
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.

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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 15 and pages 16 to 22 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 October 2006 at 9:30 a.m., is set out on pages 29 to 31 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.

6 October 2006

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DEFINITIONS

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

“Approved Continuing Connected Transaction Agreements”	the CTEI Continuing Connected Transaction Agreements, the Shanghai Lotus Continuing Connected Transaction Agreements and the New Continuing Connected Transaction Agreements
“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)
“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 CPP
“connected person”	has the meaning ascribed to it under the Listing Rules
“CPI”	CPI Holding Co., Ltd., a company incorporated in the British Virgin Islands, which is owned as to approximately 51.31% by the Chearavanont Shareholders on an aggregate 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
“CPP Subsidiaries”	the subsidiaries of CPP
“C.P. Seven Eleven”	C.P. Seven Eleven Public Company Limited, a company incorporated in Thailand whose shares are listed on the Stock Exchange of Thailand
“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 Continuing Connected Transactions”	the continuing connected transactions under the CTEI Continuing Connected Transaction Agreements, which were approved by the then Independent Shareholders at the Company’s special general meeting held on 21 April 2005

DEFINITIONS

“CTEI Continuing Connected Transaction Agreements”	the agreements entered into between the relevant CPP Subsidiaries and the relevant CTEI Subsidiaries as defined in the Company’s circular dated 29 March 2005
“CTEI Subsidiaries”	the subsidiaries of CTEI
“Directors”	the directors of CPP
“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 Reorganized Continuing Connected Transactions
“Independent Shareholders”	Shareholders other than the Chearavanont Shareholders and their respective associates (including CPI and Worth Access)
“Kingsway”	Kingsway Capital Limited, a corporation licensed to conduct type 6 (advising on corporate finance) of the regulated activity the SFO, as the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Reorganized Continuing Connected Transactions and the relevant annual caps
“Latest Practicable Date”	29 September 2006, 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
“New Continuing Connected Transactions”	the continuing connected transactions under the New Continuing Connected Transaction Agreements approved by the then Independent Shareholders at the Company’s special general meeting held on 30 November 2005
“New Continuing Connected Transactions Agreements”	the agreements entered into between the respective CPP Subsidiaries and the respective CTEI Subsidiaries as defined in the Company’s circular dated 27 October 2005
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)

DEFINITIONS

“Reorganized Continuing Connected Transactions”	the Reorganized CTEI Continuing Connected Transactions and the Reorganized Shanghai Lotus Continuing Connected Transactions
“Reorganized CTEI Continuing Connected Transactions”	the transactions under the Reorganized CTEI Supply Agreement, which constitute continuing connected transactions for the Company for the purposes of Chapter 14A of the Listing Rules
“Reorganized CTEI Supply Agreement”	the agreement entered into between the Company and CTEI on 24 August 2006 for the supply by any subsidiaries of CPP to any subsidiaries of CTEI 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 latter on an ongoing basis
“Reorganized Shanghai Lotus Continuing Connected Transactions”	the transactions under the Reorganized Shanghai Lotus Supply Agreement, which constitute continuing connected transactions for the Company for the purposes of Chapter 14A of the Listing Rules
“Reorganized Shanghai Lotus Supply Agreement”	the agreement entered into between the Company and Shanghai Lotus on 24 August 2006 for the supply by any subsidiaries of CPP to Shanghai Lotus or any of its 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 which may be required by the latter on an ongoing basis
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Lotus”	上海易初蓮花連鎖超市有限公司 (Shanghai Lotus Supermarket Chain Store Co., Ltd.), a wholly foreign-owned enterprise established in the PRC which is a subsidiary of C.P. Seven Eleven
“Shanghai Lotus Continuing Connected Transactions”	the continuing connected transactions under the Shanghai Lotus Continuing Connected Transaction Agreements, which were approved by the then Independent Shareholders at the Company’s special general meeting held on 21 April 2005
“Shanghai Lotus Continuing Connected Transactions Agreements”	the agreements entered into between the relevant CPP Subsidiaries and Shanghai Lotus as defined in the Company’s circular dated 29 March 2005 as amended by a supplemental agreement as defined in the Company’s circular dated 27 October 2005

DEFINITIONS

“Shareholders”	shareholders of CPP
“SGM”	the special general meeting of CPP to be held on Wednesday, 25 October 2006 at 9:30 a.m. to approve the terms and the relevant annual caps of the Reorganized Continuing Connected Transactions, notice of which is set out on pages 29 to 31 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency in the United States of America
“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
“%”	per cent

For the purpose of this circular, the following exchange rate has been used for the translation of US\$ into HK\$ for indication only: US\$1.00 = HK\$7.80

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*

6 October 2006

To Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

The Board announced that on 24 August 2006, the Company entered into the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement with CTEI and Shanghai Lotus respectively. Instead of entering into separate agreements for each continuing connected transaction by the relevant CPP Subsidiaries with the relevant CTEI Subsidiaries or Shanghai Lotus for the supply of merchandise as approved previously, these two agreements set out the framework within which packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and any other merchandise customarily sold in supermarkets are to be supplied by the CPP Subsidiaries (in the case of the Reorganized CTEI Supply Agreement) to any of the CTEI Subsidiaries and (in the case of the Reorganized Shanghai Lotus Supply Agreement) to Shanghai Lotus or any of its subsidiaries and

LETTER FROM THE BOARD

the key terms and conditions and the general pricing principles to be followed by the CTEI Subsidiaries, Shanghai Lotus or any of its subsidiaries when they place specific orders from time to time with any of the CPP Subsidiaries for the purchase of such merchandise which may be required by them and which the CPP Subsidiaries may be able to supply in circumstances which are of commercial benefit to the CPP Subsidiaries. The Approved Continuing Connected Transaction Agreements in respect of the CTEI Continuing Connected Transactions, the Shanghai Lotus Continuing Connected Transactions and the New Continuing Connected Transactions and the respective annual caps which were approved by the then Independent Shareholders at two special general meetings held on 21 April 2005 and 30 November 2005, respectively will be replaced upon approval by Independent Shareholders of the Reorganized Continuing Connected Transactions at the SGM. The historical sales by the CPP Subsidiaries to the CTEI Subsidiaries for the period from 1 January 2006 to 31 July 2006 and financial years ended 31 December 2005 and 31 December 2004 amounted to HK\$21,258,000, HK\$15,172,000 and HK\$2,197,000 respectively; and the historical sales by the CPP Subsidiaries to Shanghai Lotus for the period from 1 January 2006 to 31 July 2006 and the financial years ended 31 December 2005 and 31 December 2004 amounted to HK\$85,840,000, HK\$240,866,833 and HK\$167,066,000 respectively.

Both CTEI and Shanghai Lotus are connected persons of CPP as defined under Rule 14A.11 of the Listing Rules. Accordingly, the transactions under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement constitute continuing connected transactions for CPP under the Listing Rules.

Taking into account the proposed annual caps under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement, the transactions contemplated under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement constitute non-exempt continuing connected transactions for CPP under Rule 14A.35 of the Listing Rules and will be subject to Independent Shareholders' approval at the SGM and be the subject of advice from the Independent Board Committee and the independent advice from an independent financial adviser.

The purpose of this circular is to provide you with information regarding the Reorganized 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 Reorganized 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 Reorganized Continuing Connected Transactions.

DETAILS OF THE REORGANIZED CONTINUING CONNECTED TRANSACTIONS

The Reorganized Continuing Connected Transactions comprise transactions carried out by any of the CPP Subsidiaries with any of the CTEI Subsidiaries or Shanghai Lotus or any of its subsidiaries pursuant to the following agreements:

- (1) the Reorganized CTEI Supply Agreement; and
- (2) the Reorganized Shanghai Lotus Supply Agreement.

LETTER FROM THE BOARD

REORGANIZED CTEI SUPPLY AGREEMENT

- Date** : 24 August 2006
- Parties** : (i) CPP
(ii) CTEI
- Subject** : 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 the respective CPP Subsidiaries may be able to supply in circumstances which are of commercial benefit to the CPP Subsidiaries
- Term** : With effect from the date of approval by Independent Shareholders to 31 December 2008
- 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 relevant CPP Subsidiaries than those available from independent third parties
- Payment terms** : Credit terms of up to 60 days, or other generally accepted market terms from time to time. Payment shall be made by telegraphic transfer, bank-issued bills payable within three months or other payment methods acceptable in the PRC

The annual caps of the relevant merchandise to be supplied by the CPP Subsidiaries to the CTEI Subsidiaries for the period/financial years ending 31 December 2006, 31 December 2007 and 31 December 2008 will not exceed HK\$52,181,000, being the prorated portion of the unutilized aggregate of the individual annual caps for 2006 under the CTEI Continuing Connected Transactions and the New Continuing Connected Transactions as at 31 July 2006 for the period from 25 October 2006 (the date on which the Reorganized CTEI Supply Agreement becomes effective) to 31 December 2006, HK\$138,182,000 and HK\$152,000,200 respectively. The annual caps for 2006 and 2007 have been determined by reference to the aggregate approved annual caps for 2006 and 2007 respectively under all of the CTEI Continuing Connected Transaction Agreements and the New Continuing Connected Transaction Agreements. As to the annual cap for 2008, it represents a 10% increment over the 2007 annual cap based on the possible price increases in line with consumer prices in the PRC generally and the projected growth of business in the CPP Subsidiaries.

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The annual caps under the Reorganized CTEI Supply Agreement for 2006 and 2007 can be compared with the aggregate of the individual annual caps for 2006 and 2007 under the respective CTEI Continuing Connected Transaction Agreements and New Continuing Connected Transaction Agreements:

Circular Date	Agreement	CPP Subsidiary	CTEI Subsidiary	Subject	Approved Annual Caps for 2006 (2007) (HK\$)
29 March 2005	Ningbo Oil Edible Oil Supply (1) Agreement	Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd.	Xian Lotus Supermarket Chain Store Co., Ltd.	Edible oil	8,800,000 (9,680,000)
29 March 2005	Ningbo Oil Edible Oil Supply (2) Agreement	Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd.	Zhengzhou Lotus Supermarket Chain Store Co., Ltd.	Edible oil	8,800,000 (9,680,000)
29 March 2005	Qingdao Chia Tai Chicken and Processed Meat Supply (1) Agreement	Qingdao Chia Tai Company Limited	Taian Lotus Supermarket Chain Store Co., Ltd.	Chicken and processed meat	8,800,000 (9,680,000)
29 March 2005	Qingdao Chia Tai Chicken and Processed Meat Supply (2) Agreement	Qingdao Chia Tai Company Limited	Zhengzhou Lotus Supermarket Chain Store Co., Ltd.	Chicken and processed meat	3,300,000 (3,630,000)
29 March 2005	Qingdao Chia Tai Chicken and Processed Meat Supply (3) Agreement	Qingdao Chia Tai Company Limited	Jinan Lotus Supermarket Chain Store Co., Ltd.	Chicken and processed meat	3,300,000 (3,630,000)
29 March 2005	Xianghe Chia Tai Duck and Processed Meat Supply (1) Agreement	Xianghe Chia Tai Co., Ltd.	Beijing Lotus Supermarket Chain Store Co., Ltd.	Duck and processed meat	6,600,000 (7,260,000)
29 March 2005	Xianghe Chia Tai Duck and Processed Meat Supply (2) Agreement	Xianghe Chia Tai Co., Ltd.	Tianjin Lotus Supermarket Chain Store Co., Ltd.	Duck and processed meat	3,300,000 (3,630,000)

LETTER FROM THE BOARD

Circular Date	Agreement	CPP Subsidiary	CTEI Subsidiary	Subject	Approved Annual Caps for 2006 (2007) (HK\$)
29 March 2005	Shaanxi Chia Tai Eggs, Chicken and Processed Meat Supply (1) Agreement	Shaanxi Chia Tai Company Limited	Xian Lotus Supermarket Chain Store Co., Ltd.	Eggs, chicken and processed meat	4,400,000 (4,840,000)
29 March 2005	Shaanxi Chia Tai Eggs, Chicken and Processed Meat Supply (2) Agreement	Shaanxi Chia Tai Company Limited	Zhengzhou Lotus Supermarket Chain Store Co., Ltd.	Eggs, chicken and processed meat	4,400,000 (4,840,000)
27 October 2005	Chia Tai Food Packaged Food and Poultry Products New Supply Agreement	Chia Tai Food Product (Shanghai) Co., Ltd.	Chia Tai-Lotus (Guangzhou) Investment Company Limited	Packaged food, poultry products and processed meat	6,600,000 (7,260,000)
27 October 2005	First Qingdao Chia Tai Chicken and Processed Meat New Supply Agreement	Qingdao Chia Tai Company Limited	Chia Tai-Lotus (Guangzhou) Investment Company Limited	Chicken and processed meat	34,320,000 (37,752,000)
27 October 2005	Ningbo Chia Tai Edible Oil New Supply Agreement	Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd.	Chia Tai-Lotus (Guangzhou) Investment Company Limited	Edible oil	33,000,000 (36,300,000)
				Total:	125,620,000 <u>(138,182,000)</u>

LETTER FROM THE BOARD

REORGANIZED SHANGHAI LOTUS SUPPLY AGREEMENT

- Date** : 24 August 2006
- Parties** : (i) CPP
(ii) Shanghai Lotus
- Subject** : 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 Shanghai Lotus or any of its subsidiaries and which the respective CPP Subsidiaries may be able to supply in circumstances which are of commercial benefit to the CPP Subsidiaries
- Term** : With effect from the date of approval by Independent Shareholders to 31 December 2008
- 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 relevant CPP Subsidiaries than those available from independent third parties
- Payment terms** : Credit terms of up to 60 days, or other generally accepted market terms from time to time. Payment shall be made by telegraphic transfer, bank-issued bills payable within three months or other payment methods acceptable in the PRC

The annual caps of the relevant merchandise to be supplied by the CPP Subsidiaries to Shanghai Lotus and its subsidiaries for the period/financial years ending 31 December 2006, 31 December 2007 and 31 December 2008 will not exceed HK\$162,505,000, being the prorated portion of the unutilized aggregate of the individual caps for 2006 under the Shanghai Lotus Continuing Connected Transactions as at 31 July 2006 for the period from 25 October 2006 (the date on which the Reorganized Shanghai Lotus Supply Agreement becomes effective) to 31 December 2006, HK\$451,935,000 and HK\$497,128,500 respectively. The annual caps for 2006 and 2007 have been determined by reference to the aggregate approved annual caps for 2006 and 2007 respectively under all of the Shanghai Lotus Continuing Connected Transaction Agreements. As to the annual cap for 2008, it represents a 10% increment over the 2007 annual cap based on the possible price increases in line with consumer prices in the PRC generally and the projected growth of business of the CPP Subsidiaries.

LETTER FROM THE BOARD

The annual caps under the Reorganized Shanghai Lotus Supply Agreement for 2006 and 2007 can be compared with the aggregate of the individual annual caps for 2006 and 2007 under the Shanghai Lotus Continuing Connected Transaction Agreements:

Circular Date	Agreement	CPP Subsidiary	Shanghai Lotus	Subject	Approved Annual Caps for 2006 (2007) (HK\$)
29 March 2005	Shanghai Lotus Edible Oil Purchase Agreement	Ningbo Chia Tai Cereal and Oil Industrial Co., Ltd.	Shanghai Lotus	Edible oil	198,000,000 (217,800,000)
29 March 2005	Shanghai Lotus Chicken and Processed Meat Purchase (1) Agreement	Qingdao Chia Tai Company Limited	Shanghai Lotus	Chicken and processed meat	154,000,000 (169,400,000)
27 October 2005	Shanghai Lotus Chicken and Processed Meat Purchase (2) Agreement	Chia Tai Food Product (Shanghai) Co., Ltd.	Shanghai Lotus	Chicken and processed meat	55,000,000 (60,500,000)
27 October 2005	Shanghai Lotus Duck and Processed Meat Purchase Agreement	Xianghe Chia Tai Co., Ltd.	Shanghai Lotus	Duck, processed meat and duck down	3,850,000 (4,235,000)
Total:					410,850,000 <u>(451,935,000)</u>

The annual caps proposed for 2008 for each of the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement would represent approximately 1.1% and approximately 3.5% respectively when compared with the CPP Group's audited consolidated turnover of US\$1,832,764,000 (equivalent to approximately HK\$14,295,559,200) for the year ended 31 December 2005.

REASONS FOR THE REORGANIZED CONTINUING CONNECTED TRANSACTIONS

CPP and its subsidiaries are 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.

LETTER FROM THE BOARD

CTEI is an investment holding company and, through the CTEI Subsidiaries, is principally engaged in the operation of large scale cash-and-carry warehouse stores in the PRC mainly located in north and south China.

Shanghai Lotus and its subsidiaries are principally engaged in the operation of large scale cash-and-carry warehouse stores in Shanghai and other localities in east and southwest China.

As (i) certain of the relevant CPP Subsidiaries which are parties to the Approved Continuing Connected Transaction Agreements are able to supply to the supercentres operated by the CTEI Subsidiaries and by Shanghai Lotus respectively merchandise other than those already covered under the Approved Continuing Connected Transaction Agreements such as grains, vegetables, fresh and preserved fruit and groceries; (ii) other CPP Subsidiaries which are not parties to the Approved Continuing Connected Transaction Agreements have gained access to certain types of merchandise required by the supercentres operated by the CTEI Subsidiaries and by Shanghai Lotus respectively at good price due to their locations and local connections; and (iii) it is envisaged that as each of CTEI and Shanghai Lotus expands its respective networks of supercentres in the PRC, the CPP Subsidiaries involved may in the future supply merchandise to the CTEI Subsidiaries and Shanghai Lotus and its subsidiaries respectively which are not parties to the Approved Continuing Connected Transaction Agreements, the Company intends to reorganize the structure of the Approved Continuing Connected Transaction Agreements into the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement as described above to broaden the scope of merchandise to be supplied to and by an increase number of parties which were not approved previously.

The Directors are of the view that the supply of the relevant merchandise to the CTEI Subsidiaries and Shanghai Lotus and its subsidiaries under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement will allow the CPP Group the flexibility of continuing to develop this new and expanding source of business in a way that can suit the changing circumstances of individual CPP Subsidiaries.

The Directors (including the independent non-executive Directors after taking into account the advice from Kingsway) consider that the terms of the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement are normal commercial terms, fair and reasonable and in the interest of CPP 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 CPP.

The Chearavanont Shareholders, through Charoen Pokphand Group Company Limited, a company in which they have a 51.31% shareholding interest, is interested in approximately 61.71% in aggregate of the issued share capital of CTEI. Accordingly, CTEI and the CTEI Subsidiaries are associates of the controlling shareholders of CPP and therefore are connected persons of CPP as defined under Rule 14A.11 of the Listing Rules.

LETTER FROM THE BOARD

The Chearavanont Shareholders are indirectly interested in an aggregate of 44.98% of the issued share capital of C.P. Seven Eleven, and Shanghai Lotus is a subsidiary of C.P. Seven Eleven. Shanghai Lotus and its subsidiaries are accordingly associates of the Chearavanont Shareholders and therefore are connected persons of CPP as defined under Rule 14A.11 of the Listing Rules.

In view of the above, the transactions under the Reorganized Continuing Connected Transactions will constitute continuing connected transactions of the Company under the Listing Rules in the same way as the transactions under the Approved Continuing Connected Transaction Agreements.

Taking into account the proposed annual caps under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement, the transactions contemplated under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules and will be subject to Independent Shareholders' approval by way of poll at the SGM and be the subject of advice from the Independent Board Committee and the independent advice from Kingsway.

SGM AND PROXY ARRANGEMENT

A notice convening the SGM is set out on pages 29 to 31 of this circular. The SGM is being convened for the purpose of considering and, if thought fit, passing ordinary resolutions to approve the Reorganized 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 46th 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 the existing 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 Reorganized 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 Reorganized 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 16 to 22 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 15.

The Independent Board Committee, having taken into account the opinion of Kingsway, considers the terms and the relevant annual caps of the Recognized 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)

6 October 2006

To the Independent Shareholders

Dear Sir and Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 6 October 2006 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 Reorganized Continuing Connected Transactions and not having any interest in the transactions contemplated under the Reorganized 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 Reorganized 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 Reorganized 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 16 to 22 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 5 to 14 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 Reorganized 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 Reorganized 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

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

Kowit Wattana
*Independent Non-executive
Director*

Sombat Deo-isres
*Independent Non-executive
Director*

LETTER FROM KINGSWAY

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Kingsway dated 6 October 2006 in respect of the Reorganised Continuing Connected Transactions and the relevant annual caps for incorporation in this circular.



5/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong.
Tel. No: (852) 2877-1830 Fax: (852) 2868-3570

6 October 2006

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

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Reorganised Continuing Connected Transactions and the relevant annual caps, details of which are set out in the “Letter from the Board” of the circular issued by CPP to the Shareholders dated 6 October 2006 (the “**Circular**”) of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

The Board announced that on 24 August 2006 CPP entered into the Reorganised CTEI Supply Agreement with CTEI and the Reorganised Shanghai Lotus Supply Agreement with Shanghai Lotus (together, the “**Reorganised Agreements**”) respectively which will replace the Approved Continuing Connected Transaction Agreements subject to approval from Independent Shareholders at the SGM. The Reorganised Agreements set out (i) the framework within which packaged food, poultry products, processed meat, edible oil, grains, vegetables, fresh and preserved fruit, groceries and any other merchandise customarily sold in supercentres are to be supplied by the CPP Subsidiaries to the CTEI Subsidiaries, Shanghai Lotus and its subsidiaries; and (ii) the key terms and conditions and the general pricing principles to be followed by the CTEI Subsidiaries, Shanghai Lotus and its subsidiaries when they place specific orders from time to time with the CPP Subsidiaries for the purchase of such merchandise which may be required by them and which the CPP Subsidiaries may be able to supply in circumstances which are of commercial benefit to the CPP Subsidiaries.

Given that CTEI and Shanghai Lotus are regarded as connected persons of CPP within the meanings of the Listing Rules, the Reorganised Continuing Connected Agreements constitute non-exempt continuing connected transactions for CPP under Chapter 14A of the Listing Rules and will be subject to the Independent Shareholders’ approval at the SGM. The Chearavanont Shareholders and their respective associates will abstain from voting in respect of the relevant resolutions proposed at the SGM.

We have been appointed by CPP as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders as to whether or not the Reorganised Continuing Connected Transactions and the relevant annual caps are fair and reasonable and in the interest of the Shareholders and CPP as a whole.

LETTER FROM KINGSWAY

BASIS OF OUR OPINION

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

We have also relied on the information and representations contained or referred to in the Circular and have assumed that all statements of belief, opinion and intention made by the Board 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 Board 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 CPP or the Board. We have been advised by the Board that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

We have not, however, carried out any independent verification of the information provided by CPP and the Board, nor have we conducted any independent investigation into the business and affairs of the CPP Group, CTEI, CTEI Subsidiaries, Shanghai Lotus and its subsidiaries.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Reorganised Continuing Connected Transactions and the relevant annual caps, we have considered the principal factors and reasons set out below:

(1) Background to and reasons for the Reorganised Continuing Connected Transactions

The CPP Group is principally engaged in the trading of agricultural products, feedmill and poultry operations, the production and sale of motorcycles and accessories of automotives and property and investment holding. CTEI is an investment holding company whose subsidiaries are principally engaged in the operation of large scale cash-and-carry warehouse stores mainly in the northern and southern China. Shanghai Lotus and its subsidiaries are principally engaged in the operation of large scale cash-and-carry warehouse stores in Shanghai and other localities in the eastern and southwest China.

The Board advised us that the relevant CPP Subsidiaries have been supplying relevant merchandises to the relevant CTEI Subsidiaries and Shanghai Lotus since the second half of 2003. These CTEI Subsidiaries and Shanghai Lotus have been contributing to about 10% of the revenue of the relevant CPP Subsidiaries. Hence, the Board considers that the entering into the Reorganised Agreements is in line with the existing business of CPP.

The relevant CPP subsidiaries were approved to carry on the Approved Continuing Connected Transaction Agreements and the relevant annual caps by the Independent Shareholders at the previous special general meeting of CPP held on 21 April 2005 and 30 November 2005 respectively.

LETTER FROM KINGSWAY

According to the “Letter from the Board” of the Circular and further confirmed by the Board, the operating circumstances of individual CPP Subsidiaries are changing due to the following reasons:–

- (i) due to the development of new types of merchandise and the obtaining of licenses to conduct trading of merchandise by around 40 CPP Subsidiaries by the end of August 2006, the CPP Group is able to supply new types of merchandise such as grains, vegetables, fresh and preserved fruit and groceries, which have yet been covered by the Approved Continuing Connected Transaction Agreements, and to supply a larger volume of approved types of merchandise, to the supercentres operated by the CTEI Subsidiaries and by Shanghai Lotus and its subsidiaries;
- (ii) certain CPP Subsidiaries which are not parties to the Approved Continuing Connected Transaction Agreements have the advantage of locations and local connections and therefore are able to supply certain types of merchandise required by the supercentres operated by the CTEI Subsidiaries, Shanghai Lotus and its subsidiaries at good price; and
- (iii) the Board expected that CTEI and Shanghai Lotus will expand their respective networks of supercentres in the PRC. Hence, the CPP Subsidiaries may in the future supply merchandise to the CTEI Subsidiaries and Shanghai Lotus and its subsidiaries respectively which are not parties to the Approved Continuing Connected Transaction Agreements.

Instead of entering into additional separate agreements to cope with the changing circumstances above, CPP intends to reorganize the structure of the Approved Continuing Connected Transaction Agreements into the Reorganised Agreements in order to broaden the scope of merchandise and to include such CPP Subsidiaries, CTEI Subsidiaries and subsidiaries of Shanghai Lotus which were not previously approved. The Approved Continuing Connected Transaction Agreements, which were entered into between the relevant CPP Subsidiaries as the suppliers and either the relevant CTEI Subsidiaries or Shanghai Lotus as the customers, are composed of 16 agreements of substantially the same terms and pricing principles. As such, the Board is of the view that the entering into of the Reorganised CTEI Supply Agreement and the Reorganised Shanghai Lotus Supply Agreement to replace those agreements will not only reduce the administration burden on the CPP Group, but also allow the CPP Group the flexibility to develop its new and expanding source of business.

The Board considers that the Reorganised Continuing Connected Transactions Agreements were entered into in the ordinary and usual course of business of the CPP Group, and are of the view that the Reorganised Continuing Connected Transactions provide invaluable opportunity for the CPP Group to secure purchases from CTEI Subsidiaries, Shanghai Lotus and its subsidiaries which have extensive experience and retail network in the PRC.

Having taken into account that (1) the relevant CPP Subsidiaries have established long-term business relationship with the relevant CTEI Subsidiaries and Shanghai Lotus, contributing to about 10% of the revenue of the relevant CPP Subsidiaries; (2) the Reorganised Continuing Connected Transactions are in line with the existing activities of the relevant CPP Subsidiaries; (3) the restructure of the Approved Continuing Connected Transaction Agreements into Reorganised Agreements will increase both the scope of merchandise and number of purchasers and will reduce the administration burden on the CPP Group and provide it with more flexibility in business development; and (4) the Reorganised Agreements will

LETTER FROM KINGSWAY

be entered into on a non-exclusive basis, which means that the relevant CPP Subsidiaries have the flexibility to supply merchandise to other customers, we are of the view that it is justifiable for the CPP Group to maintain the present business relationship with CTEI and Shanghai Lotus under the Reorganised Agreements.

(2) Terms of the Reorganised Continuing Connected Transactions

As set out in the “Letter from the Board” of the Circular, the price of the relevant merchandises to be supplied under the Reorganised Agreements will be determined by reference to the prevailing market price and demand for the relevant merchandises in the PRC and no less favourable to the CPP Group than those available from independent third parties.

We have reviewed the Approved Continuing Connected Transaction Agreements and samples of contracts of similar transactions entered into between the relevant CPP Subsidiaries and independent third parties in 2006 provided by the CPP Group through which we consider sufficient for the purpose of arriving our opinion. It was noted that the price of the relevant merchandises under both the Approved Continuing Connected Transactions and the comparable contracts had not yet determined and, as confirmed by the Board, would be fixed by reference to the prevailing market price and demand for such merchandise when the actual orders were placed. The Board confirms that the Reorganised Continuing Connected Transactions will follow the same pricing principle and the selling price of similar products offered to relevant CTEI Subsidiaries, Shanghai Lotus and its subsidiaries and independent third parties had and will have no material difference.

The Board also confirms that the CPP Group will not be obliged to supply merchandises to CTEI Subsidiaries or Shanghai Lotus and its subsidiaries if the CPP Group does not agree on the prices of the relevant merchandises when actual orders are placed.

The Board considers that the terms of the Reorganised Agreements are on normal commercial terms, fair and reasonable and in the interest of CPP and the Shareholders as a whole.

We also noted that the credit terms offered by the relevant CPP Subsidiaries to relevant CTEI Subsidiaries and Shanghai Lotus and independent customers varied in the sample contracts that we reviewed. As stated in those contracts, the credit terms offered to relevant CTEI Subsidiaries and Shanghai Lotus are up to 45 days while that offered to independent customers are up to 60 days. The Board confirms that the actual credit terms offered by the relevant CPP Subsidiaries were determined on a case-by-case basis and by reference to the credit terms offered to independent third parties at the time the relevant purchase orders were placed by the relevant CTEI Subsidiaries and Shanghai Lotus and independent customers. The Board confirms that the Reorganised Continuing Connected Transactions will follow this principle.

Therefore, we are of the view that CTEI, Shanghai Lotus and independent customers will be treated fairly on the pricing and credit terms to be offered by the CPP Group, and the terms of the Reorganised Agreements, including the pricing and credit terms, are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM KINGSWAY

(3) Proposed annual caps under the Reorganised Continuing Connected Transactions

In compliance with the Listing Rules, an annual cap is proposed to each of the Reorganised CTEI Supply Agreement and the Reorganised Shanghai Lotus Supply Agreement.

Set out below are (i) the aggregate amount of the previously approved caps under the CTEI Continuing Connected Transactions, New Continuing Connected Transactions and the Shanghai Lotus Continuing Connected Transactions respectively for the two years ending 31 December 2007 (“**Approved 2006 Caps**”; “**Approved 2007 Caps**”), (ii) the actual transaction amount of the aforesaid approved transactions for the first seven months of 2006, and (iii) the proposed caps of the respective Reorganised Continuing Connected Transactions for the period from mid of October (the date on which the Reorganised Agreements are assumed to be effective) to December 2006 (“**Proposed 2006 Caps**”) and the two years ending 31 December 2008 (“**Proposed 2007 Caps**”; “**Proposed 2008 Caps**”):

	(i)		(ii)		(iii)		(iii)	
	Approved 2006 Caps “A” HK\$’000	Approved 2007 Caps “B” HK\$’000	Actual transaction amount for the first seven months of 2006 (unaudited) “B” HK\$’000	% of Approved 2006 Caps (B/A*100%) %	Proposed 2006 Caps (C=(A-B)/5*2.5) HK\$’000	% of Approved 2006 Caps (C/A*100%) %	Proposed 2007 Caps HK\$’000	Proposed 2008 Caps HK\$’000
CTEI Continuing Connected Transactions	51,700	56,870	5,405	10	23,148	45		
New Continuing Connected Transactions	73,920	81,312	15,853	21	29,033	39	138,182	152,000
Total:	<u>125,620</u>	<u>138,182</u>	<u>21,258</u>	17	<u>52,181</u>	42	<u>138,182</u>	<u>152,000</u>
Shanghai Lotus Continuing Connected Transactions	<u>410,850</u>	<u>451,935</u>	<u>85,840</u>	21	<u>162,505</u>	40	<u>451,935</u>	<u>497,128</u>

As set out in the “Letter from the Board” of the Circular, the Proposed 2006 Caps and Proposed 2007 Caps have been determined by reference to and can be compared with the aggregate amount of the Approved 2006 Caps and Approved 2007 Caps respectively.

As advised by the Board, the Proposed 2006 Caps under the Reorganised CTEI Continuing Connected Transactions will not exceed HK\$52,181,000, being the prorated portion of the unutilised Approved 2006 Caps under CTEI Continuing Connected Transactions and New Continuing Connected

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Transactions as at 31 July 2006 in aggregate for the period from mid of October (the date on which the Reorganised Agreements are assumed to be effective) to December 2006. The Proposed 2006 Cap under the Reorganised Shanghai Lotus Continuing Connected Transaction will not exceed HK\$162,505,000, being the prorated portion of the unutilised Approved 2006 Caps under the Shanghai Lotus Continuing Connected Transactions as at 31 July 2006 in aggregate for the period from mid of October (the date on which the Reorganised Agreements are assumed to be effective) to December 2006.

The actual transaction amounts under the CTEI Continuing Connected Transactions, New Continuing Connected Transactions and Shanghai Lotus Continuing Connected Transactions were approximately HK\$5,405,000, HK\$15,853,000 and HK\$85,840,000 respectively for the first seven months in 2006, representing about 10%, 21% and 21% of the respective Approved 2006 Caps.

We noted that a significant increase is allowed for the period from mid of October to December 2006 under the Proposed 2006 Caps compared with the actual transaction amount for the first seven months in 2006. We are given to understand that the Board has taken into accounts the following factors in arriving the Proposed 2006 Caps:

- (i) the inclusion of new CPP Subsidiaries in the Reorganised Agreements due to the expected network expansion of CTEI, Shanghai Lotus and CPP itself in the future;
- (ii) the commencement of trading business of some of the CPP Subsidiaries during the first half of 2006 which broaden the types and volume of merchandise provided by the CPP Subsidiaries, and the expectation of more CPP Subsidiaries to engage in such trading business;
- (iii) an expected significant growth of demand for merchandise in the second half of a year, as compared to that in the first half of a year, which is mainly due to the approaching of festivals such as Winter Solstice, and is demonstrated by the higher revenue contribution to the Group by sales of the relevant merchandise to CTEI Subsidiaries, Shanghai Lotus and the independent customers for the second half of 2004 and 2005, representing about 28% and 10% increase over that for the first half of 2004 and 2005 respectively, and the higher revenue contribution to CTEI Group by its retail business for the second half of 2004 and 2005, representing about 64% and 13% increase over that for the first half of 2004 and 2005 respectively according to the interim and annual report for 2004 and 2005 of CTEI Group;
- (iv) expansion in both the demand and scope of merchandise as indicated by CTEI and Shanghai Lotus respectively; and
- (v) at least seven additional supercentres in total expected to be opened by CTEI and Shanghai Lotus by the end of 2006.

The Proposed 2007 Caps under the Reorganised CTEI Continuing Connected Transactions and the Reorganised Shanghai Lotus Continuing Connected Transactions will not exceed HK\$138,182,000 and HK\$451,935,000 respectively. The Proposed 2007 Caps are determined based on the aggregate amount of the Approved 2007 Caps and represented an annual growth of 10% over the Approved 2006 Caps.

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The Proposed 2008 Caps under the Reorganised CTEI Continuing Connected Transactions and the Reorganised Shanghai Lotus Continuing Connected Transactions will not exceed HK\$152,000,200 and HK\$497,128,500 respectively. Each of the Proposed 2008 Caps represent a 10% increment over the relevant Proposed 2007 Caps and, as per the “Letter from the Board” of the Circular, are determined based on the possible price increase in line with consumer prices in the PRC generally and the projected growth business in the CPP Subsidiaries. Pursuant to the consumer prices index as announced by the National Bureau of Statistics of China, the consumer price index (the category of food) in 2005 in the major provinces in which the supercentres of CTEI and Shanghai Lotus are located increased by approximately 4.5% as compared to the index in 2004.

Given the factors above and the annual growth rate of the Proposed 2007 Caps and Proposed 2008 Caps remain unchanged from the original 10% growth rate of the relevant annual caps as previously approved, we consider that the basis of determining the relevant proposed annual caps is reasonable.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms of the Reorganised Agreements and the relevant proposed annual caps are 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 ordinary resolutions to be proposed at the SGM to approve the Reorganised Agreements and the relevant proposed annual caps.

Your faithfully
For and on behalf of
Kingsway Capital Limited
Chu Tat Hoi
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 HK\$	Approximate percentage of shareholding (%)
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.

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

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 CPP and its subsidiaries (“the Group”):

Name	Capacity/ Nature of interest	Notes	Number of shares of CPP Note 1	Approximate percentage of issued share capital (%)
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
Charoen Pokphand Group Company Limited	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 Charoen Pokphand Group Company Limited 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 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 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 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 of CPP 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 Group since 31 December 2005 (the date to which the latest published audited consolidated accounts of the 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:

Name	Qualifications	Nature of opinion or advice	Date of opinion
Kingsway	A licensed corporation under the SFO permitted to carry out type 6 (advising on corporate finance) of the regulated activity (as defined under the SFO)	Letter to the Independent Board Committee and the Independent Shareholders	6 October 2006

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 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 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 Group taken as a whole.
- (b) Save for certain Directors' interests in the disposal by C.T. Progressive (Investment) Ltd. to Excel Prominent Limited of the entire issued share capital in Ek Chor Distribution (Shenyang) Property Company Limited pursuant to the terms of an agreement dated 7 September 2006 (as stated in the Company's announcement dated 7 September 2006, since 31 December 2005, the date to which the latest published audited consolidated accounts of the 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 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 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.
- (e) The qualified accountant of the Group is Ms. Wong Pui Shan, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (f) The branch share registrars of CPP in Hong Kong is Computershare Hong Kong Investor Services Limited, at 46th 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 Wednesday, 25 October 2006:

- (1) Reorganized CTEI Supply Agreement;
- (2) Reorganized Shanghai Lotus Supply Agreement;

- (3) the letter from the Independent Board Committee, the text of which is set out on page 15 of this circular;
- (4) the letter from Kingsway, the text of which is set out on pages 16 to 22 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 October 2006 at 9:30 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 “Reorganized CTEI Supply Agreement”) dated 24 August 2006 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 subsidiaries of the Company, and the terms of and the transactions contemplated under the Reorganized CTEI Supply Agreement and the implementation thereof be and are hereby approved, ratified and confirmed;
- (b) the proposed caps in relation to the transactions under the Reorganized CTEI Supply Agreement for the period/financial years ending 31 December 2006, 31 December 2007 and 31 December 2008 will not exceed HK\$52,181,000, being the prorated portion of the unutilized aggregate of the individual annual caps for 2006 under the CTEI Continuing Connected Transactions and the New Continuing Connected Transactions as at 31 July 2006 for the period from 25 October 2006 (the date on which the Reorganized CTEI Supply Agreement becomes effective) to 31 December 2006, HK\$138,182,000 and HK\$152,000,200 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 other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the Reorganized CTEI Supply Agreement.”

NOTICE OF SGM

2. “THAT:

- (a) the agreement (the “Reorganized Shanghai Lotus Supply Agreement”) dated 24 August 2006 entered into between the Company and 上海易初蓮花連鎖超市有限公司 (Shanghai Lotus Supermarket Chain Store Co., Ltd.) (“Shanghai Lotus”), 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 Shanghai Lotus 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 subsidiaries of the Company, and the terms of and the transactions contemplated under the Reorganized Shanghai Lotus Supply Agreement and the implementation thereof be and are hereby approved, ratified and confirmed;
- (b) the proposed caps in relation to the transactions under the Reorganized Shanghai Lotus Supply Agreement for the period/financial years ending 31 December 2006, 31 December 2007 and 31 December 2008 will not exceed HK\$162,505,000, being the prorated portion of the unutilized aggregate of the individual caps for 2006 under the Shanghai Lotus Continuing Connected Transactions as at 31 July 2006 for the period from 25 October 2006 (the date on which the Reorganized Shanghai Lotus Supply Agreement becomes effective) to 31 December 2006, HK\$451,935,000 and HK\$497,128,500 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 other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the Reorganized Shanghai Lotus Supply Agreement”

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

Hong Kong, 6 October 2006

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 46th 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. As indicated in the Company's circular dated 6 October 2006, the chairman of the meeting will demand that a poll be taken in respect of each of the resolutions to be proposed at the meeting for the approval of the terms and the relevant annual caps under the Reorganized CTEI Supply Agreement and the Reorganized Shanghai Lotus Supply Agreement.