Targets against that of CTI.

⁷ For reference purpose, the exchange rate is THB 4.6655 = RMB 1 and RMB 6.849 = USD 1

⁸ For reference purpose, the exchange rate is THB 31.5058 = USD 1.

Profit Warranty

CP China Investment and CP Qinhuangdao have agreed to provide the CTI Profit Warranty in favor of the Vendor, and the Vendor will provide the Targets Profit Warranty in favor of CP China Investment and CP Qinhuangdao.

If the profit warranties cannot be met by either party, except if the shortfall is a result of force majeure events out of the control of the party providing the warranty (including natural catastrophes, animal disease outbreaks, material disruptions in transportations and acts of gods), the amount to be paid in cash by the relevant party under the warranties are set out below.

- (i) if the actual amount of profit (before fair value adjustment of biological assets) attributable to shareholders of the Targets on a combined basis for the year ending 31 December 2020 (the “**Actual Targets Profit**”) is less than the amount representing 85% of the profit warranted under the Targets Profit Warranty, the Vendor shall pay to CP China Investment and CP Qinhuangdao the lower amount between:
 - (a) Targets Profit Warranty Calculation: $35\% \times (\text{RMB}5,617 \text{ million} \times 85\% - \text{Actual Target Profit}) \times 5.0$; and
 - (b) Targets Profit Warranty Cap: $35\% \times (\text{RMB}5,617 \text{ million} \times 15\%) \times 5.0 = \text{approximately RMB}1,474 \text{ million}$;
- (ii) if the actual amount of combined profit attributable to shareholders of CTI (assuming that the restructuring of CTI for the purpose of the Transaction had been completed as at 1 January) for the year ending 31 December 2020 (the “**Actual CTI Profit**”) is less than the amount representing 85% of the profit warranted under the CTI Profit Warranty, CP China Investment and CP Qinhuangdao shall pay to the Vendor the lower amount between:
 - (a) CTI Profit Warranty Calculation: $35\% \times (\text{RMB}959 \text{ million} \times 85\% - \text{Actual CTI Profit}) \times 15.8$; and
 - (b) CTI Profit Warranty Cap: $35\% \times (\text{RMB}959 \text{ million} \times 15\%) \times 15.8 = \text{approximately RMB}795 \text{ million}$;
- (iii) no payment shall be made with respect to the CTI Profit Warranty or the Targets Profit Warranty unless the actual amount of profit attributable to shareholders reaches 85% or less of the relevant profit warranted; and
- (iv) any payment made pursuant to the Targets Profit Warranty or the CTI Profit Warranty shall be capped when the actual amount of profit attributable to shareholders is less than 70% of the warranted profit.

Each of the Targets Profit Warranty and CTI Profit Warranty was determined after arm's length negotiation and having considered historical and the year-to-date performance of the Targets and CTI. In the first half of 2019, CTI recorded profit attributable to shareholders of approximately USD 76.7 million. For the year ended 31 December 2019, CTI recorded profit attributable to shareholders of approximately USD128.9 million.

While negotiating the terms of the CTI Profit Warranty, CPP referred to the performance of CTI's feed business in the first half of 2020, took into account how it performed in the second half of 2019, and considered a number of potential risks and uncertainties facing the business in the PRC – including African swine fever and other potential animal disease outbreak, COVID-19 and the possibility of other human disease outbreak and economic downturn - before ultimately arriving at the amount of CTI Profit Warranty that CPP was prepared to commit to in view of the potential liability in the event of any material profit shortfall.

The multiplier of 5.0 for the Targets Profit Warranty was the implied price-earnings multiple, being the consideration of the Transaction divided by the amount of Targets Profit Warranty.

The multiplier of 15.8 for the CTI Profit Warranty was the implied price-earnings multiple, being the agreed value of CTI divided by the amount of CTI Profit Warranty.

The adjustment factor of 35% was based on CPP's 35% holding of the registered capital of CTI post-completion.

As provided in the Agreement, the profit attributable to shareholders of the Targets and CTI (which will disregard any financial impacts due to pre-closing restructuring of CTI) will be audited by one of the big four accounting firms under IFRS accounting standards.

7 Basis to determine the value of payment consideration

The number of new shares in CTI to be issued to the Vendor as a consideration (which will result in the Vendor becoming a shareholder holding 65% and CP China Investment holding approximately 35% of CTI's enlarged share capital) was determined based on the agreed value of CTI at approximately RMB 15,159 million (or equivalent to approximately THB 70,722 million or equivalent to approximately USD 2,213 million⁹) and arm's length negotiations between the parties to the Agreement based on the price-earnings multiple of 15.8 (by reference to the price-earnings multiple of comparable companies in the feed business in the PRC) applied to the CTI Profit Warranty, and having also considered the following:

- (i) precedent transactions involving the acquisition of or investments in companies principally engaged in a similar business as CTI in the PRC; and
- (ii) the average price-earnings multiple of listed companies engaged in a similar business as CTI in the PRC.

8 Source of Funds

CTI will pay the consideration in an aggregate amount of approximately RMB 28,140 million (or equivalent to approximately THB 131,287 million or equivalent to approximately USD 4,109 million⁹) by issuing its new shares representing 65% of its enlarged share capital to the Vendor.

9 Expected Benefits to the Company

The Company sees that the Transaction is a unique opportunity to extend into the attractive swine market in the PRC which will be beneficial to CPP as will be further discussed below.

With a rising demand and shortage in supply of hogs, the Swine Business in the PRC is an attractive market. As at 2019, the PRC was the largest swine markets in the world at around USD 200 billion. CPP considered the PRC as its core market for development and has been seeking opportunity, in particular through acquisition of sizeable vertically-integrated swine farm operators, to sustain and speed up its growth and development.

As CPP had existing business relationships with the Targets and gained good understanding of the business over the years, the Targets became the subject of negotiations.

The current scope of the Targets and the structure of the Transaction were agreed after extensive commercial negotiations between the parties, during which CPP also considered other potential payment structures to satisfy consideration under the Transaction. After comparing the size of the Targets to that of CTI, the directors of CPP are of the view that the current structure of the Transaction would allow CPP to benefit from stronger performance from CTI without adding pressure on the balance sheet or to dilute shareholders' interests.

This Transaction is a unique opportunity for CPP to build on and strengthen CTI's operations through expansion into and accessing the swine market in the PRC. Upon completion of the Transaction, CPP will still benefit from the economic upside from its 35% shareholding of CTI. Profits gained by CTI will be recorded as share of profit or loss from associates in the consolidated financial statements of CPP. In addition, the Board of Directors of CPP is of the view that the Transaction presents the following benefits:

1. CTI would gain access to the PRC swine market which is the largest swine market in the world and has a robust growth outlook and CTI would become one of the largest Swine Business operators in terms of market share;

⁹ For reference purpose, the exchange rate is THB 4.6655 = RMB 1 and RMB 6.849 = USD 1

2. the integration with the Targets enables CTI to become a group of companies that encompasses integrated Swine Business including feed, swine farming, slaughtering and food processing. As a result, CTI going forward would be able to better address market changes, leverage the know-how across the value chain and further expand its footprint better in the future;
3. although CPP's interest in CTI will decrease to 35%, there will be an enhancement in net asset value of CPP and an increase in profits of CPP from the good performance of Swine Business; and
4. CPP is expected to continue its significant involvement in the development and direction of CTI's business strategy through the representative in the board of directors and will also have access to information on both CTI and the Targets to facilitate future business decision making.

After completion of the Transaction, CTI would cease to be a subsidiary of CPP and instead become an associate owned as to 35% by CPP. As CTI's revenue and gross profit constitute approximately 51.7% and 43.0% of the revenue and gross profit of the Group as at 31 December 2019 respectively, CPP is expected to record a decrease in both revenue and gross profit. The financial results of CTI (together with financial results of the Targets which will be consolidated by CTI only) will cease to be consolidated by CPP and, as an associate of CPP, CTI's profits will be recorded as share of profit or loss from associates in the consolidated financial statements of CPP.

In terms of operations, CPP has different managements for feed business and other business, therefore CPP expects minimal interruptions as a result of the Transaction. Upon completion of the Transaction, CPP would cease to have control over the operations in the PRC feed business but will maintain influence over the directions of CTI.

Furthermore, the Transaction is expected to result in enhancement of net asset value of CPP to the benefit of CPP and its shareholders as a whole while obtaining a strategic interest in a market leading vertically-integrated swine farm operator in the PRC. Going forward, the Company will continue to benefit from stronger performance of CTI in the future.

The Board considers that the Transaction will be beneficial to the long term development of the Group and the Company, as an entity in the Group, will also be benefited from the Transaction.

10 Conditions precedent for the Transaction

Completion of the Transaction will be conditional upon the satisfaction or (as the case may be) waiver of the following conditions:

- (a) the Agreement having been entered into by the parties and has become effective, and the other documents related to the transactions contemplated under the Agreement have been entered into by the parties;
- (b) the Vendor having sufficiently, accurately and completely disclosed to CTI in writing the details on the shareholding structure, assets, debts, rights, guarantees provided and other information related to the Targets;
- (c) CTI having sufficiently, accurately and completely disclosed to the Vendor in writing the details on the shareholding structure, assets, debts, rights, guarantees provided and other information related to CTI;
- (d) CTI having completed the business, financial and legal due diligence on the Targets and there have not been any material adverse change; CTI being satisfied with the results of its due diligence on the Targets;
- (e) the parties having obtained in respect of the transaction contemplated under the Agreement: the other shareholders of the Targets having consented to the transaction contemplated under the Agreement and waived their pre-emption rights to the relevant Targets and have issued confirmation or resolution in relation thereto, the creditors of CTI, CPP, the Company and the Vendor or any counterparty under relevant agreement to which CTI, CPP, the Company or the Vendor is a party having consented to the transaction,

and approvals, registrations and filings (if necessary) having been obtained from the Commerce Department and other government authorities of the PRC, and any such approval, registration and filing remaining effective and has not altered or in conflict with any terms or conditions of the relevant Agreement or render any of the terms of the relevant Agreement ineffective;

- (f) the parties having obtained their respective internal approvals for the transaction, including without limitation:
- (i) the Board of Directors and shareholders of each of CTI and the Vendor having resolved to approve the transactions contemplated under the Agreement;
 - (ii) the Board of Directors and the independent shareholders of CPP having approved the transactions contemplated under the Agreement in compliance with relevant securities listing rules and regulations; and
 - (iii) the Board of Directors and the independent shareholders of the Company having approved the transactions contemplated under the Agreement in compliance with the Rules of Acquisition or Disposal of Assets and the Rules on Connected Transactions;
- (g) there are no applicable laws, regulations, regulatory documents, any binding legal documents signed by any party with a third party that would prohibit or restrict the consummation of, or create conflicts with, the transactions contemplated under this Agreement;
- (h) CTI having completed the pre-closing restructuring for the purpose of the transactions contemplated under the Agreement;
- (i) the Vendor having completed the pre-closing restructuring of the Targets for the purpose of the transactions contemplated under the Agreement;
- (j) no order or ruling has been issued by any government authorities, supervisory organisations, courts or other judiciary organisations which would render the transactions under the Agreement ineffective, non-enforceable or illegal, or restrict in any way, or impose additional conditions to, the transactions contemplated under the Agreement; and
- (k) the representations and warranties of the parties under the Agreement remaining true, complete, accurate and not misleading in all material respects.

The parties shall use their best endeavours to cause the fulfilment of the conditions precedent as soon as possible.

11 Potential conflict of interest

Following the completion of the Transaction, the Vendor which is a connected person of the Company (through a shareholding relationship with CPG, a major shareholder of the Company) will hold 65% of CTI's enlarged share capital. The shareholding percentage to be held by the Vendor and CP China Investment (which is a subsidiary of the Company) mainly reflects the value of the Targets compared to that of CTI which was determined by recognising a number of factors. The value of the Targets when compared to that of CTI was much larger and that is the rationale why the Vendor will become a largest shareholder holding 65% of CTI's enlarged share capital after the completion of the Transaction.

Notwithstanding the above, as the indirect shareholder holding 35% in CTI, the Company believes that CPP (through CP China Investment) will be beneficial from the integrated business and it is intended that all opportunity around feeds, swine farming, slaughtering and processing businesses and further business expansion across the value chain in the PRC will be pursued through CTI.

The business management policy post transaction will be for the mutual benefit of both feed business and farm business, whereby the independent directors of both the Company (5 out of 15) and CPP (5 out of 15 in which 3

of CPP's independent directors sit as independent directors of the Company and CPP) will be responsible for overseeing the aforementioned policy to protect the interests of the minority shareholders of both the Company and CPP. Additionally, CPG has no intention to change CTI's directors and managements. Moreover, the regulations that govern the listed companies both in the Stock Exchange of Thailand and the Hong Kong Stock Exchange Limited also supported and ensured the transparency and fairness in conducting the current and future potential connected transactions. However, in relation to the connected transactions, the vested interest shareholders and board of directors will be ineligible to cast a vote.

12 Characteristics and scope of interest of connected person

CTI is a direct wholly-owned subsidiary of CP China Investment which is a direct wholly-owned subsidiary of CPP. CP Qinhuangdao is also a wholly-owned subsidiary of CPP.

CPP is an indirect subsidiary of the Company.

The Vendor is an indirect wholly-owned subsidiary of CPG which is a major shareholder of the Company.

13 Directors with conflict of interest

In considering the Transaction, the Directors with a conflict of interest who have no right to vote and did not attend the meeting, are as follows:

<u>List of directors of the Company</u>		<u>Nature of conflict of interest</u>
1. Mr Soopakij	Chearavanont	Director of CPG and the Vendor
2. Mr Suphachai	Chearavanont	Director of CPG
3. Mr Chingchai	Lohawatanakul	Director of CPG
4. Mr Phongthep	Chiaravanont	Director of CPG

14 Opinion of the Board of Directors

The Board of Directors (excluding those Directors with a conflict of interest as mentioned in Section 0) are of the view that the Transaction is appropriate, reasonable and in the interests of the Company, its subsidiaries and its shareholders as a whole.

15 Opinion of the Audit Committee and/or the Directors which is different from the Opinion of the Board of Director's in Section 14

All Directors and the Audit Committee had the same opinion as the Board of Directors.

16 Distribution of the invitation for the EGM

The Company will send the invitation for the Extraordinary General Shareholders' Meeting No. 1/2020 and the opinion of the Independent Financial Advisor to the SEC at least 5 working days before sending them to the shareholders. The Company will also send these documents to the shareholders at least 14 days before the meeting date.

Appendix
Brief Details of the Targets

No.	Name	Registered capital	Percentage of interest held/to be held by the Vendor in Targets to be transferred to CTI	Original acquisition cost to Vendor	
				Paid-in capital	Purchase price
1.	Hebei C.P. Livestock Co., Ltd. (河北正大畜禽有限公司)	USD25,480,000	100%	RMB170,273,094	-
2.	Qinhuangdao C.P. Swine Business Co., Ltd. (秦皇島卜蜂豬業有限公司)	USD7,120,000	100%	RMB47,283,192	-
3.	Jilin Zhong Xin Chia Tai Food Co., Ltd. (吉林中新正大食品有限公司)	RMB600,000,000	65% ¹⁰	-	RMB92,800,000
4.	Lanzhou Chia Tai Food Co., Ltd. (蘭州正大食品有限公司)	USD27,391,000	100%	RMB173,354,964	-
5.	Shaanxi Chia Tai Food Co., Ltd. (陝西正大食品有限公司)	USD26,460,000	100%	RMB97,680,737	-
6.	C.P. Livestock Datong Co., Ltd. (正大畜禽(大同)有限公司)	RMB65,000,000	100%	RMB32,597,400	-
7.	Xinjiang Chia Tai Livestock Co., Ltd. (新疆正大畜禽有限公司)	RMB15,500,000	100%	RMB5,000,000	-
8.	Inner Mongolia Chia Tai Hongye Food Co., Ltd (內蒙古正大鴻業食品有限公司)	RMB276,000,000	100%	No paid-in capital ¹¹	-
9.	Shanxi Chia Tai Food Co., Ltd. (山西正大食品有限公司)	RMB27,500,000	100%	RMB5,000,000	-
10.	Xianyang Chia Tai Food Co., Ltd. (咸陽正大食品有限公司)	RMB140,000,000	100%	RMB20,000,000	-
11.	Shandong C.P. Livestock Co., Ltd. (山東正大畜禽有限公司)	USD13,830,000	100%	RMB90,702,040	-
12.	Anhui C.P. Livestock Co., Ltd. (安徽卜蜂畜禽有限公司)	USD15,110,000	100%	RMB100,349,066	-
13.	Jiangsu Chia Tai Nongken Swine Business Co., Ltd. (江蘇正大蘇墨豬業有限公司)	USD21,869,500	100%	RMB147,318,706	-
14.	Qingdao C.P. Swine Business Co., Ltd. (青島正大豬業有限公司)	USD10,544,500	91.41% ¹²	RMB57,703,150	-
15.	Chuzhou Chia Tai Swine Business Co., Ltd. (滁州正大豬業有限公司)	USD7,173,000	100%	RMB45,962,302	-
16.	Yichang Chia Tai Animal Husbandry Co., Ltd. (宜昌正大畜牧有限公司)	RMB75,000,000	100%	RMB75,000,000	-
17.	Hunan C.P. Livestock Co., Ltd. (湖南正大畜禽有限公司)	USD12,280,000	100%	RMB81,474,153	-
18.	Henan C.T. Livestock Co., Ltd. (河南正大畜禽有限公司)	USD23,307,800	100%	RMB151,664,988	-
19.	Yueyang Chia Tai Agro-Industry & Food Co., Ltd. (岳陽正大農牧食品有限公司)	USD13,967,400	100%	RMB95,211,843	-
20.	Xiangyang Chia Tai Agro-Industry & Food Co., Ltd. (襄陽正大農牧食品有限公司)	USD46,520,500	100%	RMB303,612,370	-
21.	Luoyang Chia Tai Agro-Industrial Co., Ltd. (洛陽正大農牧有限公司)	RMB72,000,000	100%	RMB72,000,000	-
22.	Xianning Chia Tai Agro-industry & Food Co., Ltd. (咸寧正大農牧食品有限公司)	RMB55,000,000	100%	RMB53,000,527	-
23.	Chenzhou Chai Tai Agro-Industrial and Food Co., Ltd. (郴州正大農牧食品有限公司)	RMB27,300,000	100%	RMB27,466,066	-

¹⁰ The remaining shares representing 35% of the total capital are held by Xinjifeng Private Co. Ltd., a company incorporated in Singapore.

¹¹ The Target has been supported by advances from other Targets to the extent it had any capital needs.

¹² The remaining shares representing 8.59% of the total capital are held by Grand Great Investments Limited, which is a company incorporated in the British Virgin Islands.

No.	Name	Registered capital	Percentage of interest held/to be held by the Vendor in Targets to be transferred to CTI	Original acquisition cost to Vendor	
				Paid-in capital	Purchase price
24.	Guangxi C.P. Livestock Co., Ltd. (廣西正大畜禽有限公司)	RMB20,000,000	85% ¹³	RMB17,000,000	-
25.	Guilin C.P. Livestock Co., Ltd. (桂林卜蜂畜禽有限公司)	RMB15,000,000	95% ¹⁴	RMB14,250,000	-
26.	Chengdu Chia Tai Agro-Industry & Food Co., Ltd. (成都正大農牧食品有限公司)	USD5,672,000	100%	RMB36,552,502	-
27.	Kunming C.P. Swine Business Co., Ltd. (昆明正大豬業有限公司)	RMB36,400,000	100%	No paid-in capital ¹⁵	-
28.	Guizhou Chia Tai Agro-Industry & Food Co., Ltd. (貴州正大農牧食品有限公司)	USD8,735,000	100%	RMB51,180,400	-
29.	Laibin Chia Tai Modern Agriculture Co., Ltd. (來賓正大現代農業有限公司)	RMB85,600,000	100%	RMB85,600,000	-
30.	Sichuan Chia Tai Animal Husbandry Co., Ltd. (四川正大畜牧有限公司)	RMB55,000,000	100%	RMB55,000,000	-
31.	Pizhou Chia Tai Food Co., Ltd. (邳州正大食品有限公司)	USD31,550,700	100%	RMB197,796,161	-
32.	Jiangxi Chia Tai Livestock Co., Ltd. (江西正大畜禽有限公司)	USD15,210,000	100%	RMB63,547,908	-
33.	Fujian C.P. Livestock Co., Ltd. (福建卜蜂畜禽有限公司)	USD5,800,000	100%	RMB35,554,439	-
34.	Guangdong Zhanjiang Chia Tai Swine Industry Co., Ltd. (廣東湛江正大豬業有限公司)	RMB22,000,000	100%	RMB22,000,000	-
35.	Guangdong Chia Tai Ecological Agriculture Co., Ltd. (廣東正大生態農業有限公司)	RMB35,000,000	100%	RMB35,000,000	-
36.	Minquan Chia Tai Agriculture & Animal Husbandry Development Co., Ltd.** (民權正大農牧發展有限公司)	RMB200,000,000	100% ¹⁶ (75% which is currently held by the Minquan County Citizen Poverty Alleviation Development and Investment Company Limited will be acquired by the Vendor before completion of the Transaction)	No paid-in capital ¹⁷	-
37.	Liaoning C.P. Livestock Co., Ltd. ** (遼寧正大畜禽有限公司)	USD32,093,700	100% (which is currently held by Wide Master and will be acquired by the Vendor before completion of the Transaction)	-	RMB161,930,000
38.	Inner Mongolia Chia Tai Food Co., Ltd. ** (內蒙古正大食品有限公司)	USD21,950,000	100% (which is currently held by Wide Master and will be acquired by the Vendor before completion of the Transaction)	-	RMB1,349,680,000

¹³ The remaining shares representing 15% of the total capital are held by the Economic, Trade and Information Bureau of Liangqing District, Nanning City (南寧市良慶區經濟貿易和信息化局), which is ultimately owned by the local government.

¹⁴ The remaining shares representing 5% of the total capital are held by the Economic, Trade and Information Bureau of Liangqing District, Nanning City (南寧市良慶區經濟貿易和信息化局).

¹⁵ The Target has been supported by advances from other Targets to the extent it had any capital needs.

¹⁶ The remaining shares representing 25% of the total capital are held by the Vendor.

¹⁷ The Target has been supported by advances from other Targets to the extent it had any capital needs.

No.	Name	Registered capital	Percentage of interest held/to be held by the Vendor in Targets to be transferred to CTI	Original acquisition cost to Vendor	
				Paid-in capital	Purchase price
39.	Chongqing Chia Tai Agro-Industry & Food Co., Ltd.** (重慶正大農牧食品有限公司)	RMB66,000,000	60% ¹⁸ (60% which is currently held by Wide Master and will be acquired by the Vendor before completion of the Transaction)	-	RMB381,300,000
40.	Nantong Chia Tai Agricultural Development Co., Ltd.** (南通正大農業發展有限公司)	USD4,820,000	60% ¹⁹ (60% which is currently held by Wide Master and will be acquired by the Vendor before completion of the Transaction)	-	RMB16,432,000
41.	Chia Tai (Dongying) Swine Business Co., Ltd. ** (正大(東營)豬業有限公司)	USD20,000,000	100% (which is currently held by Chia Tai (Dong Ying) Investment Co., Ltd. and will be acquired by the Vendor before completion of the Transaction)	-	RMB69,470,000
42.	Luoyang C.P. Food Co., Ltd. (洛陽正大食品有限公司)	RMB424,100,000	100%	-	RMB369,540,000
43.	Gansu Qingyang Chia Tai Food Co., Ltd. (甘肅慶陽正大食品有限公司)	RMB27,630,000	100%	No paid-in capital ²⁰	-
			Total:	RMB2,466,136,008	RMB2,441,152,000

Remarks: ** As at the date of this information memorandum, the Vendor is not the owner of the specified proportion of shares in these companies and the Vendor will acquire the specified proportion of the total registered capital of these companies from the current shareholders before completion of the Transaction.

To the best of knowledge of the directors, the ultimately beneficial owners of each of the other shareholders of the Targets are third parties independent of and not connected with CPP or its connected persons.

¹⁸ The remaining shares representing 40% of the total capital are held by Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會), which is ultimately owned by the local government.

¹⁹ The remaining shares representing 40% of the total capital are held by Kuan Village Village Committee, Caobu Town, Rudong County (如東縣曹埠鎮跨岸村村委會), which is ultimately owned by the local government.

²⁰ The Target has been supported by advances from other Targets to the extent it had any capital needs.