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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 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)

**MAJOR AND CONNECTED TRANSACTION –
INCREASE OF GUARANTY PROVIDED BY A WHOLLY-OWNED SUBSIDIARY**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



KingswayGroup

Kingsway Capital Limited

A letter from the Board is set out on pages 4 to 7 of this circular. 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 8 and pages 9 to 13 of this circular respectively.

20 November 2008

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DEFINITIONS

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

“Amendment Agreement”	the amendment agreement to the Guaranty entered into on 30 October 2008 between EKCM and CCFL
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 People’s Republic of China
“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 directly and indirectly interested in approximately 51.43% of the issued share capital of the Company
“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
“CPI Holding”	CPI Holding Co., Ltd., a company incorporated in the British Virgin Islands and wholly-owned by a company which is held as to 51.31% of its issued share capital by the Chearavanont Shareholders
“Group”	the Company and its subsidiaries
“Directors”	the directors of the Company
“ECI Metro”	ECI Metro Investment Co. Ltd., a company incorporated in the British Virgin Islands, in which the Company holds a 50% indirect 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 as of 4 July 2007 entered into by EKCM in favour of CCFL, guaranteeing the Obligations of the ECI Metro Group up to the maximum amount of US\$19 million

DEFINITIONS

“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 board committee appointed by the Board, comprising independent non-executive Directors, to advise the Independent Shareholders in relation to the Amendment Agreement
“Independent Shareholder(s)”	Shareholders who would not be required to abstain from voting at a general meeting of the Company to approve the Amendment Agreement
“Kingsway”	Kingsway Capital Limited, a licensed corporation for Type 6 regulated activities as set out in Schedule 5 of the SFO, appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the New Guaranty
“Latest Practicable Date”	14 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information included herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Guaranty”	the Guaranty as amended by the Amendment Agreement entered into by EKCM in favour of CCFL, guaranteeing the Obligations of the ECI Metro Group up to the maximum amount of US\$30.55 million
“Obligations”	all present and future indebtedness of ECI Metro Group to CCFL advanced on or before 1 July 2009
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of US\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of United States
“Worth Access”	Worth Access Trading Limited, a company incorporated in the British Virgin Islands and wholly-owned by companies which are held as to 51.31% of their issued share capital by the Chearavanont Shareholders

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. Robert Ping-Hsien Ho
Mr. Soopakij Chearavanont
Mr. Nopadol Chiaravanont
Mr. Chatchaval Jiaravanon
Mr. Benjamin Jiaravanon
Mr. Narong Chearavanont
Mr. Suphachai Chearavanont
Mr. Pang Siu Chik
Mr. Ma Chiu Cheung, Andrew*
Mr. Sombat Deo-isres*
Mr. Sakda Thanitcul*

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and Principal place of
business in Hong Kong:*

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

* *Independent non-executive Directors*

20 November 2008

To the Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION – INCREASE OF GUARANTY PROVIDED BY A WHOLLY-OWNED SUBSIDIARY

A. INTRODUCTION

Reference is made to the announcement of the Company dated 4 July 2007 in relation to the provision of the Guaranty by EKCM, a wholly-owned subsidiary of the Company, in favour of CCFL, guaranteeing the Obligations of the ECI Metro Group up to the maximum amount of US\$19 million.

LETTER FROM THE BOARD

On 30 October 2008, the Board further announced that EKCM entered into an Amendment Agreement to increase the amount of Guaranty.

The purpose of this circular is to give Shareholders further information on the terms of the Amendment Agreement and to provide Shareholders with such information concerning the Company as required by the Listing Rules.

B. THE AMENDMENT AGREEMENT

(a) Date

30 October 2008

(b) Parties

EKCM acting as guarantor in favour of CCFL.

CCFL acting as lender.

(c) Details of the New Guaranty

Under the New Guaranty in favour of CCFL, EKCM has guaranteed the Obligations of the ECI Metro Group up to the maximum amount of US\$30.55 million, on the basis of joint and several liability with the ECI Metro Group. The Guaranty (as amended by the Amendment Agreement) shall automatically expire on 17 April 2010 or such later date as agreed in writing between EKCM and CCFL.

C. INFORMATION ON THE PARTIES

The Group is principally engaged in the production and sale of Chlortetracycline products, the manufacturing and sale of motorcycles, the sale of Caterpillar machinery, and manufacturing and sale of carburetors and automobile accessories through its jointly-controlled entities 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. The Directors confirm that, to the best of their knowledge, CCFL is a third party independent of the Company and any connected person of the Company and is not itself a connected person of the Company.

LETTER FROM THE BOARD

D. REASONS FOR THE INCREASE IN GUARANTY

ECI Metro is a jointly-controlled entity of the Company in which EKCM, a wholly-owned subsidiary of the Company, has a 50% indirect equity interest. ECI Metro is the sole agent of the Caterpillar brand of construction machinery and tools in the western region of the PRC providing sales, leasing and repair services. 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 increase such loans against, amongst other things, the guaranty to be provided by EKCM as provided in the New Guaranty.

Given that (i) the New Guaranty provides support to ECI Metro for securing greater credit line offered by CCFL for its increasing scale of operation and therefore strengthen its revenue stream and profitability and will in turn benefit the Group; (ii) EKCM is guaranteeing up to the maximum amount of US\$30.55 million of liability of the total maximum liability of US\$61.1 million of the ECI Metro Group, which is reflective of the equal shareholding held by each of the two shareholders in ECI Metro; and (iii) the other shareholder of ECI Metro has provided a guaranty with the same amount and term as that under the New Guaranty, the Directors (including the independent non-executive Directors who have taken into account the advice of Kingsway) consider that the terms of the Amendment Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

E. FINANCIAL IMPACT OF THE NEW GUARANTY

As the New Guaranty constitutes a contingent liability of the Group, the Directors do not presently expect that it will have any substantial financial impact on the earnings and assets and liabilities of the Group.

F. LISTING RULES IMPLICATIONS

Mr. Chatchaval Jiaravanon, an executive Director, is the son-in-law of Mr. Thongsai Burapachaisri, who holds an approximately 92.4% equity interest in Metro Tractor Co., Ltd., which in turn holds a 50% equity interest in ECI Metro (with the other 50% indirectly held by EKCM). Pursuant to Chapter 14A of the Listing Rules, Mr. Thongsai Burapachaisri is a connected person of the Company. As the New Guaranty represents more than 25% of the total market capitalisation of the Company, it constitutes a major and connected transaction under the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. To the best knowledge of the Directors, as no Shareholder has any interest in the Amendment Agreement, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for approving the major and connected transaction contemplated under the Amendment Agreement. On 30 October 2008, CPI Holding and Worth Access, each of which is wholly-owned by companies which are held as to 51.31% of their issued share capital by the Chearavanont Shareholders, and which hold 1,004,014,695 Shares and 481,250,000 Shares respectively (representing on an aggregate basis approximately 51.39% of the issued share capital of the Company), have given their written approval of the New Guaranty. In accordance with Rule 14A.43 of the Listing Rules, waiver has been granted with respect to holding a general meeting to approve the Amendment Agreement and the written Independent Shareholders' approval has been accepted by the Stock Exchange.

LETTER FROM THE BOARD

G. RECOMMENDATION

The Independent Board Committee has been established to consider whether the terms of the Amendment Agreement 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 9 to 13 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 8.

The Independent Board Committee, having taken into account the opinion of Kingsway, considers the terms of the Amendment Agreement to be fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

H. ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Pang Siu Chik
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

20 November 2008

To the Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION – INCREASE OF GUARANTY PROVIDED BY A WHOLLY-OWNED SUBSIDIARY

We refer to the circular dated 20 November 2008 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 Amendment Agreement and not having any interest in the transactions contemplated under the Amendment Agreement, we have been appointed by the Board to advise you as to whether, in our opinion, the terms of the Amendment Agreement are fair and reasonable so far as the Independent 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 of the Amendment 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 9 to 13 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 4 to 7 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 of the Amendment Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and its Shareholders. Had there been a general meeting convened for this purpose, we would therefore have recommend the Independent Shareholders to vote in favour of the Amendment Agreement.

Yours faithfully,
For and on behalf of
the Independent Board Committee

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

Sombat Deo-isres
*Independent Non-executive
Director*

Sakda Thanitcul
*Independent Non-executive
Director*

LETTER FROM KINGSWAY

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



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

20 November 2008

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

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION – INCREASE OF GUARANTY PROVIDED BY A WHOLLY-OWNED SUBSIDIARY

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Amendment Agreement, details of which are set out in the circular (the “Circular”) of C.P. Pokphand Co. Ltd. to the Shareholders dated 20 November 2008, of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as defined in the Circular.

Reference is made to the announcement of the Company on 30 October 2008. EKCM, a wholly-owned subsidiary of the Company, has been providing the Guaranty, in favour of CCFL, guaranteeing the Obligations of the ECI Metro Group up to the maximum amount of US \$19 million since July 2007. On 30 October 2008, EKCM and CCFL entered into the Amendment Agreement to increase the amount of the Guaranty up to the maximum amount of US\$30.55 million.

LETTER FROM KINGSWAY

The Amendment Agreement constitutes a major and connected transaction of the Company under the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements. To the best knowledge of the Directors, as no Shareholder has any interest in the Amendment Agreement, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for approving the major and connected transaction contemplated under the Amendment Agreement. As set out in the letter from the Board in the Circular (the "**Letter from the Board**"), on 30 October 2008, CPI Holding and Worth Access, each of which is wholly-owned by companies which are held as to 51.31% of their issued share capital by the Chearavanont Shareholders, and which hold 1,004,014,695 Shares and 481,250,000 Shares, respectively (representing on an aggregate basis approximately 51.39% of the issued share capital of the Company), have given their written approval of the Amendment Agreement. In accordance with Rule 14A.43 of the Listing Rules, waiver has been granted with respect to holding a general meeting to approve the Amendment Agreement and the written Independent Shareholders' approval has been accepted by the Stock Exchange.

The Independent Board Committee, comprising Ma Chiu Cheung, Andrew, Sombat Deo-isres and Sakda Thanitcul, all being independent non-executive Directors and not having interest in the Amendment Agreement, has been established to advise the Independent Shareholders in relation to the Amendment Agreement. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Agreement, we have relied on the information and representations provided to us by the Directors, which the Directors consider to be complete and relevant.

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

We have not, however, carried out any independent verification of the information provided by the management of the Company and the Directors, nor have we conducted any independent investigation into the business and affairs of the Company, ECI Metro and CCFL or any of their respective subsidiaries, jointly controlled entities or associates.

LETTER FROM KINGSWAY

PRINCIPAL REASONS AND FACTORS CONSIDERED

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

(1) Background and reasons

The Group is principally engaged in the production and sale of Chlortetracycline products, the manufacturing and sale of motorcycles, the sale of Caterpillar machinery, and manufacturing and sale of carburetors and automobile accessories through its jointly-controlled entities 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.

As set out in the Letter from the Board of the Circular, ECI Metro is a jointly-controlled entity of the Company in which EKCM, a wholly-owned subsidiary of the Company, has a 50% indirect equity interest. ECI Metro is the sole agent of the Caterpillar brand of construction machinery and tools in the western region of the RPC providing sales, leasing and repair services. As mentioned in the Company's interim report 2008, ECI Metro recorded prominent growth in its business for the six months ended 30 June 2008. Sale of machinery equipment increased by 69.9% in terms of quantity as compared with the same period last year. Robust sales have been reported, especially in its major sales provinces such as Yunnan, Sichuan and Ningxia in the PRC, with reported growth of 67.3%, 47.6% and 69.9% respectively from the same period last year.

As set out in the Letter from the Board and further advised by the Directors, the ECI Metro Group has financed a portion of its purchase of Caterpillar brand construction machinery and tools for sale and leasing by drawing from a credit line of US\$38 million (the "**Existing Credit Line**") offered by CCFL since 2005, and the obligations of which up to the maximum amount of US\$19 million have been guaranteed by EKCM in favour of CCFL under the Guaranty. In June 2008, CCFL has agreed to increase the credit line to up to US\$61.1 million (the "**Enlarged Credit Line**") against, amongst other things, the guarantee of up to US\$30.55 million to be provided by each of EKCM and the other shareholder of the ECI Metro, which is reflective of the equal shareholding held by each of them in ECI Metro. As advised by the Directors in the Letter from the Board, increase in guarantee amount provides support to ECI Metro for securing greater credit line offered by CCFL for its increasing scale of operation and therefore strengthen its revenue stream and profitability and will in turn benefit the Group.

Taking into account the factors above, we are of the view that entering into of the Amendment Agreement is in the ordinary and usual course of business, and is in the interest of the Company and the Shareholders as a whole.

LETTER FROM KINGSWAY

(2) Guarantee amount

Under the New Guaranty, EKCM guaranteed the Obligations of the ECI Metro Group up to the maximum amount of US\$30.55 million, in favour of CCFL, on the basis of joint and several liability with the ECI Metro Group.

As advised by the Directors, sales revenue of ECI Metro generated by the sales and leasing of Caterpillar brand construction machinery and tools recorded a satisfactory growth for the year ended 31 December 2007, the turnover increased by approximately 59.8% from that in 2006. Accordingly, total purchases of Caterpillar brand construction machinery and tools for sale and leasing for the year ended 31 December 2007 increased by approximately 37.5% from that in 2006. The purchases of Caterpillar brand construction machinery and tools for the first ten months in 2008 increased by approximately 86.3% from the full year amount in 2007. As stated in Appendix I of the Circular, the portion of Existing Credit Line guaranteed by EKCM under the Guaranty was fully utilised as at 31 August 2008.

To facilitate the business expansion and to cater the increasing demand in construction machinery and tools, the Directors consider it necessary for ECI Metro to secure greater credit line offered by CCFL for its increasing scale of operation, resulting in an increase of guarantee by EKCM from a maximum amount of US\$19 million under the Guaranty to \$30.55 million under the New Guaranty.

According to the data published by National Bureau of Statistics of China, total investment in fixed assets and the gross output value of construction in the PRC have been experiencing steady growth in the past years. Total investment in fixed assets in the PRC was approximately RMB13,723.9 billion in 2007, representing an increase of approximately 24.8% from that in 2006. Such investment amount in the western region of the PRC recorded a growth of approximately 28.2% in 2007 compared to that in 2006 and amounted to approximately RMB2,819.4 billion. In addition, the gross output value of construction in the PRC were approximately RMB5,104.4 billion in 2007, representing an increase of 22.8% from that in 2006. Such gross output value of construction in the western region of the PRC recorded a growth of approximately 24.5% in 2007 compared to that in 2006 and amounted to approximately RMB804.0 billion. Taking into account the above, the Directors expect that the rising trend of investment in fixed assets and the gross output value of construction in the PRC will persist in the near future and thus will stimulate the demand for construction machinery and tools of the ECI Metro Group accordingly.

Taking into account the factors above, we concur with the Directors' view and consider that the basis of determining the maximum amount under the Amendment Agreement is reasonable.

(3) Principal terms

As set out in the Letter from the Board, pursuant to the Amendment Agreement and the New Guaranty, EKCM is guaranteeing the Obligations of the ECI Metro Group in favour of CCFL up to the maximum amount of US\$30.55 million on the basis of joint and several liability with the ECI Metro Group. The Guaranty (as amended by the Amendment Agreement) shall automatically expire on 17 April 2010 or such later date as agreed in writing between EKCM and CCFL.

LETTER FROM KINGSWAY

As advised by the Directors, the aforesaid US\$30.55 million accounts for half of the total maximum liability of the ECI Metro Group under the Enlarged Credit Line. The other half of the Enlarged Credit Line has been guaranteed by the other shareholder of ECI Metro. We have reviewed the Amendment Agreement and the guarantee to be given by such shareholder in favour of CCFL, and noted that guaranty of the same amount and on the same terms will be given by each of EKCM and such other shareholder which is reflective of the equal shareholding held by each of them in ECI Metro.

As such, we concur with the Directors view that the terms of the Amendment Agreement are not less favourable to the EKCM as compared with those available to the other shareholder of ECI Metro. Therefore, we consider that the terms of the Amendment Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(4) Financial effects

As set out in the Letter from the Board, the New Guaranty constitutes a contingent liability of the Group. Therefore, the Directors do not presently expect that it will have any substantial financial impact on the Group's earnings, assets or liabilities.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the entering into of the Amendment Agreement are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolutions to approve the Amendment Agreement if a general meeting is convened.

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

1. INDEBTEDNESS

As at 31 October 2008 being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately US\$24,930,000 comprising:

- (a) secured bank loans of approximately US\$6,423,000; and
- (b) unsecured bank loans of approximately US\$18,507,000.

The Group's secured bank borrowings are secured by charges on a property located in Hong Kong.

As at 31 October 2008, the Group issued guarantees of approximately US\$19,000,000 for credit line granted to jointly-controlled entities. The credit line was fully utilized as at 31 October 2008.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable and bills payables in the ordinary course of business, the Group did not have any outstanding mortgages, charges, debentures, loan capital and overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance of acceptance credits or any guarantees of other material contingent liabilities as at the close of business on 31 October 2008.

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group and its internal generated funds, the Group has sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this circular.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Board confirmed that there was no material adverse change in the financial or trading position or outlook of the Group since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Group were made up.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

During the first half of 2008, the Group reorganized its businesses by disposing its stake in the agribusiness. Following the completion of the aforesaid disposal on 22 August 2008, the Group has been focusing on its principal activities in sale and production of Chlortetracycline ("CTC") products and industrial business including production and sale of motorcycles, Caterpillar machinery sales, and production and sales of carburetors and automobile accessories through its jointly-controlled entities.

Looking forward, on the CTC business side, the Group will continue to stay in tune with the local and overseas market and make appropriate operational changes corresponding to the changing needs for CTC products in order to sustain the Group's market share. On the industrial business side, the Group will continue to collaborate with Caterpillar on new projects, including the redevelopment projects in Sichuan's earthquake relief effort. Furthermore, the Group will further strengthen its competitive position in the PRC's growing motorcycle and automobile industries by expanding its 'Dayang' brand motorcycle sales networks in the PRC, developing new products for the purpose of product complementation and quality upgrade as well as expanding its automobile accessory production and at the same time, boosting its export markets.

1. 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.

2. 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 and 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:

Directors' interests in share options granted by the Company

Pursuant to a share option scheme adopted by the Company on 26 November 2002 (the "Scheme"), certain Directors were granted share options. As at the Latest Practicable Date, the interests of the Directors in options to subscribe for Shares under the 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

Name of Directors	Date of grant	Number of Shares issuable upon exercise of options held as at Latest Practicable Date	Price per	Approximate percentage of shareholding (%)
			Share to be paid on exercise of options <i>HK\$</i>	
Mr. Thanakorn Seriburi	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.

3. 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 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 of Shareholder	Capacity/ Nature of interest	Notes	Number of Shares <i>Note 1</i>	Approximate percentage of issued share capital of the Company (%)
CPI Holding	Beneficial owner	2	1,004,014,695 (L)	34.74
C.P. Intertrade Co., Ltd.	Interest of a controlled corporation	2	1,004,014,695 (L)	34.74
Worth Access	Beneficial owner	3	481,250,000(L)	16.65
Charoen Pokphand Holding Company Limited	Interest of a controlled corporation	3	481,250,000(L)	16.65
Charoen Pokphand Group Company Limited	Interest of a controlled corporation	3	481,250,000(L)	16.65

Notes:

- The letter "L" denotes a long position.
- CPI Holding beneficially owned 1,004,014,695 Shares. C.P. Intertrade Co., Ltd. had declared an interest in these shares by virtue of its shareholding in CPI Holding.
- Worth Access beneficially owned 481,250,000 Shares. Charoen Pokphand Holding Company Limited had declared an interest in these Shares by virtue of its shareholding in Worth Access whilst Charoen Pokphand Group Company Limited had 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.

4. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of the Directors and their associates 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.

5. 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).

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

7. INTERESTS IN ASSETS

On 18 April 2008, CP China Investment Limited (“CP China”) as the purchaser and the Company as the vendor, entered into an agreement relating to the disposal by the Company of (i) the entire issued share capital of Chia Tai (China) Agro-Industrial Ltd (“CT Agro”), Wide Master Investment Limited and C.T. Progressive (Investment) Ltd. and the entire equity interest in 正大(中國)投資有限公司(China Tai (China) Investment Co., Ltd.), and (ii) the entire interest in the aggregate amount advanced by the Company to CT Agro, at the total consideration of US\$102,800,000 (the “Disposal”). The Disposal, being a connected transaction and very substantial disposal under the Listing Rules, was approved by the independent shareholders of the Company on 19 June 2008 and completed on 22 August 2008. Messrs. Sumet Jiaravanon and Dhanin Chearavanont, Chairman and Executive Chairman of the Company respectively, being members of the Chearavanont Shareholders, have beneficial interest in CP China.

So far as the Directors are aware, and save as disclosed as aforesaid, as at the Latest Practicable Date, none of the Directors or the expert referred to in paragraph 9 “Qualification and Consent of Expert” below has any direct or indirect interest in any assets of the Company which have been acquired or disposed of by or leased to or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, the date of which the latest published audited consolidated financial statements of the Group were made up.

None of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group taken as a whole.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company or its subsidiaries in the two years immediately preceding the date of this circular and which are or may be material:

- (a) the joint venture agreement dated 3 December 2007 entered into between 正大(中國)投資有限公司 (Chia Tai (China) Investment Co., Ltd.) (“CT Investment”) and 成都中際投資有限公司 (Chengdu Zhong Ji Investment Company Limited) (“Chengdu Zhong Ji”) for the establishment of 樂山正大農業科技有限公司 (Leshan Chia Tai Agriculture Technological Co., Ltd.) owned as to 80% and 20% by CT Investment and Chengdu Zhong Ji respectively with the total investment of RMB28 million and registered capital of RMB20 million;
- (b) the equity transfer contract entered into between the Company and Chia Tai Biotech Company Limited dated 20 December 2007 relating to the disposal by the Company to Chia Tai Biotech Company Limited of 60% equity interest in 江蘇正大種子有限公司 (Jiangsu Chia Tai Seeds Co., Ltd.) at a consideration of US\$369,484;
- (c) the disposal agreement dated 18 April 2008 referred to in paragraph headed “Interest in Assets” in this appendix; and
- (d) the Amendment Agreement.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its letter for the inclusion in this circular:

Name	Qualification	Nature of opinion or advice	Date of opinion
Kingsway	A licensed corporation under the SFO permitted to carry out Type 6 regulated activities (as defined under the SFO)	Letter to the Independent Board Committee and the Independent Shareholders	20 November 2008

Kingsway has given and have not withdrawn their written consent to the issue of this circular with the inclusion of their letter and reference to their name in the form and context in which it appears.

As at the Latest Practicable Date, Kingsway 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.

10. MISCELLANEOUS

- (a) The Company's registered office is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its head office and principal place of business is at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (b) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Room 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The qualified accountant of the Company is Ms. Wong Pui Shan, who is an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.
- (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 English text of this circular shall prevail over Chinese text in the case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong up to and including 9 December 2008:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Amendment Agreement;
- (c) the letter from Independent Board Committee, the text of which is set out on page 8 of this circular;
- (d) the letter from Kingsway, the text of which is set out on pages 9 to 13 of this circular;
- (e) the written consent from Kingsway referred to in paragraph headed "Qualification and Consent of Expert" in this appendix;
- (f) the circular dated 27 May 2008 issued by the Company;
- (g) the annual reports of the Company for each of the two years ended 31 December 2007; and
- (h) the material contracts referred to the paragraph headed "Material Contracts" in this appendix.