

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in C.P. Pokphand Co. Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



## **C.P. POKPHAND CO. LTD.**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

### **CONTINUING CONNECTED TRANSACTIONS**

**Independent financial adviser to the Independent Board Committee and the Independent Shareholders**



**KingswayGroup**

Kingsway Capital Limited

---

A letter from the Independent Board Committee and a letter from the independent financial adviser, Kingsway Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders are set out on page 13 and pages 14 to 20 of this circular respectively.

A notice convening the special general meeting of C.P. Pokphand Co. Ltd. to be held at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Wednesday, 25 July 2007 at 10:00 a.m., is set out on pages 27 to 29 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

29 June 2007

---

# CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	5
Details of the Continuing Connected Transactions .....	7
Information on the Parties .....	10
Reasons for the Continuing Connected Transactions .....	10
Listing Rules Implications .....	10
SGM and Proxy Arrangement .....	11
Recommendation .....	12
Further Information .....	12
<b>Letter from the Independent Board Committee</b> .....	13
<b>Letter from Kingsway</b> .....	14
<b>Appendix – General Information</b> .....	21
<b>Notice of SGM</b> .....	27

---

## DEFINITIONS

---

*In this circular, the following expressions have the following meanings unless the context otherwise requires:*

“Acquisition”	the acquisition by CTEI of the entire equity interests in SLS pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 17 May 2007 entered into between CTEI and various other parties in relation to the acquisition by CTEI of the entire equity interests in SLS
“Approved CCT”	the continuing connected transactions under the Reorganized CTEI Supply Agreement approved by the independent shareholders of CPP and CTEI respectively at CPP’s special general meeting and CTEI’s extraordinary general meeting both held on 25 October 2006 and under the Reorganized Shanghai Lotus Supply Agreement approved by the independent shareholders of CPP at CPP’s special general meeting held on 25 October 2006
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of CPP (as amended from time to time)
“CCT Agreements”	the CTEI-CCT Agreement and the CPH-CCT Agreement
“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 indirectly interested in approximately 51.43% of the issued share capital of the Company
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions under the CTEI-CCT Agreement and the CPH-CCT Agreement
“CPI”	CPI Holding Co., Ltd., a company incorporated in the British Virgin Islands, which is indirectly owned as to approximately 51.31% by the Chearavanont Shareholders on an aggregate basis
“CPG”	Charoen Pokphand Group Company Limited, a company duly organized and existing under the laws of the Kingdom of Thailand and owned as to 51.31% by the Chearavanont Shareholders

---

## DEFINITIONS

---

“CPH”	C.P. Holding (BVI) Investment Company Limited, a company duly established under the laws of the British Virgin Islands and a wholly-owned subsidiary of CPG
“CPH Group”	CPH and its subsidiaries from time to time (excluding the CTEI Group)
“CPH Stores”	those Stores to be disposed of by the CTEI Group to the CPH Group pursuant to the CTEI Disposal Agreement and by SLS pursuant to the SLS Reorganisation Agreement respectively to the CPH Group
“CPH-CCT Agreement”	the supply agreement entered into between CPH and CPP on 17 May 2007 for the supply by the CPP Subsidiaries to the CPH Group of merchandise required by the CPH Group on an ongoing basis
“CPP” or “the Company”	C.P. Pokphand Co. Ltd., a company incorporated in Bermuda whose shares are listed and traded on the Main Board of the Stock Exchange under stock code 43
“CPP Group”	CPP and its subsidiaries from time to time
“CPP Subsidiaries”	the subsidiaries of CPP
“CTEI”	Chia Tai Enterprises International Limited (正大企業國際有限公司), a company incorporated in the Cayman Islands whose shares are listed and traded on the Main Board of the Stock Exchange under stock code 121
“CTEI Disposal Agreement”	the agreement dated 17 May 2007 entered into between CTEI and CPH in relation to the disposal of interests in certain Stores by the CTEI Group to the CPH Group
“CTEI Group”	CTEI and CTEI Subsidiaries from time to time
“CTEI Subsidiaries”	the subsidiaries of CTEI
“CTEI-CCT Agreement”	the supply agreement entered into between CTEI and CPP on 17 May 2007 for the supply by any of the CPP Subsidiaries to any of the CTEI Subsidiaries of merchandise required by any of the CTEI Subsidiaries on an ongoing basis
“Directors”	the directors of CPP

---

## DEFINITIONS

---

“Disposal”	the disposal by the CTEI Group and by SLS respectively of interests in a number of Stores to the CPH Group pursuant to the CTEI Disposal Agreement and the SLS Reorganisation Agreement respectively
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising the Company’s independent non-executive Directors, Mr. Kowit Wattana, Mr. Sombat Deo-isres and Mr. Ma Chiu Cheung, Andrew, which has been established to advise the Independent Shareholders in respect of the terms and the relevant annual caps of the Continuing Connected Transactions
“Independent Shareholders”	shareholders of the Company other than the Chearavanont Shareholders and their respective associates (including CPI and Worth Access)
“Kingsway”	Kingsway Capital Limited, a licensed corporation for Type 6 regulated activities as set out in Schedule 5 of the SFO, appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions and the relevant caps
“Latest Practicable Date”	26 June 2007, being the latest practicable date for ascertaining certain information for inclusion in this circular
“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 circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Reorganized CTEI Supply Agreement”	the agreement entered into between the Company and CTEI on 24 August 2006 as defined in the Company’s circular dated 6 October 2006
“Reorganized Shanghai Lotus Supply Agreement”	the agreement entered into between CPP and SLS on 24 August 2006 as defined in the Company’s circular dated 6 October 2006
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

---

## DEFINITIONS

---

“SGM”	the special general meeting of CPP to be held on Wednesday, 25 July 2007 at 10:00 a.m. to approve the terms and the relevant annual caps of the Continuing Connected Transactions, notice of which is set out on pages 27 to 29 of this circular
“Shareholders”	shareholders of CPP
“SLS”	上海易初蓮花連鎖超市有限公司(Shanghai Lotus Supermarket Chain Store Co., Ltd.), a foreign invested enterprise established in the PRC
“SLS Reorganization Agreement”	the agreement dated 17 May 2007 entered into between SLS and CPH in respect of the disposal by SLS of interests in certain Stores to the CPH Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stores”	the hypermarket stores operated by the CTEI Group or SLS and its subsidiaries, as the context may require
“Worth Access”	Worth Access Trading Limited, a company incorporated in the British Virgin Islands, which is indirectly owned as to approximately 51.31% by the Chearavanont Shareholders on an aggregate basis

---

## LETTER FROM THE BOARD

---



# C.P. POKPHAND CO. LTD.

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

*Directors:*

Mr. Sumet Jiaravanon  
Mr. Dhanin Chearavanont  
Mr. Thanakorn Seriburi  
Mr. Meth Jiaravanont  
Mr. Anan Athigapanich  
Mr. Damrongdej Chalongphuntarat  
Mr. Robert Ping-Hsien Ho  
Mr. Bai Shanlin  
Mr. Soopakij Chearavanont  
Mr. Nopadol Chiaravanont  
Mr. Benjamin Jiaravanon  
Mr. Narong Chearavanont  
Mr. Kowit Wattana\*  
Mr. Sombat Deo-isres\*  
Mr. Ma Chiu Cheung, Andrew\*

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Principal office in Hong Kong:*

21st Floor  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

\* *Independent non-executive Directors*

29 June 2007

*To Shareholders*

Dear Sirs,

## CONTINUING CONNECTED TRANSACTIONS

### INTRODUCTION

Reference is made to the circular issued by the Company on 6 October 2006 with respect to the Approved CCT regarding (1) the supply by any CPP Subsidiaries to any CTEI Subsidiaries of packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and any other merchandise customarily sold in supermarkets; and (2) supply by any CPP Subsidiaries to SLS or any of its subsidiaries of similar merchandise. The Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement and the respective annual caps were approved by the independent shareholders of the Company at the Company's special general meeting held on 25 October 2006 and the Reorganized CTEI Supply Agreement was also approved by the independent shareholders of CTEI at CTEI's extraordinary general meeting held on 25 October 2006.

---

## LETTER FROM THE BOARD

---

As announced by CTEI on 17 May 2007, CTEI has on 17 May 2007 entered into the Acquisition Agreement in relation to the proposed acquisition by CTEI of the entire equity interests in SLS and the CTEI Disposal Agreement in relation to the proposed disposal by the CTEI Group of its interests in certain Stores. The announcement by CTEI also referred to the SLS Reorganization Agreement in relation to the proposed disposal by SLS of its interests in certain Stores.

In anticipation of SLS becoming a wholly-owned subsidiary of CTEI upon completion of the Acquisition Agreement, the Board announced that on 21 May 2007, the Company and CTEI have entered into the CTEI-CCT Agreement and, in anticipation of certain Stores now operated by the CTEI Group and SLS respectively becoming part of the CPH Group upon completion of the CTEI Disposal Agreement and the SLS Reorganization Agreement respectively and; the Company and CPH have entered into the CPH-CCT Agreement. The CTEI-CCT Agreement and the CPH-CCT Agreement will together replace the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement upon completion of the Acquisition and the Disposal. The Approved CCT will be replaced upon completion of the Acquisition and the Disposal and the approval by the Independent Shareholders of the CTEI-CCT Agreement and the CPH-CCT Agreement at the SGM (and approval by the independent shareholders of CTEI of the CTEI-CCT Agreement at the extraordinary general meeting of CTEI). If the aforesaid conditions under the CTEI-CCT Agreement and the CPH-CCT Agreement are not fulfilled, the Approved CCT under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement will continue.

The Chearavanont Shareholders, on an aggregate basis, are indirectly interested in approximately 51.43% of the issued share capital of the Company. The Chearavanont Shareholders, through CPG, a company in which they have a combined 51.31% shareholding interest, are interested in approximately 61.71% in aggregate of the issued share capital of CTEI. CPH is a wholly-owned subsidiary of CPG. Accordingly, both CTEI and CPH are treated as associates of the Chearavanont Shareholders and therefore are connected persons of the Company for the purposes of the Listing Rules.

As some of the relevant percentage ratios (under Rule 14.07 of the Listing Rules) for the annual caps of each of the CCT Agreements are more than 2.5%, the transactions contemplated under the CCT Agreements constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the CCT Agreements are fair and reasonable and in the interests of the Shareholders as a whole. The Chearavanont Shareholders and their respective associates (including CPI and Worth Access) are required to abstain from voting in respect of the proposed resolutions with respect to the CCT Agreements. In accordance with the requirements of the Listing Rules, the vote to be taken at the SGM with respect to these matters shall be conducted by poll.

The purpose of this circular is to provide you with information regarding the Continuing Connected Transactions, to set out the advice from Kingsway to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee in respect of the Continuing Connected Transactions and to give notice to the Independent Shareholders to convene the SGM to consider and, if thought fit, to approve the terms and the relevant annual caps under each of the Continuing Connected Transactions.



---

## LETTER FROM THE BOARD

---

### DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions comprise of the CTEI-CCT Agreement and the CPH-CCT Agreement.

**(1) CTEI-CCT AGREEMENT**

**(a) Date**

17 May 2007

**(b) Parties**

(i) CPP

(ii) CTEI

**(c) Subject matter**

Supply of packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and any other merchandise customarily sold in supermarkets which may be required by any of the CTEI Subsidiaries and which any of the CPP Subsidiaries may be able to supply in circumstances which are of commercial benefit to the CPP Group.

**(d) Price**

To be determined by reference to the prevailing market price and demand of the relevant merchandise in the PRC and no less favourable to the CPP Subsidiaries than those available to independent third parties.

**(e) Payment terms**

Credit terms of up to 60 days, or other generally accepted market terms from time to time. Payment for the purchases shall be made by telegraphic transfer, bank-issued bills payable within three months or other payment methods acceptable in the PRC.

**(f) Term**

The CTEI-CCT Agreement shall take effect from the date of completion of the Acquisition and the Disposal and shall continue until 31 December 2009. The CTEI-CCT Agreement will not take effect unless the completion of the Acquisition and the Disposal takes place. If the CTEI-CCT Agreement is not approved by the Independent Shareholders or the independent shareholders of CTEI or completion of the Acquisition or the Disposal does not take place, then the CTEI-CCT Agreement will not take effect.

---

## LETTER FROM THE BOARD

---

**(g) Annual caps**

The annual caps of the supply of the relevant merchandise by the CPP Subsidiaries to the CTEI Subsidiaries for the financial years ending 31 December 2007, 31 December 2008 and 31 December 2009 will not exceed the prorated portion of HK\$413.1 million representing the remaining part of the year ending 31 December 2007 from the date on which the CTEI-CCT Agreement becomes effective, HK\$454.4 million and HK\$499.8 million respectively.

The proposed annual caps for 2007 and 2008 for the transactions under the CTEI-CCT Agreement represent an apportionment of the annual caps of the Approved CCT as approved by the Company's independent shareholders at the Company's special general meeting held on 25 October 2006 in respect of those Stores which are expected to be operated by the CTEI Subsidiaries (including SLS and its subsidiaries) following completion of the Acquisition Agreement, and for 2009 represent a 10% increment to that of 2008.

Information on the individual annual caps for 2007 and 2008 under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement involving purchases by any of the CTEI Subsidiaries and SLS and its subsidiaries, is set out below:

<b>Circular Date</b>	<b>Agreement</b>	<b>Parties</b>	<b>Subject</b>	<b>Approved Annual Caps for 2007 (2008) (HK\$)</b>
6 October 2006	Reorganized CTEI Supply Agreement	(i) CPP (ii) CTEI	Packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and any other merchandise customarily sold in supermarkets	138.2 million (152.0 million)
6 October 2006	Reorganized Shanghai Lotus Supply Agreement	(i) CPP (ii) SLS	Packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and any other merchandise customarily sold in supermarkets	451.9 million (497.1 million)
Total:				590.1 million (649.1 million)

---

## LETTER FROM THE BOARD

---

**(2) CPH-CCT AGREEMENT**

**(a) Date**

17 May 2007

**(b) Parties**

(i) CPP

(ii) CPH

**(c) Subject matter**

Supply of packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and any other merchandise customarily sold in supermarkets which may be required by the CPH Group and which the CPP Subsidiaries may be able to supply in circumstances which are of commercial benefit to the CPP Group.

**(d) Price**

To be determined by reference to the prevailing market price and demand of the relevant merchandise in the PRC and no less favourable to the CPP Subsidiaries than those available to independent third parties.

**(e) Payment terms**

Credit terms of up to 60 days, or other generally accepted market terms from time to time. Payment for the purchases shall be made by telegraphic transfer, bank-issued bills payable within three months or other payment methods acceptable in the PRC.

**(f) Term**

The CPH-CCT Agreement shall take effect from the date of completion of the Acquisition and the Disposal and shall continue until 31 December 2009. The CPH-CCT Agreement will not take effect unless the completion of the Acquisition and the Disposal takes place. If the CPH-CCT Agreement is not approved by the Independent Shareholders or completion of the Acquisition or the Disposal does not take place, then the CPH-CCT Agreement will not take effect.

**(g) Annual caps**

The annual caps of the supply of the relevant merchandise by the CPP Group to the CPH Group for the financial years ending 31 December 2007, 31 December 2008 and 31 December 2009 will not exceed the prorated portion of HK\$177.0 million representing the remaining part of the year ending 31 December 2007 from the date on which the CPH-CCT Agreement becomes effective, HK\$194.7 million and HK\$214.2 million respectively.

---

## LETTER FROM THE BOARD

---

The proposed annual caps for 2007 and 2008 for the transactions under the CPH-CCT Agreement represent an apportionment of the annual caps of the Approved CCT as approved by the Company's independent shareholders at the Company's special general meeting held on 25 October 2006 in respect of those Stores which are expected to be operated by the CPH Group following completion of the CTEI Disposal Agreement and SLS Reorganization Agreement, and for 2009 represent a 10% increment to that of 2008.

### INFORMATION ON THE PARTIES

The CPP Group is principally engaged in the trading of agricultural products, feedmill and poultry operations, the manufacturing and sale of motorcycles and accessories of automobiles and property and investment holding.

CTEI is an investment holding company whose subsidiaries are engaged in the operation of hypermarket stores in the PRC.

CPH is an investment holding company and is wholly-owned by CPG, an investment holding vehicle of the Chearavanont family in which the Chearavanont Shareholders directly own in aggregate a majority 51.31% equity interest.

### REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

As SLS will become a wholly-owned subsidiary of CTEI upon completion of the Acquisition Agreement, the CTEI-CCT Agreement is entered into in order to effectively combine the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement with effect from such completion.

As CPH will upon completion of the CTEI Disposal Agreement and the SLS Reorganisation Agreement become the holding company of the CPH Stores which are now operated by the CTEI Group and by SLS, the Company has entered into the CPH-CCT Agreement with CPH in order to continue the supply of merchandise by the CPP Group to the CPH Stores following such completion.

The Directors (including the independent non-executive Directors after taking into account the advice from the independent financial adviser) consider the proposed terms of Continuing Connected Transactions under the CCT Agreements are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

### LISTING RULES IMPLICATIONS

The Chearavanont Shareholders, on an aggregate basis, are indirectly interested in approximately 51.43% of the issued share capital of the Company. The Chearavanont Shareholders, through CPG, a company in which they have a combined 51.31% shareholding interest, are interested in approximately 61.71% in aggregate of the issued share capital of CTEI. CPH is a wholly-owned subsidiary of CPG. Accordingly, both CTEI and CPH are treated as associates of the Chearavanont Shareholders and therefore are connected persons of the Company for the purposes of the Listing Rules.

---

## LETTER FROM THE BOARD

---

Taking into account the relevant percentage ratios (under Rule 14.07 of the Listing Rules) for the annual caps of each of the CCT Agreements is more than 2.5%, the transactions contemplated under the CCT Agreements constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the CCT Agreements are fair and reasonable and in the interests of the Shareholders as a whole. The Chearavanont Shareholders and their respective associates (including CPI and Worth Access) who, in aggregate, hold 1,486,108,445 shares in the Company and control and are entitled to exercise control over the voting right in respect of approximately 51.43% of the issued share capital of the Company are required to abstain from voting in respect of the proposed resolutions with respect to the CCT Agreements. In accordance with the requirements of the Listing Rules, the vote to be taken at the SGM with respect to these matters shall be conducted by poll.

### SGM AND PROXY ARRANGEMENT

A notice convening the SGM is set out on pages 27 to 29 of this circular. The SGM is being convened for the purpose of considering and, if thought fit, passing ordinary resolutions to approve the Continuing Connected Transactions and relevant annual caps. The Chearavanont Shareholders and their respective associates (including CPI and Worth Access) will abstain from voting at the SGM.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the form of proxy to CPP's Registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, at Room 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the SGM and voting in person should you so wish.

Pursuant to Bye-law 59 of CPP, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded (i) by the chairman of the meeting; or (ii) by at least three Shareholders present in person or by proxy and entitled to vote; or (iii) by any Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or (iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

As indicated above, the chairman of the SGM will demand that a poll be taken in respect of each of the ordinary resolutions to be proposed at the SGM for the approval of the terms and the relevant annual caps under each of the Continuing Connected Transactions.

---

## LETTER FROM THE BOARD

---

### RECOMMENDATION

The Independent Board Committee has been established to consider whether the terms and the relevant annual caps of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and Kingsway has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The text of the letter of Kingsway containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 20 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 13.

The Independent Board Committee, having taken into account the opinion of Kingsway, considers the terms and the relevant annual caps of the Continuing Connected Transactions to be fair and reasonable and are in the interest of CPP and the Shareholders as a whole and accordingly, recommends the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM.

### FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,  
By Order of the Board  
**Robert Ping-Hsien Ho**  
*Director*

---

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

---



**C.P. POKPHAND CO. LTD.**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

29 June 2007

*To the Independent Shareholders*

Dear Sir and Madam,

**CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 29 June 2007 issued to the Shareholders (the “Circular”) of which this letter forms part. Capitalized terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

As independent non-executive Directors who are independent of the parties to the Continuing Connected Transactions and not having any interest in the transactions contemplated under the Continuing Connected Transactions, we have been appointed by the Board to advise you as to whether, in our opinion, the terms and the relevant annual caps of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders as a whole are concerned.

Kingsway has been appointed by CPP as the independent financial adviser to advise us regarding the fairness and reasonableness of the terms and the relevant annual caps of the Continuing Connected Transactions. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such opinion, are set out on pages 14 to 20 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 5 to 12 of the Circular and the additional information set out in the appendix to the Circular.

Having taken into account the opinion of and the principal factors and reasons considered by Kingsway as stated in its letter of advice, we consider that the terms and the relevant annual caps of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of CPP and its Shareholders. We therefore recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Continuing Connected Transactions and the relevant annual caps to be proposed at the SGM.

Yours faithfully,

For and on behalf of  
the Independent Board Committee

**Kowit Wattana**  
*Independent Non-executive  
Director*

**Sombat Deo-isres**  
*Independent Non-executive  
Director*

**Ma Chiu Cheung, Andrew**  
*Independent Non-executive  
Director*

---

## LETTER FROM KINGSWAY

---

The following is the full text of a letter received from Kingsway setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms and relevant caps under the Continuing Connected Transactions for inclusion in this Circular.



5/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong.  
Tel. No: (852) 2877-1830 Fax. No.: (852) 2283-7722

29 June 2007

*To the Independent Board Committee and the Independent Shareholders of  
C.P. Pokphand Co. Ltd.*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms and the relevant caps under the Continuing Connected Transactions. Details of the Continuing Connected Transactions are set out in a circular (the “**Circular**”) of C.P. Pokphand Co. Ltd. to the Shareholders dated 29 June 2007, of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the announcement of CTEI on 17 May 2007. On 17 May 2007, CTEI entered into (i) the Acquisition Agreement in relation to the proposed acquisition by CTEI of the entire equity interests in SLS; and (ii) the CTEI Disposal Agreement in relation to the proposed disposal by the CTEI Group of its interests in certain CPH Stores to the CPH Group. On the same day, SLS entered into the SLS Reorganization Agreement in relation to the proposed disposal by SLS of its interests in certain CPH Stores to the CPH Group.

CPP announced on 21 May 2007 that in anticipation of SLS becoming a wholly-owned subsidiary of CTEI upon completion of the Acquisition, CPP and CTEI have entered into the CTEI-CCT Agreement on 17 May 2007. In anticipation of the CPH Stores now owned and operated by the CTEI Group and SLS respectively becoming part of the CPH Group upon completion of the Disposal, CPP and CPH have also entered into the CPH-CCT Agreement on the same day in order to maintain continuous supply of relevant merchandises to the CPH Stores. The CCT Agreements, comprising the CTEI-CCT Agreement and the CPH-CCT Agreement, will together replace the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement (the “**Reorganized Agreements**”) upon completion of the Acquisition and the Disposal. Hence, the Approved CCT will be replaced upon completion of the Acquisition and the



---

## LETTER FROM KINGSWAY

---

Disposal and the approval by the Independent Shareholders of the Continuing Connected Transactions and the respective caps at the SGM (and approval by the independent shareholders of CTEI of the CTEI-CCT Agreement at the extraordinary general meeting of CTEI). If the aforesaid conditions under the CCT Agreements are not fulfilled, the Approved CCT under the Reorganized Agreements will continue.

The Chearavanont Shareholders, on an aggregate basis, are indirectly interested in approximately 51.43% of the issued share capital of CPP. The Chearavanont Shareholders, through CPG, a company in which they have a combined 51.31% shareholding interest, are interested in approximately 61.71% in aggregate of the issued share capital of CTEI. CPH is a wholly-owned subsidiary of CPG. Accordingly, both CTEI and CPH are treated as associates of the Chearavanont Shareholders and therefore are connected persons of CPP for the purposes of the Listing Rules.

As some of the relevant percentage ratios (under Rule 14.07 of the Listing Rules) for the relevant caps under each of the CCT Agreements are more than 2.5%, the transactions contemplated under the CCT Agreements constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules. In accordance with the requirements of the Listing Rules, the vote to be taken at the SGM with respect to the CCT Agreements and the relevant caps shall be conducted by poll. The Chearavanont Shareholders and their respective associates are required to abstain from voting in respect of the relevant resolutions.

The Independent Board Committee, comprising Mr. Kowit Wattana, Mr. Sombat Deo-isres and Mr. Ma Chiu Cheung, Andrew, all being independent non-executive Directors and not having interest in the CCT Agreements, has been established to advise the Independent Shareholders as to whether the terms and respective caps under the Continuing Connected Transactions are fair and reasonable and are in the interests of the Shareholders and the Company as a whole. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms and relevant caps under the Continuing Connected Transactions, we have relied on the information and representations provided to us by the Directors, which the Directors consider to be complete and relevant.

We have also relied on the information and representations contained in the Circular and have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate on the date of the Circular. We have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view and have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have been advised by the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

---

## LETTER FROM KINGSWAY

---

We have not, however, carried out any independent verification of the information provided by the management of the Company and the Directors, nor have we conducted any independent investigation into the business and affairs of the CPP Group, the CTEI Group, SLS and the CPH Group or any of their respective subsidiaries or associates.

### **PRINCIPAL REASONS AND FACTORS CONSIDERED**

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the terms and relevant caps under the Continuing Connected Transactions, we have considered the following principal reasons and factors:

#### **(i) Background to and reasons for the CCT Agreements**

The CPP Group is principally engaged in the trading of agricultural products, feed mill and poultry operations, the manufacturing and sale of motorcycles and accessories of automotives and property and investment holding. As set out in the 2006 annual report of CPP, the food integration business relating to supply of merchandises, was the second largest business of the CPP Group in terms of turnover and contributed to about 27.7% of the consolidated total turnover of the CPP Group for the year ended 31 December 2006.

The CPP Group has established long-term business relationship with the CTEI Group and SLS. The CTEI Group and SLS are principally engaged in the operation of hypermarket stores in the PRC and, as advised by the Directors, have been procuring relevant merchandises from the CPP Group since the second half of 2003. The supply of relevant merchandises to the CTEI Group and SLS on an on-going basis, together with the annual caps for the 2 years ending 31 December 2008, under the Reorganized Agreements, were previously approved by the Independent Shareholders at the special general meeting of CPP held on 25 October 2006.

As set out in the Letter from the Board in the Circular, CTEI entered into the Acquisition Agreement with SLS on 17 May 2007 pursuant to which CTEI conditionally agreed to acquire SLS. Upon completion of the Acquisition, SLS will become a wholly-owned subsidiary of CTEI. As advised by the Directors, in anticipation of the reorganization of the CTEI Group and SLS and as requested by CTEI, CPP entered into the CTEI-CCT Agreement with CTEI on 17 May 2007 regarding its on-going supply of relevant merchandises to the CTEI Group.

Further, CTEI and SLS conditionally agreed to dispose their interest in the CPH Stores to CPH under the CTEI Disposal Agreement and the SLS Reorganization Agreement dated 17 May 2007 respectively. Upon completion of the Disposal, the CPH Stores will continue to source relevant merchandises from the CPP Group on an on-going basis. Hence, CPP entered into the CPH-CCT Agreement with CPH on 17 May 2007 regarding its on-going supply of relevant merchandises to the CPH Group.

The Directors consider that the CCT Agreements were entered into in the ordinary and usual course of business of the CPP Group and hence, are of the view that the CCT Agreements enable the CPP Group to continue to secure purchases from (i) the CTEI Group which have extensive retail network in the PRC upon completion of the Acquisition; and (ii) the CPH Group upon completion of the Disposal.

---

## LETTER FROM KINGSWAY

---

Having considered that (i) the entering into of the CCT Agreements are in line with the principal business of the CPP Group; (ii) the CPP Group has established long-term business relationship with the CTEI Group and SLS; (iii) the Reorganized Agreements have been previously approved by the Independent Shareholders; (iv) the entering into of the CCT Agreements to replace the Reorganized Agreements were due to the reorganization of the CTEI Group; (v) the CCT Agreements allow the CPP Group to supply merchandises to the CTEI Group and the CPH Group on an on-going basis; and (vi) the CCT Agreements, as confirmed by the Directors, are to be entered into on a non-exclusive basis, which means that the CPP Group has the flexibility to supply relevant merchandises to other customers, we are of the view that the entering into of the CCT Agreements enables the CPP Group to maintain and establish business relationship with the CTEI Group and the CPH Group respectively and is in the interest of the CPP Group and the Shareholders.

### **(ii) Principal terms of the CCT Agreements**

As set out in the Letter from the Board of the Circular, the price of the relevant merchandises to be supplied under the CCT Agreements will be determined by reference to the prevailing market price and the demand of the relevant merchandises in the PRC and no less favourable to the CPP Group than those available to independent third parties. In addition, the credit terms to be offered by CPP under the CCT Agreements will be up to 60 days.

We have reviewed the Reorganized Agreements, the CCT Agreements and samples of contracts of similar transactions entered into between the CPP Group and independent third parties in 2006 and 2007, and we noted that the price of the relevant merchandises under the Reorganized Agreements, the CCT Agreements and the comparable contracts had not yet determined. The Directors confirm that price of relevant merchandise would be fixed by reference to the prevailing market price and demand of such merchandise at the time the actual orders were placed. The Directors further confirm that the transactions under the CCT Agreements will follow the same pricing principle and there will be no material difference between the selling price of similar products offered to the CTEI Group, the CPH Group and independent third parties.

We also noted that the credit terms offered by the CPP Group to the CTEI Group and SLS and independent customers varied in the sample contracts that we reviewed. As stated in those contracts, the credit terms offered to the CTEI Group and SLS are up to 45 days while that offered to independent customers are up to 60 days. The Directors confirm that the actual credit terms offered by the CPP Group to its customers, whether independent or not, were determined on a case-by-case basis and principally by reference to the general practice of the CPP Group according to the types of merchandise, and the track record of creditability of the relevant customers. The Directors confirm that the actual credit terms of transactions under the CCT Agreements will follow this principle.

Further, as confirmed by the Directors, the CPP Group will not be obliged to supply merchandises to the CTEI Group or the CPH Group if the CPP Group does not agree on the prices of the relevant merchandises or the credit terms when actual orders are placed.

The Directors consider that the terms of the CCT Agreements are on normal commercial terms, fair and reasonable and in the interest of the CPP Group and the Shareholders as a whole.

## LETTER FROM KINGSWAY

Taking into account (i) the aforesaid terms of the CCT Agreements; (ii) the terms of those sample contracts of the CPP Group with independent third parties in respect of similar transactions; and (iii) the actual price and credit terms of transactions under the CCT Agreements, as confirmed by the Directors, will be fixed according to the relevant principles as stated above, we are of the view that the CTEI Group, the CPH Group and independent customers will be treated fairly on the pricing and credit terms to be offered by the CPP Group, and therefore the terms of the CCT Agreements are fair and reasonable so far as the Independent Shareholders are concerned.

### (iii) Proposed caps under the CCT Agreements

In compliance with the Listing Rules, relevant caps are proposed to each of the CCT Agreements. Set out below are the breakdown of (i) the previously approved caps under each of the Reorganized Agreements for the two years ending 31 December 2008 (the “Existing Caps”); and (ii) the proposed caps for the remaining part of the year ending 31 December 2007 from the date on which the CCT Agreements become effective and for the two years ending 31 December 2009 under each of the CCT Agreements (the “Proposed Caps”):

	Existing Caps			Proposed Caps				
	2007	2008		2007*	%	2008	%	2009
	<i>HK\$ million</i>	<i>HK\$ million</i>		<i>HK\$ million</i>		<i>HK\$ million</i>		<i>HK\$ million</i>
<b>The Reorganized Agreements</b>			<b>The CCT Agreements</b>					
<b>Reorganized CTEI Supply Agreement</b>	138.2	152.0	<b>CTEI-CCT Agreement</b>	413.1	70%	454.4	70%	499.8
<b>Reorganized Shanghai Lotus Supply Agreement</b>	451.9	497.1	<b>CPH-CCT Agreement</b>	177.0	30%	194.7	30%	214.2
<b>Total</b>	<b>590.1</b>	<b>649.1</b>	<b>Total</b>	<b>590.1</b>	<b>100%</b>	<b>649.1</b>	<b>100%</b>	<b>714.0</b>

\* As stated in the Letter from the Board of the Circular, the Proposed Cap for 2007 under the CTEI-CCT Agreement and the CPH-CCT Agreement represents the prorated portion of HK\$413.1 million and HK\$177.0 million respectively from the date on which the respective agreement become effective.

As set out in the Letter from the Board of the Circular and illustrated in the table above, the aggregate annual amount for 2007 under the CCT Agreements of HK\$590.1 million, based on which the Proposed Cap for 2007 is calculated, equals to the aggregate Existing Cap for 2007. In other words, the aggregate Proposed Cap for 2007 equals to the prorated portion of the aggregate Existing Cap for 2007 from the date on which the CCT Agreements become effective. The aggregate Proposed Cap for 2008 of HK\$649.1 million equals to the aggregate Existing Cap for 2008.

---

## LETTER FROM KINGSWAY

---

The Directors advised that, as at the Latest Practicable Date, they have not perceived any factor which would likely lead to material adjustment in their estimation of the total transaction amount of, and the Existing Caps for, 2007 and 2008 under the Reorganized Agreements. Hence, the Directors consider it appropriate to apply the aforesaid prorated portion of the aggregate Existing Cap for 2007 as the aggregate Proposed Cap for 2007, and the aggregate Existing Cap for 2008 as the aggregate Proposed Cap for 2008.

Interest in the CPH Stores will be disposed by the CTEI Group and SLS to CPH under the Disposal. As shown in the table above, the Proposed Caps for 2007 and 2008 for transactions under the CPH-CCT Agreement will not exceed the prorated portion of HK\$177.0 million from the date on which the CPH-CCT Agreement becomes effective and not exceed HK\$194.7 million, representing about 30% of the aforesaid prorated portion of the aggregate Existing Cap for 2007 and about 30% of the aggregate Existing Cap for 2008 respectively. The Proposed Caps for 2007 and 2008 for transactions under the CTEI-CCT Agreement will not exceed the prorated portion of HK\$413.1 million from the date on which the CTEI-CCT Agreement becomes effective and not exceed HK\$454.4 million, representing about 70% of the aforesaid prorated portion of the aggregate Existing Cap for 2007 and about 70% of the aggregate Existing Cap for 2008 respectively.

We have discussed with the management of the CPP Group on the basis of allocation of the Existing Caps among the CTEI-CCT Agreement and the CPH-CCT Agreement as their respective Proposed Caps. As advised by the management, the allocation is determined based on the percentage of sales and cost of goods sold attributable to the CPH Stores in 2006, being approximately 29.3% and 30% respectively, over the aggregate sales and aggregate cost of goods sold respectively of the Stores and the CPH Stores as a whole in 2006. As such, the Directors considered it fair and reasonable to reallocate a cap amount equivalent to 30% of the aforesaid prorated portion of the aggregate Existing Cap for 2007 and 30% of the aggregate Existing Cap for 2008 respectively from the transactions under the Reorganized Agreements to those under the CPH-CCT Agreement, and the remaining 70% of the aforesaid prorated portion of the aggregate Existing Cap for 2007 and the remaining 70% of the aggregate Existing Cap for 2008 respectively to those under the CTEI-CCT Agreement, as the Proposed Caps for 2007 and 2008.

Further, the Proposed Caps for 2009 regarding transactions under the CTEI-CCT Agreement and CPH-CCT Agreement will not exceed HK\$499.8 million and HK\$214.2 million respectively, representing a 10% increment to the respective Proposal Caps for 2008. As advised by the Directors, the 10% increment is determined based on (1) recent general inflation rate in the PRC; (2) the anticipated appreciation of RMB against HKD; and (3) possible increase in sales of the CPP Group with the CTEI Group and the CPH Group in future.

Pursuant to the consumer prices index as announced by the National Bureau of Statistics of China in June 2007, the year-on-year increase of price of foodstuff in the PRC in May 2007 was 8.3% as compared to the index in May 2006. Further, according to Bloomberg, RMB surged to above the 1:1 level against HKD in January 2007 and maintains at above that level at most of the time since then.

Taking into account that (i) the Proposed Caps for 2007 and 2008 are determined based on the Existing Caps for 2007 and 2008 as previously approved; (ii) the reallocation of the Existing Caps for 2007 and 2008 among the transactions under the CCT Agreements as a result of the Acquisition and the Disposal are determined based on the historical percentage breakdown of sales and cost of goods sold

---

## LETTER FROM KINGSWAY

---

among the Stores and the CPH Stores in 2006; (iii) the 10% annual growth rate as represented by the Proposed Caps for 2009 over the respective Proposed Caps for 2008 provides flexibility for possible increases in price resulting from the general inflation rate in the PRC, anticipated appreciation of RMB against HKD and possible growth in sales to the Stores and the CPH Stores, we consider that the basis for determining the Proposed Caps is reasonable.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms and the relevant caps under the Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of CPP and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolutions to be proposed at the SGM to approve the CCT Agreements and the relevant caps.

Yours faithfully,  
For and on behalf of  
**Kingsway Capital Limited**  
**Chu Tat Hoi**  
*Executive Director*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to CPP. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of CPP in shares, underlying shares or debentures of CPP or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to CPP and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by CPP under Section 352 of the SFO or as otherwise notified to CPP and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

**(i) Long position in shares or underlying shares of CPP**

Name of Director	Number of Shares held, capacity and nature of interest		Total number of Shares in CPP	Approximate percentage of issued share capital of CPP (%)
	Beneficially owned	Through controlled corporation		
Mr. Sumet Jiaravanon	1,004,014,695	–	1,004,014,695	34.74

## (ii) Directors' interests in share options granted by CPP

Pursuant to the old share option scheme (the "Old Scheme") adopted on 10 April 1992 which expired on 10 April 2002 and the existing share option scheme (the "Existing Scheme") adopted by CPP on 26 November 2002, certain Directors were granted share options. As at the Latest Practicable Date, the interests of the Directors in options to subscribe for shares in the capital of CPP under the Old Scheme and the Existing Scheme were as follows:

Name of Directors	Date of grant	Number of shares issuable upon exercise of options held as at Latest Practicable Date	Price per share to be paid on exercise of options <i>HK\$</i>	Approximate percentage of shareholding <i>(%)</i>
Mr. Sumet Jiaravanon	26 February 2003	12,800,000	0.3900	0.4429
	3 May 2004	12,800,000	0.3900	0.4429
	19 May 2005	12,000,000	0.3540	0.4153
Mr. Dhanin Chearavanont	26 February 2003	12,800,000	0.3900	0.4429
	3 May 2004	12,800,000	0.3900	0.4429
	19 May 2005	12,000,000	0.3540	0.4153
Mr. Thanakorn Seriburi	10 August 1998	17,500,000	0.3875	0.6056
	26 February 2003	21,584,807	0.3900	0.7469
	3 May 2004	20,000,000	0.3900	0.6921
	19 May 2005	21,000,000	0.3540	0.7267
Mr. Meth Jiaravanont	19 May 2005	21,000,000	0.3540	0.7267
Mr. Robert Ping-Hsien Ho	26 February 2003	21,584,807	0.3900	0.7469
	3 May 2004	20,000,000	0.3900	0.6921
	19 May 2005	21,000,000	0.3540	0.7267

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of CPP had any interest or short position in shares, underlying shares or debentures of CPP or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to CPP and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he is taken or deemed to have under such provisions of the SFO), recorded in the register required to be kept by CPP under Section 352 of the SFO or as otherwise notified to CPP and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.



**SUBSTANTIAL SHAREHOLDERS AND PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER THE SFO**

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of CPP) had the following interests or short positions in shares or underlying shares of CPP which would fall to be disclosed to CPP under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the CPP Group.

<b>Name of Shareholder</b>	<b>Capacity/Nature of interest</b>	<i>Notes</i>	<b>Number of shares of CPP</b> <i>Note 1</i>	<b>Approximate percentage of issued share capital of CPP</b> <i>(%)</i>
Krung Thai Bank Public Company Limited	Person having a security interest in shares	2	1,004,014,695 (L)	34.74
CPI	Beneficial owner	3	1,004,014,695 (L and S)	34.74
C.P. Intertrade Co., Ltd.	Interest of a controlled corporation	3	1,004,014,695 (L and S)	34.74
Worth Access	Beneficial owner	4	1,059,190,000 (L)	30.54
Charoen Pokphand Holding Company Limited	Interest of a controlled corporation	4	1,059,190,000 (L)	30.54
CPG	Interest of a controlled corporation	4	1,059,190,000 (L)	30.54

*Notes:*

1. The letter "L" denotes a long position whilst the letter "S" denotes a short position.
2. 1,004,014,695 shares were held by Krung Thai Bank Public Company Limited as security.
3. CPI beneficially owned 1,004,014,695 shares. It also has a short position in 1,004,014,695 shares as the said shares have been pledged as security to Krung Thai Bank Public Company Limited. C.P. Intertrade Co., Ltd. has declared an interest in these shares by virtue of its shareholding in CPI.
4. Worth Access has a long position in 1,059,190,000 shares (including 481,250,000 shares and the subscription rights of 577,940,000 shares attached to the warrants). Charoen Pokphand Holding Company Limited has declared an interest in these same 1,059,190,000 shares by virtue of its shareholding in Worth Access whilst CPG has also declared an interest in such number of shares by virtue of its shareholding in Charoen Pokphand Holding Company Limited.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (not being a Director or chief executive of CPP) had an interest or a short position in shares or underlying shares of CPP which would fall to be disclosed to CPP under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the CPP Group.

### **COMPETING INTERESTS**

As at the Latest Practicable Date, the Directors were not aware that any of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the CPP Group which falls to be disclosed under the Listing Rules.

### **SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or proposed Directors has entered into any existing or proposed service contracts with the Company or any other member of the CPP Group save for those expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

### **LITIGATION**

Neither CPP nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against CPP or any of its subsidiaries.

### **MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading positions of the CPP Group since 31 December 2006 (the date to which the latest published audited consolidated accounts of the CPP Group were made up).

### **QUALIFICATION AND CONSENT OF EXPERT**

The following are the qualifications of the expert (the "Expert") who has given its letter for the inclusion in this circular:

<b>Name</b>	<b>Qualifications</b>	<b>Nature of opinion or advice</b>	<b>Date of opinion</b>
Kingsway	A licensed corporation under the SFO permitted to carry out Type 6 regulated activities (as defined under the SFO)	Letter to the Independent Board Committee and the Independent Shareholders	29 June 2007

The Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Expert did not have any shareholding in the Company or any other member of the CPP Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the CPP Group.

**GENERAL**

- (a) No Director is materially interested in any contract or arrangement subsisting at the date hereof which is significant to the business of the CPP Group taken as a whole.
- (b) Since 31 December 2006, the date to which the latest published audited consolidated accounts of the CPP Group have been made up, none of Kingsway or any of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the CPP Group.
- (c) As at the Latest Practicable Date, Kingsway was not interested in any shares in CPP or any of its subsidiaries or any rights or option to subscribe for or nominate persons to subscribe for any shares in CPP or any of its subsidiaries.
- (d) The qualified accountant of CPP is Ms. Wong Pui Shan, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (e) The secretary of CPP is Ms. Chan Pui Shan, Bessie. She is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (f) The branch share registrars of CPP in Hong Kong is Computershare Hong Kong Investor Services Limited, at Room 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (g) The English text of this circular shall prevail over the Chinese text.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business in Hong Kong of CPP at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong up to and including 25 July 2007:

- (1) CTEI-CCT Agreement;
- (2) CPH-CCT Agreement;
- (3) the letter from the Independent Board Committee, the text of which is set out on page 13 of this circular;
- (4) the letter from Kingsway, the text of which is set out on pages 14 to 20 of this circular; and
- (5) the written consent from Kingsway referred to in paragraph headed “Qualification and Consent of Expert” in this Appendix.

---

## NOTICE OF SGM

---



# C.P. POKPHAND CO. LTD.

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

**NOTICE IS HEREBY GIVEN** that a special general meeting of C.P. Pokphand Co. Ltd. (the “Company”) will be held at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Wednesday, 25 July 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions of the Company:-

### ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the agreement (the “CTEI-CCT Agreement”) dated 17 May 2007 entered into between the Company and Chia Tai Enterprises International Limited (“CTEI”), a copy of which marked “A” is tabled at the meeting and initialed by the chairman of the meeting for identification purpose, in relation to the supply on an ongoing basis of packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and other merchandise customarily sold in supermarkets which may be required by any of the subsidiaries of CTEI and which the respective subsidiaries of the Company may be able to supply in circumstances which are of commercial benefit to the Company and its subsidiaries, and the terms of and the transactions contemplated under the CTEI-CCT Agreement and the implementation thereof, be and are hereby approved, ratified and confirmed;
- (b) the proposed caps in relation to the transactions under the CTEI-CCT Agreement for the financial year ending 31 December 2007, 31 December 2008 and 31 December 2009 respectively will not exceed the prorated portion of HK\$413.1 million representing the remaining part of the year ending 31 December 2007 from the date on which the CTEI-CCT Agreement becomes effective, HK\$454.4 million and HK\$499.8 million respectively be and are hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things as may be deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated under the CTEI-CCT Agreement.”

---

## NOTICE OF SGM

---

2. **“THAT:**

- (a) the agreement (the “CPH-CCT Agreement”) dated 17 May 2007 entered into between the Company and C.P. Holding (BVI) Investment Company Limited (“CPH”), a copy of which marked “B” is tabled at the meeting and initialed by the chairman of the meeting for identification purpose, in relation to the supply on an ongoing basis of packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and other merchandise customarily sold in supermarkets which may be required by CPH or any of its subsidiaries and which the respective subsidiaries of the Company may be able to supply in circumstances which are of commercial benefit to the Company and its subsidiaries, and the terms of and the transactions contemplated under the CPH-CCT Agreement and the implementation thereof, be and are hereby approved, ratified and confirmed;
- (b) the proposed caps in relation to the transactions under the CPH-CCT Agreement for the financial year ending 31 December 2007, 31 December 2008 and 31 December 2009 respectively will not exceed the prorated portion of HK\$177.0 million representing the remaining part of the year ending 31 December 2007 from the date on which the CPH-CCT Agreement becomes effective, HK\$194.7 million and HK\$214.2 million respectively be and are hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things as may be deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated under the CPH-CCT Agreement.”

By order of the Board  
**Chan Pui Shan, Bessie**  
*Company Secretary*

Hong Kong, 29 June 2007

*Notes:*

- 1. A form of proxy for use at the meeting is being despatched to the shareholders of the Company together with a copy of this notice.
- 2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
- 3. Any shareholder entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.

---

## NOTICE OF SGM

---

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's Registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, at Room 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. Pursuant to the existing Bye-law 59 of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded (i) by the chairman of the meeting; or (ii) by at least three shareholders of the Company present in person or by proxy and entitled to vote; or (iii) by any shareholder or shareholders of the Company present in person (or in the case of a shareholder of the Company being a corporation, by its duly authorized representative) or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all shareholders of the Company having the right to attend and vote at the meeting; or (iv) by a shareholder or shareholders of the Company present in person (or in the case of a shareholder of the Company being a corporation, by its duly authorized representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.
8. The votes to be taken at the meeting will be by way of a poll.