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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 IN RELATION TO A LOAN AGREEMENT

**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 14 of this circular respectively.

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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 dated 30 October 2008, entered into between EKCM in favour of CCFL, guaranteeing all present and future indebtedness of ECI Metro Group to CCFL advanced on or before 1 July 2009 of up to the maximum amount of US\$30.55 million
“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
“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
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the board committee appointed by the Board, comprising the independent non-executive Directors, to advise the Independent Shareholders in relation to the Loan
“Independent Shareholder(s)”	Shareholders who would not be required to abstain from voting at a general meeting of the Company to approve the Loan Agreement
“Kingsway”	Kingsway Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) 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 Loan Agreement
“Latest Practicable Date”	7 May 2009, 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
“Loan”	the loan in the principal amount of up to US\$29,000,000 (or its equivalent in RMB) to be lent or procured by EKCM to ECI Metro under the Loan Agreement
“Loan Agreement”	the loan agreement dated 21 April 2009 entered into between EKCM and ECI Metro in respect of the provision of the Loan
“Metro Tractor”	Metro Tractor Co., Ltd., a company incorporated in Thailand which holds a 50% equity interest in ECI Metro
“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

Principal office in Hong Kong:

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

* *Independent non-executive Directors*

12 May 2009

To the Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO A LOAN AGREEMENT

A. INTRODUCTION

Reference is made to the announcement of the Company dated 21 April 2009 in relation to the provision of the Loan by EKCM, a wholly-owned subsidiary of the Company, to ECI Metro under the Loan Agreement.

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

LETTER FROM THE BOARD

B. THE LOAN AGREEMENT

(a) Date

21 April 2009

(b) Parties

Lender: EKCM, a wholly-owned subsidiary of the Company; and

Borrower: ECI Metro, a jointly-controlled entity of the Company, in which EKCM holds an indirect 50% equity interest.

(c) Details of the Loan

Under the Loan Agreement, EKCM will lend, or procure its direct or indirect subsidiaries or a third party to lend, to ECI Metro the principal amount of up to US\$29,000,000 (or its equivalent in RMB) in cash, at an interest rate per annum equal to the prime rate of interest published by the People's Bank of China on the drawdown date of the Loan for RMB borrowings of one-year multiplied by 1.15. The interest rate for the Loan was determined after arm's length negotiation between EKCM and ECI Metro with reference to the prevailing interest rates quoted by commercial banks in the PRC. The term of the Loan Agreement is one year commencing from the date of the Loan Agreement. ECI Metro shall pay interest and repay the principal amount drawn upon maturity.

(d) Conditions Precedent

Completion of the Loan Agreement is conditional upon, among other things, full compliance with the applicable requirements of the Listing Rules, including obtaining (where applicable) a waiver from the Stock Exchange to accept a written independent shareholders' approval of the Company in lieu of holding a general meeting to approve the Loan Agreement and the transactions contemplated hereunder and obtaining such written approval.

As at the Latest Practicable Date, the condition precedent set out above has been fulfilled.

(e) Drawdown

The Loan can be drawn down upon receipt of prior written draw down notice of at least five business days immediately following the day upon which all of the conditions for the Loan Agreement shall have been fulfilled, or such later date as the relevant parties may agree in writing.

LETTER FROM THE BOARD

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.

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 and is principally engaging in the sales, leasing and repair services of Caterpillar construction machinery in the PRC.

D. REASONS FOR THE LOAN

The purpose of the Loan is to finance the purchase of Caterpillar machinery and spare parts and to provide working capital for the ECI Metro Group. The other shareholder of ECI Metro, Metro Tractor, has also agreed to procure a loan of up to US\$29,000,000 (or its equivalent in RMB) to ECI Metro for the same purpose.

Given that (i) the Loan will provide support to ECI Metro for its increasing scale of operation and therefore strengthen its revenue stream and profitability and will in turn benefit the Group; and (ii) the other shareholder of ECI Metro has also agreed to procure a similar loan to ECI Metro for the same purpose, the Directors (including the independent non-executive Directors who have taken into account the advice from Kingsway) consider that the provision of the Loan is on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable.

E. FINANCIAL IMPACT OF THE LOAN

The Directors consider that the Loan will not have any immediate effect on the earnings, assets and liabilities of the Group, except that the cash balances of the Group will be reduced, the receivable from ECI Metro Group will be increased and that the Company expects the Group to earn regular interest income from the provision of the Loan.

F. LISTING RULES IMPLICATIONS

ECI Metro is a jointly-controlled entity of the Company in which EKCM has an indirect 50% equity interest. Since Mr. Chatchaval Jiaravanon, an executive director of the Company, is the son-in-law of Mr. Thongsai Burapachaisri, who holds an approximately 92.4% equity interest in Metro Tractor, which in turn holds the other 50% equity interest in ECI Metro, Mr. Thongsai Burapachaisri and ECI Metro are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. In view of the provision of financial assistance by EKCM to the same party under the Amendment Agreement which was entered into within a 12-month period of the Loan Agreement, the transactions under the Amendment Agreement and the Loan Agreement are required to be aggregated pursuant to Rules 14.22 and 14A.25 of the Listing Rules. As some of the applicable aggregate percentage ratios are more than 25% but less than 100%, the Loan constitutes a major and connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

As to the best knowledge of the Directors, no Shareholder has any material interest in the Loan Agreement, none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting for approving the transactions contemplated under the Loan Agreement. On 21 April 2009, 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 held 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), gave their written approval of the Loan. In accordance with Rule 14A.43 of the Listing Rules, waiver has been granted with respect to holding a general meeting to approve the Loan Agreement and the written independent shareholders' approval has been accepted by the Stock Exchange.

G. RECOMMENDATION

The Independent Board Committee has been established to consider whether the terms of the Loan 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 14 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 8 of this circular.

The Independent Board Committee, having taken into account the opinion of Kingsway, considers the terms of the Loan 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)

12 May 2009

To the Independent Shareholders

Dear Sirs,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO A LOAN AGREEMENT**

We refer to the circular dated 12 May 2009 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 Loan Agreement and not having any interest in the transactions contemplated under the Loan Agreement, we have been appointed by the Board to advise you as to whether, in our opinion, the terms of the Loan 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 Loan 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 14 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 Loan 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 Loan Agreement. As disclosed in the letter from the Board, CPI Holding and Worth Access have provided to the Company their written approval to the Loan and accordingly, no general meeting will be convened for this purpose.

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 relation to the Loan Agreement for inclusion in the Circular.



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

12 May 2009

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

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO A LOAN AGREEMENT

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 Loan Agreement, details of which are set out in the circular (the “**Circular**”) of C.P. Pokphand Co. Ltd. to the Shareholders dated 12 May 2009, 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 21 April 2009. EKCM, a wholly-owned subsidiary of the Company, has entered into the Loan Agreement with ECI Metro on 21 April 2009 in relation to the provision of the Loan.

In view of the provision of financial assistance by EKCM to ECI Metro under the Amendment Agreement which was entered into within a 12-month period of the Loan Agreement, the transactions under the Amendment Agreement and the Loan Agreement are required to be aggregated pursuant to Rules 14.22 and 14A.25 of the Listing Rules. As some of the applicable aggregate percentage ratios are more than 25% but less than 100%, the Loan constitutes a major and connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules. As to the best knowledge of the Directors, no Shareholder has any material interest in the Loan Agreement, none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting for approving the transactions contemplated under the Loan Agreement.

LETTER FROM KINGSWAY

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 on an aggregate basis approximately 51.39% of the issued share capital of the Company as at the Latest Practicable Date, have given their written approval of the Loan. Waiver has been granted by the Stock Exchange to the Company regarding the requirement of holding a general meeting to approve the Loan Agreement and to accept the written independent shareholders' approval pursuant to Rule 14A.43 of the Listing Rules.

The Independent Board Committee, comprising Messrs. Ma Chiu Cheung, Andrew, Sombat Deoisres and Sakda Thanitcul, all being independent non-executive Directors and not having interest in the Loan Agreement, has been established to advise the Independent Shareholders in relation to the Loan 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, we have relied on the information, opinions and representations contained or referred to in the Circular and provided to us by the Company, the Directors and the management of the Company, which the Directors consider to be complete, accurate and relevant. We have assumed that all the information, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate as at the date of the Circular. We have also assumed that all the statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided and representations and opinions made to us by the Company, the Directors and the management of the Company untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view. The Directors have confirmed that no material facts or representations 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 Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group, the ECI Metro Group, Metro Tractor or any of their associates.

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Loan 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.

LETTER FROM KINGSWAY

As stated in the annual report of the Company for the year ended 31 December 2008 (the “**2008 Annual Report**”), the sale of Caterpillar machinery is conducted through ECI Metro, its jointly-controlled entity. ECI Metro is the sole agent of the Caterpillar brand of construction machinery and tools in western region of the PRC providing sales, leasing and repair services of Caterpillar construction machinery. It recorded a year-on-year growth of 36.1% in the sales of construction machinery to over 1,300 units in 2008, among which the unit sale of excavator products, a major product of ECI Metro, and SEM wheel loaders grew by approximately 17.3% and 2.9 times (or approximately 290%) respectively as compared to 2007. According to the information provided by the Company, the turnover of the ECI Metro Group contributed by sale, leasing or repair services of Caterpillar products grew by 38.5% to approximately RMB1,567.7 million (approximately US\$227.1 million) in 2008 from that in 2007.

The ECI Metro Group had 36 stores or agency offices in total which spread across eight provinces and one municipality in western China as at the end of 2008, among which Yunnan and Sichuan are major revenue contributors. Post-earthquake restoration works in Sichuan have driven up substantial demand for construction machinery. Sales revenue in Sichuan and Yunnan recorded an annual growth of 41.7% and 30.7% in 2008 from that in 2007 respectively. In addition, benefiting from the vigorous growth of fixed asset investments, agency sales in other provinces such as Gansu, Shaanxi and Ningxia also reported growth of 93.9%, 33.2% and 89.2%, respectively.

According to the statistics announced by the National Bureau of Statistics of China, total investment in fixed assets for construction in urban areas in the PRC was approximately RMB1.3 billion in 2008, representing an increase of approximately 30.4% from that in 2007. Furthermore, the State Council of the PRC announced a 4-trillion yuan economic stimulus package in November 2008 in accordance with which 1.5 trillion yuan will be spent on urban and rural railway, road, airport grid and 1 trillion yuan will be spent on disaster reconstruction respectively in 2009 and 2010. As advised by the Directors, the directors of ECI Metro believe that those measures would boost the demand of construction machinery and spare parts. The ECI Metro Group has planned to set up over 70 additional stores for distribution and providing maintenance, after-sale and rental services in western China by the end of 2010, resulting in the increase in working capital requirement.

The ECI Metro Group purchases Caterpillar machinery and spare parts for sale and leasing. The Directors advised that such purchase has been financed by debt financing, such as bank loans and the loan offered by CCFL, as well as internal resources of the ECI Metro Group. CCFL is principally engaged in the provision of financing in the PRC in relation to the purchase and/or rental of Caterpillar machinery and tools. Credit line of up to US\$61.1 million has been granted by CCFL to the ECI Metro Group against the guarantee provided by EKCM and the other shareholder of ECI Metro in proportion to their respective shareholdings in ECI Metro and approximately 67.3% of which was utilised by the end of March 2009.

According to the Directors, the directors of ECI Metro advised that they currently intend to reduce the utilisation of the credit line granted by CCFL for settling its purchase of Caterpillar machinery and spare parts for sale due to the recent upward adjustment of interest rate by CCFL. Meanwhile, CCFL has indicated to the management of the ECI Metro Group that, due to the tightening credit policy, it might not grant additional credit line to the ECI Metro Group in the foreseeable future. As a result, the Directors consider it necessary for the ECI Metro Group to find new resources to finance its continuing purchase of Caterpillar machinery and spare parts in its daily operation.

LETTER FROM KINGSWAY

Taking into account the operating performance of the ECI Metro Group, the increase in working capital requirement of it in the daily operation and that due to the expected increase in the demand of Caterpillar machinery in light of the expansion plan of the ECI Metro Group and the 4 trillion-yuan economic stimulus package of the State Council, we are of the view that the entering into of the Loan Agreement is in line with the business of the Group.

(2) Loan amount

Under the Loan Agreement, EKCM agreed to provide or procure the Loan of up to US\$29 million (or its equivalent in RMB) to ECI Metro for the purpose of financing the purchase of Caterpillar machinery and spare parts and providing working capital for the ECI Metro Group. As stated in the Letter from the Board, the Directors advised that the other shareholder of ECI Metro has also agreed to procure a similar loan of up to the equivalent amount to ECI Metro for the same purpose.

Total purchases of Caterpillar machinery and spare parts for sale and leasing of the ECI Metro Group in 2008 increased by approximately 63.8% from that in 2007, amounting to approximately RMB1,822.9 million (approximately US\$264.1 million). Account payables of the Caterpillar machinery and spare parts as at 31 March 2009 was approximately US\$56.0 million. Taking into account of (i) the historical purchases and sales of the ECI Metro Group; (ii) the account payables and inventory level of Caterpillar machinery and spare parts up to March 2009; (iii) the orders indicated by customers or agency of the ECI Metro Group; and (iv) the expected increase in demand of those machinery and spare parts in the foreseeable future, the management of the ECI Metro Group estimated that the total purchases in 2009 would be approximately RMB790.8 million (approximately US\$114.6 million). And the Directors advised that, according to the directors of ECI Metro, the ECI Metro Group currently intend to finance those account payables or purchases in the coming months partially by debt financing, including the Loan.

Taking into account of the factors above, we concur with the Directors' view and consider that the amount of the Loan is reasonable.

(3) Principal terms

Pursuant to the Loan Agreement, EKCM will lend, or procure its direct or indirect subsidiaries or a third party to lend, to ECI Metro the principal amount of up to US\$29 million (or its equivalent in RMB) in cash, at an interest rate per annum ("**Interest Rate**") equal to the prime rate of interest published by the People's Bank of China for RMB borrowings of one-year on the date on which the Loan is drawn down multiplied by 1.15 (the "**Rate**"). The Interest Rate was determined after arm's length negotiation between EKCM and ECI Metro with reference to the prevailing interest rates quoted by commercial banks in the PRC. According to the website of the People's Bank of China and certain commercial banks in the PRC, the prevailing interest rates for one-year RMB borrowings quoted by them are the same, amounting to 5.31% per annum.

LETTER FROM KINGSWAY

Interest under the Loan Agreement shall be computed on the basis of 360-day year. Save for the interest payables with the principal amount of the Loan upon maturity of the Loan, interest on the amount of the Loan drawn during the first nine months from the date of the Loan Agreement shall be quarterly payable, while that on the amount of the Loan drawn after such nine-month period shall be monthly payable. The term of the Loan Agreement is one year commencing from the date of the Loan Agreement or such shorter period which terminates on the date on which the Loan and any accrued interest thereon are fully paid.

The Group has procured one of its jointly controlled entities to provide a loan of up to approximately US\$22.7 million to the ECI Metro Group, which is secured by a guarantee provided by the Group, at an interest rate per annum equal to the prime rate of interest published by the People's Bank of China for RMB borrowings of one-year multiplied by a rate which is lower than the Rate. Difference between the amount of interest payables under the Loan Agreement, which is computed based on the Rate, and that payables to the aforesaid jointly controlled entity, will be paid to EKCM.

Balance of the Loan of up to approximately US\$6.3 million is expected to be financed by internal resources of the Group. The Directors advise that the prevailing interest rate per annum on US\$ fixed deposit offered by the principal bankers of the Group is lower than the Interest Rate. Hence, the Directors consider it more favourable to the Group to lend the aforesaid amount of cash to ECI Metro by comparing the interest income receivable from ECI Metro and that from US\$ fixed deposit at banks.

The Directors advise that, as at the Latest Practicable Date, ECI Metro has not yet finalised the terms of the agreement in respect of the loan of the equivalent amount agreed to be procured by the other shareholder of ECI Metro. However, the Directors are advised by the directors of ECI Metro that they would procure such loan on terms similar with that under the Loan Agreement.

Taking into account of the above, we consider that the terms of the Loan Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(4) Financial effects of the Loan Agreement

Set out below are the possible financial effects on the Group resulting from the entering into of the Loan Agreement as expected by the Directors:

(a) Gearing

EKCM has procured a jointly-controlled entity of the Group to lend up to approximately US\$22.7 million to ECI Metro while the balance of the Loan amounting to approximately US\$6.3 million will be financed by the internal resources of the Group. Hence, the Directors do not expect any immediate material effect on the gearing ratio (being total borrowings to total equity) of the Group resulting from the provision of the Loan.

LETTER FROM KINGSWAY

(b) *Working Capital*

As at 31 December 2008, the Group's cash and cash equivalents was approximately US\$12.5 million. The cash position of the Group would be reduced by the amount of the Loan drawn from the internal resources of the Group, which is currently expected to be up to approximately US\$6.3 million which will be partly offset by the interest receivable from ECI Metro, until full repayment of such amount of the Loan by ECI Metro.

(c) *Net asset value*

The Directors do not expect any immediate material effect of the Loan Agreement on the net asset value of the Group.

(d) *Earnings*

The Directors expect that the earnings of the Group will be increased by the amount of interest receivable from ECI Metro.

Taking into account (i) that no immediate material effect on the gearing ratio and net asset value is expected while the earnings of the Group will be increased by the amount of interest receivable from ECI Metro; (ii) the working capital requirement of the ECI Metro Group; and (iii) the prospects of the construction machinery business in China, the Directors consider that the reduction in cash position of the Group until full repayment of the Loan by ECI Metro is acceptable.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the entering into of the Loan 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.

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

1. INDEBTEDNESS

As at 31 March 2009 being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding unsecured borrowings of approximately US\$15,412,000.

As at 31 March 2009, the Group issued guarantees of approximately US\$30,550,000 for credit line granted to jointly-controlled entities.

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 March 2009.

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 2008, 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

Market conditions in 2009 will likely continue to be challenging. The Group will continue to invest resources in research and development to enhance its chlortetracycline and motorcycle products; to identify potential markets to be developed; and at the same time, to make a concerted effort to control costs and improve its production management so as to achieve higher production efficiency. To accommodate a series of policies for domestic expansion initiated by the PRC Government, such as the "Appliance Subsidy Scheme" and purchase tax reduction on small cars, the Group is strengthening its sales force to further augment its sales in the domestic market. With raw material prices and RMB exchange rate returning to stable levels, and ongoing national policies spurring the domestic and export businesses, the Group is keeping abreast with all the latest developments, staying vigilant and working flexibly with its business partners to deliver the very best products and services.

The Company believes that, the measures included in the 4,000 billion yuan economic stimulus plan announced by the State Council in November 2008, which involve speeding up construction of major infrastructures such as railways, highways and airports, and hastening the post-Sichuan earthquake restoration works, will create many business opportunities to ECI Metro Group and therefore, favorable profits are expected to be realized in 2009 and in the years to come.

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 issued share capital of the Company (%)
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	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

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 issued share capital of the Company (%)
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 Note 1	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

Name of Shareholder	Capacity/Nature of interest	Notes	Number of Shares <i>Note 1</i>	Approximate percentage of issued share capital of the Company (%)
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:

1. The letter "L" denotes a long position.
2. 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.
3. 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 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

So far as the Directors are aware, 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 material importance to 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 2008, 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 guaranty dated as of 4 July 2007 entered into by EKCM in favour of CCFL, guaranteeing all present and future indebtedness of ECI Metro Group to CCFL advanced on or before 1 July 2009 of up to the maximum amount of US\$19 million;
- (b) 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. CT Investment ceased to be a subsidiary of the Company during the financial year ended 31 December 2008;
- (c) 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;

- (d) the disposal agreement dated 18 April 2008 entered into between CP China Investment Limited and the Company 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 CT Investment; and (ii) the entire interest in the aggregate amount advanced by the Company to CT Agro, at the consideration of US\$102,800,000;
- (e) the Amendment Agreement; and
- (f) the Loan 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 to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under Schedule 5 of the SFO)	Letter to the Independent Board Committee and the Independent Shareholders	12 May 2009

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 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, 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 29 May 2009:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the letter from Independent Board Committee, the text of which is set out on page 8 of this circular;
- (c) the letter from Kingsway, the text of which is set out on pages 9 to 14 of this circular;
- (d) the written consent from Kingsway referred to in paragraph headed "Qualification and Consent of Expert" in this appendix;
- (e) the annual reports of the Company for each of the two years ended 31 December 2008; and
- (f) the material contracts referred to the paragraph headed "Material Contracts" in this appendix.