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

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**If you are in any doubt** as to any aspect of this circular, you should consult a 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 of C.P. Pokphand Co. Ltd., you should at once hand this circular to the purchaser or 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)

**CONNECTED AND DISCLOSEABLE TRANSACTION**

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
EK CHOR DISTRIBUTION (SHENYANG) PROPERTY COMPANY LIMITED**

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



*KingswayGroup*

**Kingsway Capital Limited**

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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 10 and pages 11 to 15 of this circular respectively.

A notice convening a 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 10:00 a.m. (or soon thereafter as the special general meeting of the Company scheduled to be held at 9:30 a.m. on the same date shall have been concluded or adjourned) is set out on pages 27 to 28 of this circular.

Whether or not you are able to attend the Special General 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 later than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the Special General Meeting or any adjournment hereof should you so wish.

6 October 2006

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## DEFINITIONS

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

“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
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for business in Hong Kong
“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 PRC
“Independent Board Committee”	the board committee appointed by the Board, 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

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## DEFINITIONS

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“Kingsway”	Kingsway Capital Limited, a corporation licensed to conduct type 6 (advising on corporate finance) of the regulated activity under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement
“Latest Practicable Date”	29 September 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information which is contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“PRC Property”	the property with a total gross floor 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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	shareholders of the Company
“Special General Meeting”	the special general meeting of the Company to be held on Wednesday, 25 October 2006 at 10:00 a.m. (or soon thereafter as the special general meeting of the Company scheduled to be held at 9:30 a.m. on the same date shall have been concluded or adjourned) to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“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

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## DEFINITIONS

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“RMB” Renminbi, the lawful currency of the PRC

“%” per cent

*For the purpose of this circular (unless 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*

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LETTER FROM THE BOARD

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**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 Place of Business:*

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

\* *Independent non-executive Directors*

6 October 2006

*To Shareholders*

Dear Sir or Madam,

**CONNECTED AND DISCLOSEABLE TRANSACTION**

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
EK CHOR DISTRIBUTION (SHENYANG) PROPERTY COMPANY LIMITED**

**INTRODUCTION**

The Board announced 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

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## LETTER FROM THE BOARD

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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 Rule 14A.13 of the Listing Rules and requires approval by the Independent Shareholders by way of poll at the Special General Meeting of the Company with the Chearavanont Shareholders and their respective associates to abstain from voting under Rules 14A.18 and 14A.54 of the Listing Rules. The Disposal also constitutes a discloseable transaction for the Company under the Listing Rules.

The purpose of this circular is to provide you with information regarding the Disposal, 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 Disposal and to give notice to the Independent Shareholders to convene the Special General Meeting to consider and, if thought fit, to approve the Disposal.

### **DISPOSAL**

#### **Date of the Agreement**

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

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## LETTER FROM THE BOARD

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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 open market valuation of the PRC Property as at 31 July 2006 based on the valuation report prepared by Castores Magi (Hong Kong) Limited, a professional valuer recognized by the Hong Kong Institute of Surveyors and 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). This valuation took into account the fact that the title to the PRC Property is not freely transferable, thus its capital value as at 31 July 2006 is zero commercial value. The valuation report also states that on the assumption that the land premium had been fully paid, the valuer was of the opinion that the capital value of the PRC Property as at 31 July 2006 would be HK\$78,700,000, being the unrestricted capital value of the PRC Property without deduction of any land premium. As the PRC legal adviser is of the opinion that the Disposal does not involve any change of ownership in respect of the PRC Property, no cost and expenses relating to the PRC Property (including land premium) will be incurred under the present transaction.

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.

### Conditions

Completion of the Agreement is conditional upon, among other things, 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.

As at the Latest Practicable Date, none of the conditions to the Agreement has been fulfilled.

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.



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## LETTER FROM THE BOARD

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### 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 a total gross floor 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. On 18 August 2000, Ek Chor obtained a State-owned Land Use Rights Certificate in respect of the PRC Property which supersedes the State-owned Land Use Rights Certificate issued on 2 June 1995. Since the land use rights granted under the said State-owned Land Use Rights Certificate was by way of administrative allocation with no specified term of use, according to the opinion given by the Company's PRC legal advisors, the term of 40 years as stated in the Certificate for the Use of State-owned Land is no longer effective, there is no specified term of use for the land use rights of the PRC Property and the PRC Property is not transferable. 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 :-

	<b>Year ended</b> <b>31 December 2005</b> <i>HK\$'000</i>	<b>Year ended</b> <b>31 December 2004</b> <i>HK\$'000</i>
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

### 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

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## LETTER FROM THE BOARD

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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. Following the Disposal and the repayment of the aforesaid bank borrowings, the total assets and the total liabilities of the Group will be decreased.

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.

### 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 of the Company under Rule 14A.13 of the Listing Rules and requires approval by the Independent Shareholders by way of poll at the Special General Meeting of the Company with the Chearavanont Shareholders and their respective associates to abstain from the voting under Rules 14A.18 and 14A.54 of the Listing Rules. The Disposal also constitutes a discloseable transaction for the Company under the Listing Rules.

### SPECIAL GENERAL MEETING

A notice convening the Special General Meeting is set out on pages 27 to 28 of this circular. The Special General Meeting is being convened for the purpose of considering and, if thought fit, passing the ordinary resolution to approve the Disposal. The Chearavanont Shareholders and their respective associates will abstain from voting at the Special General Meeting.

A form of proxy for use at the Special General Meeting is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrars of the Company in Hong Kong, 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 later than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the Special General Meeting or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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Pursuant to the 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 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 authorised 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 authorised 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 Special General Meeting will demand that a poll be taken in respect of the ordinary resolution to be proposed at the Special General Meeting for the approval of the Disposal.

### **RECOMMENDATION**

The Independent Board Committee has been established to consider whether the terms of the Disposal 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 11 to 15 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 10.

The Independent Board Committee, having taken into account the opinion of Kingsway, considers the terms of the Disposal to be fair and reasonable and is in the interest of the Company and the Shareholders as a whole and accordingly, recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the Special General Meeting.

### **FURTHER INFORMATION**

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

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

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

6 October 2006

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED AND DISCLOSEABLE TRANSACTION**

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
EK CHOR DISTRIBUTION (SHENYANG) PROPERTY COMPANY LIMITED**

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 otherwise requires.

As independent non-executive Directors who are independent of the parties to the Agreement and not having any interest in the transaction contemplated under the Agreement, we have been appointed by the Board to advise you as to whether, in our opinion, the terms and conditions of the Agreement are fair and reasonable so far as the Shareholders as a whole are concerned.

Kingsway has been appointed by the Company as the independent financial adviser to advise us regarding the fairness and reasonableness of the terms and conditions of the Agreement. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such opinion, are set out on pages 11 to 15 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 4 to 9 of the Circular and the additional information set out in the appendices 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 conditions of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and its Shareholders. We therefore recommend the Independent Shareholders to vote in favour of the resolution in relation to the Agreement to be proposed at the Special General Meeting.

Yours faithfully,  
For and on behalf of the  
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*

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## LETTER FROM KINGSWAY

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*The following is the full text of a letter received from Kingsway setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement for inclusion 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.*

Dear Sirs,

### **CONNECTED AND DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF EK CHOR DISTRIBUTION (SHENYANG) PROPERTY COMPANY LIMITED**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement. Details of the Disposal are set out in a circular (the “**Circular**”) of C.P. Pokphand Co. Ltd. to the Shareholders dated 6 October 2006, of which this letter forms part. Unless otherwise defined, expressions used in this letter have the same meanings as defined in the Circular.

On 7 September 2006, the Company announced that 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 under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under Rules 14A.13 of the Listing Rules and is subject to the approval by the Independent Shareholders at the Special General Meeting. The Disposal also constitutes a discloseable transaction for the Company under the Listing Rules.

In formulating our opinion, we have relied on the accuracy of the information and representations provided to us by the Company and contained in the Circular, and have assumed that all information and

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## LETTER FROM KINGSWAY

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representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Board in the Circular were reasonably made after due inquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinion expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Board.

We have also reviewed the independent property valuation report prepared by Castores Magi (Hong Kong) Limited (the “**Valuer**”) in respect of the PRC Property, the sole asset of Ek Chor as set out in Appendix I to the Circular (the “**Valuation Report**”). We also had the opportunity to discuss with the Valuer the valuation of the PRC Property prepared by it. We have assumed that the opinion given by the Valuer has been prepared with due care and consideration.

However, we have not made any independent valuation of the PRC Property nor have we conducted any independent in-depth investigation into the business and affairs of the Company, the Purchaser or any of their subsidiaries or associates.

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

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, we have considered the following principal reasons and factors:

#### **(i) Background and reasons for the Disposal**

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

Ek Chor is principally engaged in property investment of which the sole asset is the PRC Property. Ek Chor is wholly-owned by the Vendor, which in turn is wholly-owned by the Company. As set out in the Letter of the Board, the net asset value of Ek Chor as at 31 July 2006, being the appraised value of the PRC Property (assuming the land use rights of the PRC Property is transferable), was approximately RMB81,134,000 (approximately HK\$78,700,000).

The PRC Property is located at No. 36 Shenxin Dong Road, Tiexi District, Shenyang, Liaoning Province, the PRC, comprising the whole block of a 6-storey commercial building with a total gross floor area of 37,839 square meters. Pursuant to the State-owned Land Use Rights Certificate in respect of the PRC Property issued on 2 June 1995 (the “**Old Certificate**”), the PRC Property has been specified for commercial use for a term of 40 years from June 1995 to June 2035. On 18 August 2000, Ek Chor obtained a new State-owned Land Use Rights Certificate (the “**New Certificate**”) which supersedes the Old Certificate. Since the land use rights granted under the New Certificate was by way of administrative allocation with no specified term of use, the legal advisers of the Company on the PRC laws, Commerce & Finance Law Offices, are of the view that (i) the term of 40 years as specified in the Old Certificate is no longer effective; (ii) no term of use is specified for the land use rights of the PRC Property, however, the land use rights of the PRC Property is not transferable.

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## LETTER FROM KINGSWAY

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When the PRC Property was acquired by Ek Chor in 1995, the Group was engaging in retail business and planned to extend its business by operating a shopping mall in Shenyang in the PRC. However, the hypermarkets of the Group in Hong Kong was making loss. As such, the Group closed them down gradually in 1997 and ceased to engage in the retail business. Thereafter, the Board considers no other suitable development project is available for the PRC Property and therefore has left it vacant since its acquisition.

According to the 2005 annual report of the Company, the business objectives of the Group in 2006 is to strive for breakthroughs in four major areas, including industrialisation of aqua breeding and egg products farming, live swine commercialization and advanced food processing.

On 7 September 2006, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of Ek Chor. The legal advisers of the Company on the PRC Laws, Commerce & Finance Law Offices, confirm that the change of beneficial owner of Ek Chor will not be regarded as transferring of the PRC Property under the PRC law, and advise that the PRC law does not apply on the Disposal involving share transfer of a company incorporated in Hong Kong. The Board considers that the Disposal is an invaluable opportunity for the Group to realise its investment, streamline its internal resources and focus on the Group's existing principal businesses. Given the factors above, we concur with the Directors' view that the Disposal allows the Group to focus on its existing core business.

### (ii) The Agreement

As set out in the Letter from the Board, the consideration (“**Consideration**”) of the Disposal amounting to RMB82,000,000 (approximately HK\$79,540,000) was arrived at after arm's length negotiations, taking into account the valuation of the PRC Property as at 31 July 2006. According to the Valuation Report, no commercial value has been ascribed to the PRC because the land use rights of the PRC Property is administrative allocation in nature and therefore is not transferable. However, assuming a land premium is fully paid and thus the land use rights become transferable, the Valuer is of the view that the market value of the PRC Property (without deduction of any land premium) would amount to RMB81,134,000 (HK\$78,700,000) as at 31 July 2006. The Consideration represents a slight premium of approximately 1.1% or RMB866,000 (approximately HK\$840,000) over the net asset value of Ek Chor as at 31 July 2006, being the appraised value of the PRC Property (assuming the land use rights of the PRC Property is transferable), and will be used to repay the Group's bank borrowings.

The Consideration shall be payable in one lump sum by the Purchaser to the Vendor in RMB, HK\$ or a combination of both at the agreed exchange rate of RMB1 for HK\$0.9709 on Completion, which is expected to take place no later than 30 November 2006, or such later date as agreed between the parties to the Disposal. As confirmed by the Board, none of the parties to the Agreement is required to pay any land premium in the Disposal.

The Board confirms that Ek Chor currently has not engaged in any business operation except the holding of PRC Property. Ek Chor has zero liability and its entire net asset value equals the value of the PRC Property. As such, we consider it appropriate to justify the fairness and reasonableness of the Consideration by looking into the valuation of the PRC Property. We have discussed the property valuation with the Valuer to understand the valuation methodology and assumptions used. We understood from the Valuer that they have carried out property inspections and valued the PRC Property on a market value

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## LETTER FROM KINGSWAY

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basis assuming sale with vacant possession. According to The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors, market value is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Such approach rests on the wide acceptance of market price as the best indicator of value and pre-supposes that evidence of transactions carried out around the time of valuation in the market place can be extrapolated to similar properties. The Valuer confirmed that they have complied with the requirements set out in the (i) Valuation Standards (First Edition 2005) on Valuation of Properties published by the Hong Kong Institute of Surveyors; and (ii) Chapter 5 and Practice Note 12 of the Listing Rules.

Since the Consideration was determined with reference to the valuation of the PRC Property (assuming the land use rights of the PRC Property is transferable) and represented a premium of approximately 1.1% or RMB866,000 (approximately HK\$840,000) over the net asset value of Ek Chor as at 31 July 2006, we are of the view that the Consideration is fair and reasonable and in the interests of the Company and Shareholders as a whole.

### **(iii) Financial impacts of the Disposal**

#### *Effect on net asset value*

As set out in the Letter of the Board, the net asset value of Ek Chor as at 31 July 2006 will be adjusted to the appraised value of the PRC Property of approximately RMB81,134,000 (approximately HK\$78,700,000). Given the Consideration represents a slight premium over the net asset value of Ek Chor, the Board expects that there will be no material impact on the net asset value of the Group as a result of the Disposal.

#### *Effect on earnings*

The PRC Property has been left vacant since its acquisition and thus has not contributed any earnings to the Group. Following the Disposal, the Group will no longer incur depreciation cost relating to the PRC Property. Also, given the Consideration represents a slight premium over the net asset value of Ek Chor, the Board expects that there will be no material gain or loss as a result of the Disposal.

#### *Effects on working capital and gearing*

Since the Consideration will be received in cash, working capital position of the Group will be improved. We consider that the increase in working capital will be beneficial to the Group and Shareholders. The Board advises that there will be no material impact on the gearing of the Group, as represented by the total liability to total asset, immediately after the Disposal. As the Consideration is intended to be used to repay the Group’s bank borrowings, the Board expects that the gearing of the Group will be improved in the future.



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## LETTER FROM KINGSWAY

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### RECOMMENDATION

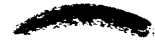
Having considered the above principal factors and reasons, we consider that the terms of the Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Disposal and that the Independent Board Committee advises the Independent Shareholders accordingly.

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

*The following is the text of the letter and valuation certificate received from Castores Magi (Hong Kong) Limited, an independent valuer, in connection with their valuation as at 31 July 2006 of the PRC Property.*

嘉漫(香港)有限公司  
**CASTORES MAGI** (HONG KONG) LIMITED  
REGISTERED PROFESSIONAL SURVEYORS  
REAL ESTATE, MINERALS, MACHINERY & EQUIPMENT AND BUSINESS VALUERS

CASTORES



MAGI

Suites 402-3  
Unicorn Trade Centre  
131 Des Voeux Road Central  
Hong Kong

6 October 2006

The Directors  
C.P. Pokphand Co. Ltd.  
21st Floor  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

Dear Sirs,

In accordance with your instruction to value the property in which C.P. Pokphand Co. Ltd. (the “Company”) and its subsidiaries (together the “Group”) have interests in Shenyang, Liaoning Province, the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the relevant property as at 31 July, 2006 (the “date of valuation”).

Our valuation of the property interest is our opinion of the Market Value which we would define as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.” Market Value is understood as the value of an asset estimate without regard to costs of sale or purchase and without offset for any associated taxes.

Our valuation of the property interest has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property.

The property interest has been valued on a Market Value basis assuming sale with vacant possession by direct comparison valuation method. This approach rests on the wide acceptance of market price as the best indicator of value and pre-supposes that evidence of recent transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

In valuing the property interest, we have adopted the basis of valuation and have made the valuation assumptions in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 and the Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The current status of the property regarding major approvals, consents and licences required in the PRC is as follows:

<b>Document/Approval</b>	<b>Status</b>
State-owned Land Use Rights Certificate*	Yes

\* *The land use rights is administrative allocation in nature and it is not freely transferable.*

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site area in respect of the relevant property but have assumed that the site area shown on the documents and official site plans handed to us are correct. Based on our valuation experience of similar properties in the PRC, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements have been taken.

We have inspected the property, in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, no structural survey, investigation or examination has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out to any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

We have been shown copies of various documents relating to the property. However, we have not searched the original documents to verify any amendments which may not appear on the copies handed to us. Due to defects of the land registration system in the PRC, we are unable to search the original documents to verify the existing title of the property or any material encumbrances that might be attached to the property. We are not in a position to advise on the title of the property. However, we have made reference to the opinion given by the Company's legal advisers on PRC laws in respect of the Group's title to the property.

We have had no reason to doubt the authenticity and accuracy of the information provided to us by the Group. We have also sought and received confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars. The adopted exchange rate for the valuation of the property is the prevailing rate as at the date of valuation, being HK\$1 to RMB1.03 and no significant fluctuation in exchange rate has been found between that date and the date of this letter.

The conclusion of values is based on generally accepted valuation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgment in arriving at the valuation, you are urged to consider carefully the nature of such assumptions which are disclosed in this report and should exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interest in the Group or the value reported.

Our valuation is summarized below and the valuation certificate is attached.

Yours faithfully,  
For and on behalf of  
**Castores Magi (Hong Kong) Limited**  
**Ernest Cheung Wah Fu**  
*Member of China Institute of Real Estate Appraisers*  
*China Registered Real Estate Appraiser*  
*B.Sc. MRICS MHKIS RPS MCIArb*  
*Director*

*Note:* Ernest Cheung Wah Fu is a Registered Professional Surveyor who has over 13 years of experience in valuing properties in Hong Kong and the PRC. His name is included in the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers set forth by the Hong Kong Institute of Surveyors.

**SUMMARY OF VALUE****Property interest held by the Group in Liaoning Province, the PRC****Property****Capital Value  
in existing state as at  
31 July, 2006  
HK\$**

1. A commercial building located at  
No. 36 Shenxin Dong Road,  
Tiexi District,  
Shenyang,  
Liaoning Province,  
The PRC.

No commercial value

**Total:**

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**No commercial value**

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## VALUATION CERTIFICATE

## Property interest held by the Group in Liaoning Province, the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July, 2006 HK\$
1. A commercial building located at No. 36 Shenxin Dong Road, Tiexi District, Shenyang, Liaoning Province, The PRC.	<p>The property comprises the whole block of a 6-storey commercial building which was completed in about 1992.</p> <p>The total gross floor area of the building is about 37,839 sq. m.</p>	The property is currently vacant.	No commercial value

*Notes:*

- According to a State-owned Land Use Rights Certificate dated 18th August, 2000 which was issued by Shenyang City Tiexi District Buildings and Land Administration Bureau (瀋陽市鐵西區房屋土地管理局), the followings, among others, were noted:

  - Land User: 易初配銷(瀋陽)物業有限公司 (Ek Chor Distribution (Shenyang) Property Co., Ltd.), a wholly-owned subsidiary of the Company
  - Address: No. 36 Shenxin Dong Road, Tiexi District (鐵西區瀋新東路36號)
  - Land Use Rights area: 11,850 sq. m.
  - Nature of Land Use Rights: Administrative Allocation
- Pursuant to this certificate, it was noted that lease, transfer, pledge, change of use of the land use rights must comply with the legal procedure for alternation registration.
- According to the opinion provided by the Company's PRC legal advisors, Commerce & Finance Law Offices, the land use rights of the property is administrative allocation in nature and it is not freely transferable. Besides, the building is also not freely transferable.
- Since the land use rights is administrative allocation in nature, it is not transferable. Therefore, we have not ascribed any commercial value to the property. We understand that a land premium is payable before the land use rights is transferable. Assuming the land premium had been fully paid as at the date of valuation, we are of the opinion that the capital value of the property (as at the date of valuation) was HK\$78,700,000, being the unrestricted capital value of the property without deduction of any land premium.

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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 the Company in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to the Company 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 the Company under Section 352 of the SFO or as otherwise notified to the Company 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 the Company**

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

**(ii) Directors' interests in share options granted by the Company**

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 the Company 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 the Company 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 the Company had any interest or short position in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as are required to be notified to the Company 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 the Company under Section 352 of the SFO or as otherwise notified to the Company 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 the Company) had the following interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company 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:

Name	Capacity/ Nature of interest	Notes	Number of shares of the Company 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 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 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 the Company) had an interest or a short position in shares or underlying shares of the Company which would fall to be disclosed to the Company 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 the Company 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 the Company to be pending or threatened by or against the Company 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 EXPERTS**

The following are the qualifications of the experts (the "Experts") who have given their letters for the purpose of this circular:

<b>Name</b>	<b>Qualifications</b>	<b>Nature of opinion or advice</b>	<b>Date of opinion</b>
Kingsway	A licensed corporation under the SFO to carry out type 6 of the (advising on corporate finance) regulated activity (as defined under the SFO)	Letter to the Independent Board Committee and the Independent Shareholders	6 October 2006
Castores Magi (Hong Kong) Limited	Registered professional surveyor	Letter and valuation certificate in connection with their valuation of the PRC Property	6 October 2006
Commerce & Finance Law Offices	A qualified PRC legal adviser	PRC legal opinion	7 September 2006, 28 September 2006 and 29 September 2006

The Experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters and/or references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Experts 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 (as explained in the section headed "Disposal" in the Letter from the Board of this circular), since 31 December 2005, the date to which the latest published audited consolidated accounts of the Group have been made up, none of Kingsway, Castores Magi (Hong Kong) Limited, Commerce & Finance Law Offices nor 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, none of Kingsway, Castores Magi (Hong Kong) Limited nor Commerce & Finance Law Offices was interested in any shares in the Company or any of its subsidiaries or any rights or option to subscribe for or nominate persons to subscribe for any shares in the Company or any of its subsidiaries.
- (d) The secretary of the Company 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 the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. The register office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the principal place of business is at 21st Floor, Far East Finance Centre, 16 Harcourt Road, 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 the Company at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong up to and including 25 October 2006:

- (i) the letter from the Independent Board Committee, the text of which is set out on page 10 of this circular;
- (ii) the letter from Kingsway, the text of which is set out on pages 11 to 15 of this circular;
- (iii) the letter from Castores Magi (Hong Kong) Limited, the text of which is set out on pages 16 to 20 of this circular;
- (iv) the written consents of Kingsway, Castores Magi (Hong Kong) Limited and Commerce & Finance Law Offices referred to in paragraph headed “Qualification and Consent of Experts” in this Appendix;
- (v) the Agreement; and
- (vi) the PRC legal opinion given by Commerce & Finance Law Offices as mentioned in the valuation report prepared by Castores Magi (Hong Kong) Limited.

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## NOTICE OF SPECIAL GENERAL MEETING

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# C.P. POKPHAND CO. LTD.

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 43)

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “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 10:00 a.m. (or soon thereafter as the special general meeting of the Company scheduled to be held at 9:30 a.m. on the same date shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

### ORDINARY RESOLUTION

“**THAT** the agreement dated 7 September 2006 between C. T. Progressive (Investment) Ltd. (the “Vendor”), being a wholly-owned subsidiary of the Company, and Excel Prominent Limited (the “Purchaser”) (the “Agreement”) pursuant to which the Vendor has conditionally agreed to sell the entire issued share capital of Ek Chor Distribution (Shenyang) Property Company Limited to the Purchaser, a copy of which marked “A” is tabled at the Meeting and initialed by the chairman of the Meeting for identification purpose, be and is hereby ratified and approved **AND THAT** the directors of the Company be and are hereby authorized to sign any document or to do anything on behalf of the Company which they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of the Agreement (as amended, if applicable) and to make such amendments thereto as any director of the Company may consider necessary, desirable or expedient.”

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

Hong Kong, 6 October 2006

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## NOTICE OF SPECIAL GENERAL MEETING

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*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.
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 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 being a corporation, by its duly authorised 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 (or in the case of a shareholder being a corporation, by its duly authorised representative) in person 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 the resolution to be proposed at the meeting for the approval of the Agreement.