
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 shares in C.P. Pokphand Co. Ltd., you should at one hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

**DISCLOSEABLE TRANSACTION
PROVISION OF GUARANTY BY A WHOLLY-OWNED SUBSIDIARY**

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of directors of the Company
“CCFL”	卡特彼勒(中國)融資租賃有限公司(Caterpillar (China) Financial Leasing Co., Ltd.), a company incorporated in the PRC
“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
“Directors”	the directors of CPP
“ECI Metro”	ECI Metro Investment Co. Ltd., a company incorporated in the British Virgin Islands, in which the Company holds a 50% equity interest through its wholly-owned subsidiary EKCM
“ECI Metro Group”	ECI Metro and its wholly-owned subsidiaries
“EKCM”	Ek Chor China Motorcycle Co. Ltd., a company incorporated in Bermuda and a wholly-owned subsidiary of the Company
“Guaranty”	the guaranty dated 4 July 2007 entered into by EKCM in favour of CCFL, guaranteeing the Obligations of the ECI Metro Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 July 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
“Obligations”	all present and future indebtedness of the ECI Metro Group to CCFL
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

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*

23 July 2007

To Shareholders

Dear Sirs,

**DISCLOSEABLE TRANSACTION
PROVISION OF GUARANTY BY A WHOLLY-OWNED SUBSIDIARY**

A. INTRODUCTION

Reference is made to the announcement issued by the Company on 4 July 2007 with respect to the Guaranty entered into by EKCM, a wholly-owned subsidiary of the Company, in favour of CCFL. CCFL is a third party independent of the Company and connected persons of the Company. The purpose of this circular is to provide you with further information regarding the Guaranty.

LETTER FROM THE BOARD

B. THE GUARANTY

(a) Date

The Guaranty was executed on behalf of EKCM on 4 July 2007.

(b) Parties

EKCM acting as guarantor in favour of CCFL.

(c) Details of the Guaranty

EKCM has entered into the Guaranty in favour of CCFL, guaranteeing the Obligations of the ECI Metro Group up to the maximum amount of US\$19 million, on the basis of joint and several liability with the ECI Metro Group.

(d) Term

The Guaranty shall expire on 17 April 2010.

C. 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 automotives and property and investment holding.

CCFL is principally engaged in the provision of financing in the PRC in relation to the purchase and/or rental of construction machinery and tools under the Caterpillar brand name. CCFL is a third party independent of the Company and connected persons of the Company.

D. REASONS FOR THE GUARANTY

ECI Metro is a jointly controlled entity of the Company in which EKCM, a wholly-owned subsidiary of the Company, has a 50% equity interest. The other shareholder which holds 50% of ECI Metro and its ultimate beneficial owners are, to the best knowledge, information and belief of the Directors, parties independent of the CPP Group and any connected person of the Company. ECI Metro is the sole agent of the Caterpillar brand of construction machinery and tools in the western region of the PRC. ECI Metro Group has borrowed and will continue to borrow from CCFL to fund its purchase of Caterpillar brand construction machinery and tools, and CCFL has agreed to provide such loans against, amongst other things, the guarantee to be provided by EKCM as provided in the Guaranty.

EKCM is guaranteeing up to the maximum amount of US\$19 million of liability of the total maximum liability of US\$38 million of the ECI Metro Group towards CCFL under the Obligations. This arrangement is reflective of the equal shareholding held by both shareholders in ECI Metro.

LETTER FROM THE BOARD

As the Guaranty constitutes a contingent liability of the CPP Group, there is no current material financial impact on the Company's earnings, assets or liabilities.

E. LISTING RULES IMPLICATIONS

The Guaranty constitutes a discloseable transaction of the Company and is subject to the announcement and circular requirements set out in Rules 14.34 and 14.38 of the Listing Rules.

F. GENERAL

Your attention is also drawn to the further information contained in the Appendix to this circular.

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

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.

Name of Shareholder	Capacity/Nature of interest	Notes	Number of shares of CPP <i>Note 1</i>	Approximate percentage of issued share capital of CPP (%)
Krung Thai Bank Public Company Limited	Person having a security interest in shares	2	1,004,014,695 (L)	34.74
CPI Holding Co., Ltd.	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 Trading Limited	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 Holding Co., Ltd. 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 Holding Co., Ltd.
4. Worth Access Trading Limited 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 Trading Limited whilst Charoen Pokphand Group Company Limited 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).

GENERAL

- (a) The qualified accountant of CPP is Ms. Wong Pui Shan, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) 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.
- (c) 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.
- (d) The English text of this circular shall prevail over the Chinese text.