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C.P. POKPHAND CO. LTD.

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

CONNECTED AND DISCLOSEABLE TRANSACTION

Disposal of the entire issued share capital of Ek Chor Distribution (Shenyang) Property Company Limited

The board of Directors announces that on 7 September 2006, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement whereby the Vendor has conditionally agreed to sell the entire issued share capital of Ek Chor to the Purchaser at the consideration of RMB82,000,000 (approximately HK\$79,540,000). The Vendor is an investment holding company and is presently beneficially interested in the entire issued share capital of Ek Chor. Upon completion of the Disposal, the Group will not have any interest in Ek Chor.

The Chearavanont Shareholders, on an aggregate basis, are indirectly interested in approximately 51.43% of the issued share capital of the Company.

The Purchaser, an investment holding company, is indirectly wholly-owned by Charoen Pokphand Group Company Limited, which is owned as to 51.31% by the Chearavanont Shareholders, the controlling shareholders of the Company. Hence, the Purchaser is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Rules 14A.18, 14A.45 to 14A.54 of the Listing Rules. The Disposal also constitutes a discloseable transaction for the Company under the Listing Rules.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement.

A special general meeting will be convened by the Company for the purpose of, among others, seeking the approval from its Independent Shareholders of the Disposal. The Chearavanont Shareholders and their respective associates will abstain from voting at the special general meeting of the Company in respect of the resolution regarding the Disposal.

A circular containing particulars of the Agreement, a letter from the Independent Board Committee to the Independent Shareholders, a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a notice to convene the special general meeting will be dispatched to the shareholders of the Company as soon as practicable.

A. THE AGREEMENT

Date: 7 September 2006

Parties:

- (i) the Vendor (a wholly-owned subsidiary of the Company); and
- (ii) the Purchaser (a company which is indirectly wholly-owned by Charoen Pokphand Group Company Limited, which is owned as to 51.31% by the Chearavanont Shareholders, the controlling shareholders of the Company).

Assets to be sold:

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of Ek Chor, the sole asset of which is the property located at No. 36 Shenxin Dong Road, Tiexi District, Shenyang, Liaoning Province, the PRC.

Consideration

The consideration for the Disposal is RMB82,000,000 (equivalent to approximately HK\$79,540,000), which shall be payable in one lump sum by the Purchaser to the Vendor on Completion. According to the terms of the Agreement, the consideration may be satisfied by the Purchaser in RMB, HK\$ or a combination of both at the agreed exchange rate of RMB1 for HK\$0.9709.

The consideration for the Disposal was determined by commercial negotiations between the parties on an arm's length basis by reference to the current open market value of the PRC Property of RMB81,134,000 (approximately HK\$78,700,000) as stated in the valuation report dated 31 July 2006 based on open market value prepared by Castores Magi (Hong Kong) Limited (a professional valuer recognized by the Hong Kong Institute of Surveyors), an independent valuer not connected with the directors, chief executives or substantial shareholders of the Company or any of their subsidiaries or any of their respective associates (as defined in the Listing Rules). The consideration for the Disposal represents a premium of approximately 1.1% over the appraised value of the PRC Property of RMB81,134,000 (approximately HK\$78,700,000) as stated in the valuation report dated 31 July 2006.

Ek Chor has been accounted for in the Group's financial results as a wholly-owned subsidiary of the Company. Upon completion of the Disposal, the Group will not have any interest in Ek Chor.

Condition

Completion of the Agreement is conditional upon the following conditions being fulfilled:

- (i) the passing by the Independent Shareholders of the necessary resolution to approve the Disposal and the transactions contemplated in the Agreement in accordance with the Listing Rules;
- (ii) all approvals, consents and waivers required by any applicable law, rules, regulations or governmental, administrative or regulatory bodies necessary for the parties to consummate the Disposal and the transactions contemplated or incidental to the Agreement having been obtained;
- (iii) the Vendor having performed the covenants and undertakings required to be performed by it under the Agreement on or before the date of Completion; and
- (iv) the Vendor having provided to the Purchaser a valuation report in respect of the PRC Property conducted by an independent valuer containing a valuation of the PRC Property valued as at a date which must not be more than two months before the date of the Agreement.

In the event that the above conditions are not fulfilled or (in the case of any of the conditions set out in (iii) or (iv) above only) waived by the Purchaser in writing on or before 30 November 2006 (or such later date as may be agreed between the parties to the Disposal), the Agreement shall lapse.

Completion

Completion of the Agreement shall take place on the fifth Business Day after the fulfillment of the above conditions, or such later date as the relevant parties may agree in writing prior to completion. Completion of the Agreement is expected to take place no later than 30 November 2006.

Information on Ek Chor and the PRC Property

Ek Chor is principally engaged in the business of property investment and owns a property located at No. 36 Shenxin Dong Road, Tiexi District, Shenyang, Liaoning Province, the PRC. The PRC Property has an area of 37,839 square meters. On 2 June 1995, Ek Chor obtained the Certificate for the Use of State-owned Land in respect of the PRC Property for a term of 40 years which is due to expire in June 2035. The original cost of the PRC Property to Ek Chor was RMB174,059,446 (approximately HK\$160,541,459, based on the average exchange rates at the time of acquisition). The specified use of the PRC Property is for commercial use.

The table below sets out certain audited financial information on Ek Chor (based on the audited accounts of Ek Chor prepared in accordance with the accounting principles generally accepted in Hong Kong) for the two years ended 31 December 2005:

| | Year ended 31 December 2005 HK\$'000 | Year ended 31 December 2004 HK\$'000 |
|--|---|--|
| Turnover | – | – |
| Loss before taxation and extraordinary items | 4,666 | 4,638 |
| Taxation | – | – |
| Loss after taxation and extraordinary items | 4,666 | 4,638 |
| Net deficit | 168,525 | 163,859 |

B. REASONS FOR THE DISPOSAL

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

The PRC Property comprises the whole block of a 6-storey commercial building and has been left vacant since acquisition by Ek Chor in 1995. At the time of acquisition, the Group had been engaged in the retail business and planned to extend its business by operating a shopping mall in Shenyang. Since the gradual closure of its loss making hypermarkets in Hong Kong in 1997, the Group ceased to engage in the retail business. As there was no other suitable development project for the PRC Property, it has been kept vacant since acquisition. The Disposal is an invaluable opportunity for the Group to streamline its internal resources and to focus on the Group's existing principal businesses.

After deducting the expenses comprising potential capital gain tax (if any), stamp duty and professional fees, the net proceeds of the Disposal of approximately RMB81 million (approximately HK\$79 million) will be used to repay the Group's bank borrowings. Based on the net asset value of Ek Chor as at 31 July 2006 after making an adjustment on the value of the PRC Property to RMB81,134,000 (approximately HK\$78,700,000) as stated in the valuation report of Castores Magi (Hong Kong) Limited mentioned above and the net proceeds from the Disposal, the Group expects to record in its account a gain of approximately HK\$306,500 arising from the Disposal.

Taking into account the abovementioned factors, the Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the shareholders of the Company as a whole.

C. 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 Purchaser, an investment holding company, is indirectly wholly-owned by Charoen Pokphand Group Company Limited, which is owned as to 51.31% by the Chearavanont Shareholders, the controlling shareholders of the Company. Hence, the Purchaser is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Rules 14A.18, 14A.45 to 14A.54 of the Listing Rules. The Disposal also constitutes a discloseable transaction for the Company under the Listing Rules.

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A circular containing particulars of the Agreement, a letter from the Independent Board Committee to the Independent Shareholders, a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a notice to convene the special general meeting will be dispatched to the shareholders of the Company as soon as practicable.

Definitions

| | |
|-------------------------------|--|
| “Agreement” | the agreement dated 7 September 2006 entered into between the Vendor and the Purchaser in respect of the Disposal |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “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 |
| “Company” | C.P. Pokphand Co. Ltd., an exempted company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Disposal in accordance with the terms and conditions of the Agreement |
| “Directors” | the directors of the Company |
| “Disposal” | the disposal by the Vendor to the Purchaser of the entire issued share capital in Ek Chor pursuant to the terms of the Agreement |
| “Ek Chor” | Ek Chor Distribution (Shenyang) Property Company Limited (易初配銷(瀋陽)物業有限公司), a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People's Republic of China |
| “Independent Board Committee” | the board committee appointed by the board of directors of the Company, comprising the independent non-executive Directors, to advise the Independent Shareholders in relation to the Agreement |
| “Independent Shareholders” | the shareholders of the Company, other than the Chearavanont Shareholders and their respective associates |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan) |
| “PRC Property” | the property with an area of 37,839 square metre and located at No. 36 Shenxin Dong Road, Tiexi District, Shenyang, Liaoning Province, the PRC |
| “Purchaser” | Excel Prominent Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

“Vendor” C. T. Progressive (Investment) Ltd., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent

For the purpose of this announcement (unless the context otherwise stated), the following exchange rate has been used for the conversion of Renminbi into Hong Kong dollars for indication only:

RMB1 = HK\$0.97

By Order of the Board
Robert Ping-Hsien Ho
Director

Hong Kong, 7 September 2006

As at the date of this announcement, the board of Directors comprises twelve executive Directors, namely 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 and Mr. Narong Chearavanont and three independent non-executive Directors, namely Mr. Kowit Wattana, Mr. Sombat Deo-isres and Mr. Ma Chiu Cheung, Andrew.

Please also refer to the published version of this announcement in The Standard.