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If you have sold or transferred all your securities of 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)

**CONTINUING CONNECTED TRANSACTIONS
AND
REVISED ANNUAL CAPS FOR MASTER BUSINESS
CARVE-OUT AGREEMENT**

Independent Financial Adviser to Independent Board Committee and Independent Shareholders



KingswayGroup

Kingsway Capital Limited

A letter from the Board is set out on pages 5 to 15 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 16 and pages 17 to 30 of this circular respectively.

A notice convening the special general meeting of C.P. Pokphand Co. Ltd. to be held at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Wednesday, 24 November 2010 at 9:00 a.m. is set out on pages 38 to 40 of this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

8 November 2010

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, or a Sunday or a day on which typhoon signal no.8 or a “black” rainstorm warning is hoisted in Hong Kong) on which banks are generally open for business in Hong Kong
“CCT Agreements”	collectively, the New Master CPP Supply Agreement, the New Master CPP Purchase Agreement and the Master Lease Agreement
“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 66% of the Shares in issue as at the Latest Practicable Date
“Company” or “CPP”	C.P. Pokphand Co. Ltd., an exempted company incorporated in Bermuda whose Shares are listed and traded on the Main Board of the Stock Exchange under stock code 43
“Continuing Connected Transactions”	the continuing connected transactions under the CCT Agreements
“CPG”	Charoen Pokphand Group Company Limited, a company organized and existing under the laws of the Kingdom of Thailand and owned as to 51.31% by the Chearavanont Shareholders as at the Latest Practicable Date
“CPP Group”	CPP and its subsidiaries, jointly-controlled entities and associated company from time to time
“CPP Purchase Products”	the products to be purchased by the CPP Group from CPT and/or its related entities under the New Master CPP Purchase Agreement
“CPP Supply Products”	the products to be supplied by the CPP Group under the New Master CPP Supply Agreement
“CPT”	C.P. Trading Co., Ltd., a company incorporated in the British Virgin Islands with limited liability
“CPT Group”	CPT and its subsidiaries, jointly controlled entities and associated companies from time to time

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“Directors”	the directors of the Company
“Existing Master CPP Purchase Agreement”	the conditional purchase agreement dated 11 December 2009 made between the Company and OSIL for the purchase of L-Lysine and edible oil from the OSIL Group by the CPP Group
“Existing Master CPP Supply Agreement”	the conditional supply agreement dated 11 December 2009 made between the Company and OSIL for the supply of feed-related products by the CPP Group to the OSIL Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising the Company’s independent non-executive Directors, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul, which has been established to advise the Independent Shareholders in respect of the Continuing Connected Transactions (including the proposed annual caps) and the Revised Annual Caps
“Independent Financial Adviser”	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 CCT Agreements and the Revised Annual Caps under the Master Business Carve-out Agreement
“Independent Shareholders”	Shareholders other than the Chearavanont Shareholders and their respective associates
“Latest Practicable Date”	4 November 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information which is contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Business Carve-out Agreement”	the conditional agreement dated 11 December 2009 made between the Company as provider and OSIL as operator for the lease and/or use of relevant fixed assets in the PRC which remain on the books of the CPP Group and which the OSIL Group will require for its non-feed production activities on an ongoing basis

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“Master Lease Agreement”	the conditional agreement dated 18 October 2010 made between OSIL as provider and the Company as operator for the lease and/or use of relevant fixed assets (comprising land, buildings and plant and machinery) located in the PRC which are owned by the OSIL Group and/or its related entities and which the CPP Group will require for its feed production activities
“New Master CPP Purchase Agreement”	the conditional agreement dated 18 October 2010 made between the Company as purchaser and CPT as supplier for the purchase from CPT and/or any of its related entities raw materials and other promotional products which the CPP Group may require in the normal course of business
“New Master CPP Supply Agreement”	the conditional agreement dated 18 October 2010 made between the Company as supplier and OSIL as purchaser for the supply of feed-related products produced or procured by the CPP Group to any related entities designated by OSIL
“OSIL”	Orient Success International Limited, a company incorporated in the British Virgin Islands with limited liability
“OSIL Group”	OSIL and its subsidiaries, jointly controlled entities and associated companies from time to time
“PRC”	the People’s Republic of China excluding for this purpose, Hong Kong, the Macau Special Administrative Region and Taiwan
“Premises and Facilities”	the relevant fixed assets (comprising land, buildings and plant and machinery) located in the PRC which are owned by the OSIL Group and/or its related entities and which the CPP Group will require for its feed production activities
“Previous SGM”	the special general meeting of the Company held on 25 January 2010
“related entities”	(a) in the case of the New Master CPP Supply Agreement and the Master Lease Agreement, collectively, the OSIL Group, or any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or is a fellow holding company of any such holding company or fellow holding company or one in the equity capital of which it and/or such other company or companies and/or the Chearavanont Shareholders taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors, as may be designated by OSIL from time to time; or

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- (b) in the case of the New Master CPP Purchase Agreement, collectively, the CPT Group, or any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or is a fellow holding company of any such holding company or fellow holding company or one in the equity capital of which it and/or such other company or companies and/or the Chearavanont Shareholders taken together are directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at general meetings, or to control the composition of a majority of the board of directors, as may be designated by CPT from time to time

“Revised Annual Cap(s)”	the revised annual caps for the Master Business Carve-out Agreement for the financial years ending 31 December 2011 and 31 December 2012
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be held to consider and, if thought fit, approve the CCT Agreements, the respective transactions contemplated thereunder (including the respective proposed annual caps) and the Revised Annual Caps
“Shareholders”	holders of Shares from time to time
“Shares”	ordinary shares of US\$0.01 each in the capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

Note: For the purpose of this circular, the following exchange rates have in general been used for the conversion of US\$ and RMB into HK\$ for indication only:

US\$1.00 = HK\$7.80

HK\$1.00 = RMB0.87

LETTER FROM THE BOARD



C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

Executive Directors:

Mr. Dhanin Chearavanont (*Chairman*)

Mr. Thanakorn Seriburi

Mr. Soopakij Chearavanont

Mr. Anan Athigapanich

Mr. Damrongdej Chalongsuntarat

Mr. Bai Shanlin

Mr. Suphachai Chearavanont

Mr. Robert Ping-Hsien Ho

Non-executive Directors:

Mr. Meth Jiaravanont

Mr. Patrick Thomas Siewert

Mr. Poon Yee Man Alwin

(alternate to Mr. Patrick Thomas Siewert)

Independent non-executive Directors:

Mr. Ma Chiu Cheung, Andrew

Mr. Sombat Deo-isres

Mr. Sakda Thanitcul

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal Place in Hong Kong:

21st Floor

Far East Finance Centre

16 Harcourt Road

Hong Kong

8 November 2010

To Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS AND REVISED ANNUAL CAPS FOR MASTER BUSINESS CARVE-OUT AGREEMENT

A. INTRODUCTION

Reference is made to the announcement of the Company dated 18 October 2010 in relation to three CCT Agreements entered into on that day by the Company, namely the New Master CPP Supply Agreement with OSIL, the New Master CPP Purchase Agreement with CPT and the Master Lease Agreement with OSIL, respectively, and also the Revised Annual Caps under the Master Business Carve-Out Agreement. The transactions contemplated under these CCT Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules and such CCT Agreements and the Revised Annual Caps will take effect subject to and upon receiving approval from the Independent Shareholders at the SGM.

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Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul, being all the independent non-executive Directors of the Company, have been appointed by the Board to serve as members of the Independent Board Committee to advise and make recommendation to the Independent Shareholders as to how to vote at the SGM on the resolutions regarding the Continuing Connected Transactions and their relevant annual caps and the Revised Annual Caps.

Kingsway Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Continuing Connected Transactions and the relevant annual caps and the Revised Annual Caps are fair and reasonable on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is to provide you with, among other things, further information regarding the Continuing Connected Transactions and the Revised Annual Caps, to set out the advice from Kingsway Capital Limited to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transactions and their relevant annual caps and the Revised Annual Caps and to give notice of the SGM.

B. CONTINUING CONNECTED TRANSACTIONS

1. NEW MASTER CPP SUPPLY AGREEMENT

(a) Date

18 October 2010

(b) Parties

- (i) The Company (as supplier)
- (ii) OSIL (as purchaser)

(c) Subject matter

Supply of various feed-related products produced or procured by the CPP Group, such as animal feed, chlortetracycline, animal drugs and feed raw materials to any related entity designated by OSIL, which may be required by such entity and which the CPP Group may be able to supply.

(d) Price

To be determined by reference to the prevailing market prices of, the cost of marketing (if any) and demand for the CPP Supply Products in the PRC, and the sale prices for such products to be sold by the CPP Group to any related entity designated by OSIL shall be no less favourable than those available to the CPP Group from purchasers which are independent third parties.

LETTER FROM THE BOARD

(e) Payment terms

Credit terms of up to 60 days, or other generally accepted market terms from time to time. Payment for the purchases shall be made by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

(f) Term

The New Master CPP Supply Agreement shall take effect from the date of approval by the Independent Shareholders and continue until 31 December 2012. The New Master CPP Supply Agreement is subject to the approval of the Independent Shareholders.

(g) Annual caps

The proposed annual cap for the supply of the CPP Supply Products by the CPP Group to OSIL related entities for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012 is RMB3,025.5 million (approximately HK\$3,477.6 million), RMB6,246.2 million (approximately HK\$7,179.5 million) and RMB9,151.4 million (approximately HK\$10,518.9 million), respectively. These caps are larger than the caps for the corresponding years for transactions under the Existing Master CPP Supply Agreement, which were approved by the Independent Shareholders at the Previous SGM in view of the expansion of feed production scale and total production volume through the leasing of additional feed production facilities owned by the OSIL Group and/or its related entities under the Master Lease Agreement. Upon its becoming effective, the New Master CPP Supply Agreement will replace the Existing Master CPP Supply Agreement. As the New Master CPP Supply Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 31 December 2010 will be the prorated portion of the full amount proposed for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the New Master CPP Supply Agreement becomes effective until 31 December 2010.

The proposed annual caps have been determined by reference to: (i) the value of the historical sales of the CPP Supply Products by the CPP Group to OSIL related entities for the eight months ended 31 August 2010; (ii) the prevailing market prices of the CPP Supply Products; (iii) allowances for possible price increases in line with consumer prices in the PRC generally and volume growth in the future; (iv) the expected increase in demand for the CPP Supply Products during the relevant period due to the expected expansion of the scope of products and the production capacity of the CPP Group; and (v) internal projection of the expected sales volume of the CPP Supply Products based on the above factors. The proposed annual cap for each of 2011 and 2012 represents an approximately 106.5% and 46.5% increment over that of the previous year. Information on the historical transactions between the CPP Group and OSIL related entities in relation to the supply of the CPP Supply Products for the years ended 31 December 2007, 2008 and 2009 and the eight months ended 31 August 2010 is RMB771.3 million (approximately HK\$886.6 million), RMB1,141.2 million (approximately HK\$1,311.7 million), RMB1,372.3 million (approximately HK\$1,577.4 million) and RMB1,320.2 million (approximately HK\$1,517.5 million), respectively.

LETTER FROM THE BOARD

2. NEW MASTER CPP PURCHASE AGREEMENT

(a) Date

18 October 2010

(b) Parties

(i) The Company (as purchaser)

(ii) CPT (as supplier)

(c) Subject matter

Purchase of raw materials for the production of animal and aqua feed products and chlortetracycline products, including but not limited to corn, fishmeal, L-Lysine and edible oil and such other promotional products, by the CPP Group which the CPP Group may require in the normal course of business and which CPT and/or any of its related entities may be able to supply.

(d) Price

To be determined on the basis of arm's length negotiations and the purchase prices of the CPP Purchase Products shall not be higher than the prevailing market prices in the PRC, and shall be no less favourable than those available to the CPP Group from suppliers which are independent third parties.

(e) Payment terms

Credit terms of up to 60 days, or other generally accepted market terms from time to time. Payment for the purchases shall be made by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

(f) Term

The New Master CPP Purchase Agreement shall take effect from the date of approval by the Independent Shareholders and continue until 31 December 2012. The New Master CPP Purchase Agreement is subject to the approval of the Independent Shareholders.

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(g) Annual caps

The proposed annual cap for the purchase of the CPP Purchase Products by the CPP Group from CPT and/or its related entities for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012 is RMB2,170.2 million (approximately HK\$2,494.5 million), RMB2,569.5 million (approximately HK\$2,953.4 million) and RMB2,954.1 million (approximately HK\$3,395.5 million), respectively. These caps are substantially larger than the caps for the corresponding years for the transactions under the Existing Master CPP Purchase Agreement, which were approved by the Independent Shareholders at the Previous SGM, as the types of CPP Purchase Products which the CPP Group may purchase under the New Master CPP Purchase Agreement are substantially broader than the products to be purchased by the CPP Group under the Existing Master CPP Purchase Agreement. The New Master CPP Purchase Agreement covers major raw materials for feed such as corn and fishmeal while the Existing Master CPP Purchase Agreement restricts to L-Lysine, and edible oil only. Upon its becoming effective, the New Master CPP Purchase Agreement will replace the Existing Master CPP Purchase Agreement. As the New Master CPP Purchase Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 31 December 2010 will be the prorated portion of the full amount proposed for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the New Master CPP Purchase Agreement becomes effective until 31 December 2010.

The proposed annual caps have been determined by reference to: (i) internal projection of the expected purchase volume of the CPP Purchase Products based on the factors as set out below; (ii) the prevailing market prices of the CPP Purchase Products; (iii) allowances for possible price increases in line with consumer prices in the PRC generally and volume growth in the future; and (iv) the expected demand for the relevant products by the CPP Group over the period due to potential growth of the production capacity of the CPP Group. The proposed annual cap for each of 2011 and 2012 represents an approximately 18.4% and 15.0% increment over that of the previous year.

3. MASTER LEASE AGREEMENT

(a) Date

18 October 2010

(b) Parties

- (i) OSIL (as provider)
- (ii) The Company (as operator)

LETTER FROM THE BOARD

(c) Subject matter

Lease and/or use of relevant fixed assets related to feed production (comprising land, buildings and plant and machinery) located in the PRC which are owned by the OSIL Group and/or its related entities and which the CPP Group will require for its feed production activities.

(d) Rental/usage fees

To be determined based on commercial terms agreed following good faith and arms' length negotiations between the relevant parties, by reference to the depreciation expenses of the OSIL Group and/or its related entities for the relevant fixed assets, the applicable tax costs and expenses and other applicable government levies which may be incurred by the OSIL Group and/or its related entities in relation to such fixed assets, and the rental/usage fees shall be no less favourable than those available to the CPP Group from asset owners who are independent third parties. Each specific lease/usage arrangement relating to a particular location shall be governed by a separate lease/contract arrangement. The OSIL Group and/or its related entities shall bear all risks/liabilities associated with the relevant fixed assets and shall be responsible for the maintenance and management of the relevant fixed assets.

(e) Payment terms

To be paid monthly in arrears. Payment shall be made by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

(f) Term

The Master Lease Agreement shall take effect from the date of approval by the Independent Shareholders and continue until 31 December 2012. The Master Lease Agreement is subject to approval of the Independent Shareholders.

(g) Annual caps

The maximum aggregate annual rental/fee payable by the CPP Group to the OSIL Group and/or its related entities under the Master Lease Agreement during its term will not exceed RMB5.3 million (approximately HK\$6.1 million), RMB25.8 million (approximately HK\$29.7 million) and RMB26.4 million (approximately HK\$30.3 million) for the two months ending 31 December 2010, and each of the financial years ending 31 December 2011 and 31 December 2012, respectively. As the Master Lease Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount proposed for the two-month period ending 31 December 2010, representing the remaining part of such two-month period calculated on a day-to-day basis from the date on which the Master Lease Agreement becomes effective until 31 December 2010.

The proposed annual caps have been determined by reference to the annual depreciation expenses and the provision for possible annual increase in government levy.

LETTER FROM THE BOARD

C. REVISED ANNUAL CAPS FOR MASTER BUSINESS CARVE-OUT AGREEMENT

Original annual caps

As approved in the Previous SGM, the annual caps for the aggregate annual rental/fee payable to the CPP Group by the OSIL Group under the Master Business Carve-out Agreement during its term are RMB22.9 million (approximately HK\$26.3 million), RMB24.7 million (approximately HK\$28.4 million) and RMB26.7 million (approximately HK\$30.7 million) for the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012, respectively.

Revised Annual Caps

At the time the annual caps for the transactions under the Master Business Carve-out Agreement were proposed, the construction of a poultry (layer) farm at a subsidiary of the CPP Group located at Changji, Xinjiang Autonomous Region in the PRC was in progress. As the construction is expected to be completed by the end of 2010, the non-feed production facilities would have to be included in the facilities to be leased to the OSIL Group with effect from 1 January 2011 resulting in the total rental/fee payable to the CPP Group exceeding the previously approved annual caps in respect of the financial years ending 31 December 2011 and 31 December 2012. The Revised Annual Caps proposed for the annual rental/fee payable to the CPP Group by the OSIL Group under the Master Business Carve-out Agreement for each of the financial years ending 31 December 2011 and 31 December 2012 are RMB25.9 million (approximately HK\$29.8 million) and RMB28.0 million (approximately HK\$32.2 million) and they will replace the original annual caps approved in the Previous SGM in respect of the financial years ending 31 December 2011 and 31 December 2012. The incremental change of the annual caps is RMB1.2 million (approximately HK\$1.4 million) and RMB1.3 million (approximately HK\$1.5 million) for the financial year ending 31 December 2011 and 31 December 2012, respectively.

The proposed Revised Annual Caps have been determined by reference to: (i) consumer price index; (ii) the provision for possible annual increase in government levy; and (iii) the recent completion of the construction of the fixed assets of the CPP Group (comprising land, buildings and plant and machinery) located at Changji, Xinjiang Autonomous Region in the PRC, of which the OSIL Group will require to rent for its non-feed production activities, being additional lease arrangement not be able to ascertain when the Master Business Carve-out Agreement was entered into by the parties thereto.

D. INFORMATION ON THE PARTIES

The CPP Group is principally engaged in the operation of feedmills for the production and sale of feed products. Additionally, the CPP Group is also involved in various other relatively smaller businesses, including the production and sale of chlortetracycline products and through its jointly controlled entities, in the manufacturing and sale of motorcycles, the sale of Caterpillar machinery, and manufacturing and sale of carburetors and automobile accessories.

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OSIL is an investment holding company and wholly-owned by CPG, an investment holding vehicle of the Chearavanont family in which the Chearavanont Shareholders directly own in aggregate a majority 51.31% equity interest.

CPT is wholly-owned by C.P. Intertrade Co, Ltd, which is owned as to 51.31% by the Chearavanont Shareholders and is principally involved in the business of trading and commodities.

E. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS AND THE REVISED ANNUAL CAPS

The Directors consider that the New Master CPP Supply Agreement will enable the CPP Group to expand its already extensive distribution network and strong customer base by securing OSIL Group and its related entities as additional customers for the CPP Group's products. The additional demand for the CPP Group's products generated by the supply of CPP Supply Products under the New Master CPP Supply Agreement is also expected to further enhance the utilization of the CPP Group's production facilities, including the additional facilities to be leased under the Master Lease Agreement. It is therefore expected that the transactions contemplated under the New Master CPP Supply Agreement will provide a stable and substantial contribution to the turnover and profit of the CPP Group.

The Directors also consider that the New Master CPP Purchase Agreement will enable the CPP Group to secure reliable, diverse and low cost sources of supply of raw materials required by the CPP Group in the production of animal feed, as all of CPT and its related entities are members within the Charoen Pokphand Group which is one of the largest commercial consumers of corn, fish meal, and other feed production raw materials and has strong procurement expertise and extensive bargaining power in feed raw materials and ready access to low-cost, ready sources of supply of such materials, both within China and globally. Also, as certain members of Charoen Pokphand Group hold the necessary import licences to enable them to import feed ingredients into China readily, the CPP Group will benefit from a shorter lead time in the delivery of the feed production materials it requires, thereby reducing its exposure to commodity price risks and can also thereby extend its procurement strategy to import channels, particularly where import prices are more favourable than domestically sourced raw materials.

The purchase of the relevant raw materials by the CPP Group from members within Charoen Pokphand Group under the New Master CPP Purchase Agreement represents part of the CPP Group's procurement strategy to diversify its international supplier base and expand its raw materials and import channels. CPP Group continues to seek other international suppliers in addition to Charoen Pokphand Group for the supply of raw materials required by the CPP Group by offering similar terms of purchase to such suppliers.

The Directors consider that, by the addition to the CPP Group's existing feed production facilities through the leasing of additional facilities owned by the OSIL Group and/or its related entities at locations where the OSIL Group and/or its related entities currently operate animal husbandry businesses, the Master Lease Agreement will enable the CPP Group to expand its feed production scale and total production volume, without incurring any capital expenditure but with the neighbouring animal husbandry businesses representing ready and willing customers of the feed to be produced at these leased facilities, with the potential of contributing up to RMB1,747.8 million (approximately HK\$2,009.0 million) towards

LETTER FROM THE BOARD

the CPP Group's revenue for 2011. Also, the fixed assets to be rented by the CPP Group under the Master Lease Agreement are expected to be chosen taking into account their strategic locations which will be complementary to the locations of the existing feed production facilities of the CPP Group.

The Revised Annual Caps will enable the fixed assets of the CPP Group (comprising land, buildings and plant and machinery) located at Changji, Xinjiang Autonomous in the PRC which is expected to be completed by the end of 2010, to be rented by the OSIL Group for its non-feed production activities. As no commercial activities are planned to be conducted by the CPP Group at the non-feed production facilities after their completion, such facilities would remain idle and would not generate any income for the relevant subsidiary despite the capital expenditure already incurred, if not rented to the OSIL Group. The Directors consider that the Revised Annual Caps which will need to be in place to allow the relevant newly completed non-feed production facilities to be included in the facilities to be rented to the OSIL Group under the Master Business Carve-out Agreement will enable the CPP Group include the newly completed facilities in the existing leasing arrangements and thereby to increase its income.

The Directors (including the independent non-executive Directors who have taken into account the advice from the independent financial adviser) consider that the proposed terms of the transactions under the CCT Agreements (including the respective annual caps) and the Revised Annual Caps, are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

F. LISTING RULES IMPLICATIONS

OSIL beneficially owns approximately 53.19% of the Shares in issue as at the Latest Practicable Date. CPT is a wholly-owned subsidiary of C.P. Intertrade Co., Ltd. which indirectly beneficially owns approximately 8.66% of the Shares in issue as at the Latest Practicable Date. Each of C.P. Intertrade Co., Ltd. and CPG, of which OSIL is a wholly-owned subsidiary, is owned as to approximately 51.31% in the aggregate by the Chearavanont Shareholders. Hence, each of OSIL and CPT is a connected person of the Company within the meaning of the Listing Rules.

The transactions under the CCT Agreements constitute continuing connected transactions under the Listing Rules. As the relevant percentage ratios for the annual caps of the CCT Agreements and the Revised Annual Caps are more than 5%, the transactions contemplated under the CCT Agreements and the Revised Annual Caps constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to Independent Shareholders' approval at the SGM and be the subject of advice from the Independent Board Committee and the fairness opinion of an independent financial adviser.

As Mr. Dhanin Chearavanont, the chairman of the Board, together with other members of Chearavanont Shareholders, has a controlling interest in OSIL and CPT, the Board considers that Mr. Dhanin Chearavanont has a material interest in the transactions contemplated under the New Master CPP Supply Agreement, New Master CPP Purchase Agreement, Master Lease Agreement and the Revised Annual Caps, and accordingly Mr. Dhanin Chearavanont did not vote in relation to the relevant resolutions tabled at the Board meetings to consider them.

LETTER FROM THE BOARD

G. RECOMMENDATION

The Independent Board Committee has been established to consider whether the terms of the transactions under the CCT Agreements (including the respective annual caps) and the Revised Annual Caps are on normal commercial terms, fair and reasonable and in the interest of the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and Kingsway Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The text of the letter from Kingsway Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 30 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 16.

The Independent Board Committee, having taken into account the opinion of Kingsway Capital Limited, considers the terms of the transactions under the CCT Agreements (including the respective annual caps) and the Revised Annual Caps to be fair and reasonable and are in the interest of the Company and the Shareholders as a whole and accordingly, recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

In light of the above, the Board considers that the terms of the transactions under the CCT Agreements (including the respective annual caps) and the Revised Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

H. SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

The SGM will be convened at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Wednesday, 24 November 2010 at 9:00 a.m. A notice convening the SGM at which resolutions will be proposed to the Independent Shareholders to consider, and if thought fit, to approve the Continuing Connected Transactions (including the proposed annual caps) and the ancillary transactions contemplated thereunder and the Revised Annual Caps is set out on pages 38 to 40 of this circular. As at the Latest Practicable Date, the Chearavanont Shareholders and their respective associates are in aggregate holding 7,655,912,147 Shares, representing approximately 66% of the Shares in issue. The Chearavanont Shareholders, and their respective associates will abstain from voting at the SGM in respect of the resolutions on these matters.

In accordance with the requirements of the Listing Rules, the votes to be taken at the SGM shall be conducted by poll.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is also enclosed. Whether or not you are able to attend the SGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting if they so wish.

I. FURTHER INFORMATION

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

8 November 2010

To the Independent Shareholders

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS
AND
REVISED ANNUAL CAPS FOR MASTER BUSINESS
CARVE-OUT AGREEMENT**

We refer to the circular dated 8 November 2010 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 CCT Agreements and the Revised Annual Caps, and not having any interest in the transactions contemplated under the CCT Agreements and the Revised Annual Caps, we have been appointed by the Board to advise you as to whether, in our opinion, the terms of the transactions under the CCT Agreements (including the respective annual caps) and the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders as a whole are concerned.

Kingsway Capital Limited has been appointed by the Company as the independent financial adviser to advise us regarding the fairness and reasonableness of the terms of the transactions under the CCT Agreements (including the respective annual caps) and the Revised Annual Caps. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such opinion, are set out on pages 17 to 30 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 5 to 15 of the Circular and the additional information set out in the appendix to the Circular.

Having taken into account the opinion of and the principal factors and reasons considered by Kingsway Capital Limited as stated in its letter of advice, we consider that the terms of the transactions under the CCT Agreements (including the respective annual caps) and the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and its Shareholders. We therefore recommend the Independent Shareholders to vote in favour of the resolutions in relation to the CCT Agreements and the relevant annual caps and the Revised Annual Caps to be proposed at the SGM.

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

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

Sombat Deo-isres
*Independent
Non-executive Director*

Sakda Thanitcul
*Independent
Non-executive Director*

LETTER FROM KINGSWAY CAPITAL LIMITED

The following is the full text of a letter received from Kingsway Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the CCT Agreements and the relevant annual caps and the Revised Annual Caps 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

8 November 2010

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS AND REVISED ANNUAL CAPS FOR MASTER BUSINESS CARVE-OUT 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 CCT Agreements and the relevant annual caps and the Revised Annual Caps, details of which are set out in a circular (the “**Circular**”) of C.P. Pokphand Co. Ltd. to the Shareholders dated 8 November 2010, 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 dated 18 October 2010 in relation to three CCT Agreements entered into on the even day by the Company, namely (i) the New Master CPP Supply Agreement with OSIL; (ii) the New Master CPP Purchase Agreement with CPT; and (iii) the Master Lease Agreement with OSIL, respectively, and the Revised Annual Caps for the Master Business Carve-out Agreement.

Pursuant to the New Master CPP Supply Agreement, the CPP Group shall supply to any related entity designated by OSIL, feed-related products produced or procured by the CPP Group, such as animal feed, chlortetracycline, animal drugs and feed raw materials, which may be required by such entity and which the CPP Group may be able to supply.

LETTER FROM KINGSWAY CAPITAL LIMITED

Pursuant to the New Master CPP Purchase Agreement, the CPP Group shall purchase from CPT and/or any of its related entities raw materials for the production of animal and aqua feed products and chlortetracycline products, including but not limited to corn, fishmeal, L-Lysine and edible oil and other promotional products, which the CPP Group may require in the normal course of business and which CPT and/or any of its related entities may be able to supply.

Pursuant to the Master Lease Agreement, OSIL shall lease or procure the leasing or grant to the CPP Group of the right to use the relevant fixed assets related to feed production (comprising land, buildings and plant and machinery) located in the PRC which are owned by the OSIL Group and/or its related entities, which the CPP Group will require for its feed production activities and which the OSIL Group and its related entities agree to provide to the CPP Group.

Reference is also made to the circular of the Company dated 31 December 2009 relating to, inter alia, the Master Business Carve-out Agreement. At the time the annual caps for the transactions under the Master Business Carve-out Agreement were proposed, the construction of a poultry (layer) farm (the “**Changji Farm**”) at a subsidiary of the CPP Group located at Changji, Xinjiang Autonomous Region in the PRC was in progress. As the construction is expected to be completed by the end of 2010, it is proposed that the Changji Farm be included in the facilities to be leased to the OSIL Group with effect from 1 January 2011, resulting in the total rental/fee payable to the CPP Group exceeding the previously approved annual caps in respect of the financial years ending 31 December 2011 and 31 December 2012.

As set out in the letter from the board (the “**Letter from the Board**”) in the Circular, OSIL beneficially owns approximately 53.19% of the Shares in issue. CPT is a wholly-owned subsidiary of C.P. Intertrade Co., Ltd. which indirectly beneficially owns 8.66% of the Shares in issue. Each of C.P. Intertrade Co., Ltd. and the company of which OSIL is a wholly-owned subsidiary is owned as to approximately 51.31% in the aggregate by the Chearavanont Shareholders. Hence, each of OSIL and CPT is a connected person of the Company under the Listing Rules.

The transactions under the CCT Agreements constitute continuing connected transactions under the Listing Rules. As the relevant percentage ratios for the annual caps of the CCT Agreements and the Revised Annual Caps are more than 5%, the transactions contemplated under the CCT Agreements and the Master Business Carve-Out Agreement constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to the independent shareholders’ approval at the SGM. The Chearavanont Shareholders and their respective associates will abstain from voting in respect of the relevant resolutions.

The Independent Board Committee, comprising Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deoisres and Mr. Sakda Thanitcul, all being independent non-executive Directors and not having interest in the CCT Agreements and the Revised Annual Caps, has been established to advise the Independent Shareholders as to whether the terms of the CCT Agreements and the relevant annual caps and the Revised Annual Caps are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business and in the interests of the Shareholders and the Company as a whole. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM KINGSWAY CAPITAL LIMITED

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms and relevant annual caps under the CCT Agreements and the Revised Annual Caps, we have relied on the information and representations provided to us by the Directors or the Management of the Company (the “**Management**”), 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 or the Management 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 or the Management 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 or the Management. 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 Directors or the Management, nor have we conducted any independent investigation into the business and affairs of the CPP Group, the OSIL Group, the CPT Group or any of their respective subsidiaries or associates.

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the CCT Agreements and the Revised Caps under the Master Business Carve-out Agreement, we have considered the following principal reasons and factors:

(I) Continuing Connected Transactions

(A) New Master CPP Supply Agreement

(i) Reasons and benefits

The CPP Group is principally engaged in the operation of feedmills for the production and sale of feed products. It also involves in the production and sale of chlortetracycline products.

The CPP Group has been supplying various types of CPP Supply Products to the entities within the OSIL Group since 1990. On 11 December 2009, the CPP Group entered into the Existing Master CPP Supply Agreement in order to supply various types of CPP Supply Products which may be required by the OSIL Group and which the CPP Group may be able to supply. Relevant resolution was passed in the Previous SGM.

LETTER FROM KINGSWAY CAPITAL LIMITED

As certain related entities of OSIL, which are not members in the OSIL Group, require CPP Supply Products, the CPP Group entered into the New Master CPP Supply Agreement with OSIL on 18 October 2010 so as to supply CPP Supply Products produced or procured by the CPP Group, such as animal feed & premix feed, chlortetracycline, animal drugs and feed raw materials, to any related entity designated by OSIL.

As stated in the Letter from the Board, the New Master CPP Supply Agreement will enable the CPP Group to expand its already extensive distribution network and strong customer base by securing OSIL Group and its related entities as additional customers for the CPP Group's products. The additional demand for the CPP Group's products generated by the supply of CPP Supply Products under the New Master CPP Supply Agreement is also expected to further enhance the utilisation of the CPP Group's production facilities, including the additional facilities to be leased under the Master Lease Agreement. The Directors therefore believe that the transactions contemplated under the New Master CPP Supply Agreement will provide a recurring and substantial contribution to the turnover and profitability of the CPP Group.

Having considered the above, we are of the view that the entering into of the New Master CPP Supply Agreement is in the ordinary and usual course of business, and in the interest of the Company and the Shareholders as a whole.

(ii) Principal terms

As set out in the Letter from the Board, the price of the CPP Supply Products to be supplied under the New Master CPP Supply Agreement will be determined by reference to the prevailing market prices of, the cost of marketing (if any) and demand for the CPP Supply Products in the PRC. The sale prices for such products to be sold by the CPP Group to any related entity designated by OSIL shall be no less favourable than those available to the CPP Group from purchasers which are independent third parties.

The Directors consider that the OSIL Group has a satisfactory payment history and the orders from it are stable. The credit terms to be offered by the Company under the New Master CPP Supply Agreement will be up to 60 days, or other generally accepted market terms from time to time. Payment for the purchases shall be made by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

We have reviewed sample of recent sales documents in respect of supply of the CPP Supply Products by relevant members of the CPP Group to certain independent third parties, and noted that the price of the CPP Supply Products was fixed with reference to a price list. As advised by the Management, such price list was prepared by the CPP Group with reference to the then prevailing market price and applied to all customers. The Directors confirm that this pricing principle will continue to apply on the transactions under the New Master CPP Supply Agreement.

LETTER FROM KINGSWAY CAPITAL LIMITED

We also noted from the sales documents that certain independent customers were requested to make payment in advance. As advised by the Directors, it is the sales policy of the CPP Group to offer longer credit period to customers in general who make stable purchase and has a satisfactory payment history. In other words, independent customers who make stable purchase will also be offered the same credit terms of up to 60 days as that offered to the OSIL Group under the New Master CPP Supply Agreement.

In addition, the Directors confirm that the Company will not be obliged to supply CPP Supply Products to relevant members of the OSIL Group if the CPP Group does not agree on the price or credit terms when an actual order is placed.

Taking into account the above, we concur with the Directors' view and consider that the terms of the New Master CPP Supply Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(iii) Annual caps

As stated in the Letter from the Board, the proposed annual caps have been determined by reference to: (i) the value of the historical sales of the CPP Supply Products by the CPP Group to OSIL related entities for the eight months ended 31 August 2010; (ii) the prevailing market prices of the CPP Supply Products; (iii) allowances for possible price increases in line with consumer prices in the PRC generally and volume growth in the future; (iv) the expected increase in demand for the CPP Supply Products during the relevant period due to the expected expansion of the scope of products and the production capacity of the CPP Group; and (v) internal projection of the expected sales volume of the CPP Supply Products based on the above factors.

Set out below are the breakdown of (i) historical annual sales of CPP Supply Products by relevant members of the CPP Group to relevant members of OSIL Group for the three years ended 31 December 2009 and the eight months ended 31 August 2010; and (ii) the annual caps for the three years ending 31 December 2012 under the New Master CPP Supply Agreement. Upon its becoming effective, the New Master CPP Supply Agreement will replace the Existing Master CPP Supply Agreement.

	Historical sales				Proposed annual caps		
	For the year ended 31 December			For the eight months ended	For the year ending 31 December		
	2007	2008	2009	31 August 2010	2010	2011	2012
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
CPP Supply Products	771.3	1,141.2	1,372.3	1,320.2	3,025.5	6,246.2	9,151.4

LETTER FROM KINGSWAY CAPITAL LIMITED

As the New Master CPP Supply Agreement is expected by the Directors to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount proposed for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the New Master CPP Supply Agreement becomes effective until 31 December 2010.

As shown in the table above, the sales to OSIL Group in 2009 amounted to approximately RMB1,372.3 million, representing an increase of about 20% in 2009 compared to that in 2008. As advised by the Management, sales to OSIL Group for the first nine months in 2009 amounted to approximately RMB996.7 million. Hence, sales for the first eight months in 2010 amounted to approximately RMB1,320.2 million, representing an increase of about 32.5% compared to that for the first nine months in 2009.

As advised by the Directors, it is the policy of the CPP Group to fix its purchase plan of raw materials based on the demand as indicated by certain major customers and one of its major customers is the OSIL Group. The annual caps under the New Master CPP Supply Agreement for the three years ending 31 December 2012 are the same as the amount of order for the CPP Supply Products as indicated by entities related to OSIL for the respective years. The Directors further advised that they understood from OSIL that such amount of orders were estimated by those entities related to OSIL based on their scale of operation, in particular, their expansion plan in 2011 and 2012.

We have reviewed the indication of demand of the CPP Supply Products for 2010, 2011 and 2012 by entities related to the OSIL Group as provided by the Management. We have discussed with and understood from the Management that over 70 entities related to OSIL will purchase CPP Supply Products under the New Master CPP Supply Agreement, of which over 40 are new entities which commenced or will commence to purchase CPP Supply Products from the CPP Group during the year 2010. As further advised by the Directors, those entities related to OSIL has around 60 farms and expects to expand its scale of business by setting up over 600 henhouses, around 60 piggeries and a cub in the existing farms or new farms in 2011. Same pace of expansion is also expected by those entities related to OSIL in 2012.

According to the National Bureau of Statistics of China, the production volume of pork, beef, lamb and poultry meat in China was approximately 37.1 million tonnes in the first half of 2010, representing a growth of approximately 3.5% in the first half of 2009.

According to the China Feed Industry Information Net (中國飼料行業信息網), the total production volume of industrial feed in China grew by approximately 8.4% to approximately 1.5 billion tonnes in 2009 from that in 2008, in which complete feed, concentrate feed and premix feed grew by approximately 8.9%, 6.2% and 8.5% respectively. The total production value of feed industry in China grew by approximately 11.7% to approximately RMB471.3 billion in 2009 from that in 2008.

LETTER FROM KINGSWAY CAPITAL LIMITED

Taking into account (i) the historical sales amount; (ii) the indication of future demand of CPP Supply Products from relevant members of OSIL Group; (iii) prospects of the meat markets and feed industry, we consider that the annual caps and thus the basis for determining the annual caps are fair and reasonable.

(B) New Master CPP Purchase Agreement

(i) Reasons and benefits

On 11 December 2009, the CPP Group entered into the Existing Master CPP Purchase Agreement with OSIL to purchase two types of CPP Purchase Products, including L-Lysine and edible oil. Relevant resolution was passed in the Previous SGM.

The CPP Group requires other raw materials, such as corn and fishmeal, for production of animal and aqua feed products while those raw materials are beyond the product scope under the Existing Master CPP Purchase Agreement. Hence, the CPP Group has been purchasing those types of raw materials from independent third parties.

As stated in the Letter from the Board, all of CPT and its related entities are members within the Charoen Pokphand Group which is one of the largest commercial consumers of corn, fish meal, and other feed production raw materials and has strong procurement expertise and extensive bargaining power in feed raw materials and ready access to low-cost, ready sources of supply of such materials, both within China and globally. Also, as certain members of Charoen Pokphand Group hold the necessary import licences to enable them to import feed ingredients into China readily, the CPP Group will benefit from a shorter lead time in the delivery of the feed production materials it requires, thereby reducing its exposure to commodity price risks, and can also thereby extend its procurement strategy to import channels, particularly where import prices are more favourable than domestically sourced raw materials. Hence, the Directors consider that the entering into of the New Master CPP Purchase Agreement with CPT will enable the CPP Group to secure reliable, diverse and low cost sources of supply of raw materials required by the CPP Group in the production of animal and aqua feed products.

According to the China Feed Industry Information Net (中國飼料行業信息網), there is a shortage in supply of feed raw materials in China. It is forecasted that there will be a shortage of corn by approximately 23 million tonnes in China in 2010 and China has to import approximately 50 million tonnes of corn in 2020 to cover only 25% of the demand in China, and approximately 80 million tonnes of corn in 2030. In addition, it is estimated that the import of fishmeal by China will reach 33% or above of the total world import volume in 2010. The Directors consider that it is beneficial to the CPP Group to expand its raw materials and import channels by entering into the New Master Purchase Agreement in order to secure a stable supply of raw materials for production of animal and aqua feed products.

Taking into consideration of the factors above, we are of the view that the entering into of the New Master CPP Purchase Agreement is in the ordinary and usual course of business, and in the interest of the Company and the Shareholders as a whole.

LETTER FROM KINGSWAY CAPITAL LIMITED

(ii) *Principal terms*

As set out in the Letter from the Board, the price of the CPP Purchase Products to be purchased under the New Master CPP Purchase Agreement will be determined on the basis of arm's length negotiations. In addition, the credit terms to be offered by CPT will be up to 60 days, or other generally accepted market terms from time to time. Payment for the purchases shall be made by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

As advised by the Management, it is agreed between the CPP Group and CPT that the price of the CPP Purchase Products will be fixed with reference to a price list to be prepared by the CPT with reference to the prevailing market price and to be issued by the CPT Group to its customers. Hence, the Directors consider that the purchase prices of the CPP Purchase Products shall not be higher than the prevailing market prices in the PRC, and shall be no less favourable than those available to the CPP Group from other suppliers which are independent third parties.

In addition, the Directors confirm that the CPP Group will not be obliged to purchase CPP Purchase Products from CPT and/or any of its related entities if the CPP Group does not agree on the price or credit terms when actual order is placed.

Taking into account of the above, we concur with the Directors' view and consider that the terms of the New Master CPP Purchase Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(iii) *Annual caps*

As stated in the Letter from the Board and further advised by the Directors, the annual caps have been determined by reference to (i) internal projection of the expected purchase volume of the CPP Purchase Products based on the factors as set out below; (ii) the prevailing market prices of the CPP Purchase Products; (iii) allowances for possible price increases in line with consumer prices in the PRC generally and volume growth in the future; and (iv) the expected demand for the relevant products by the CPP Group over the period due to potential growth of the production capacity of the CPP Group.

LETTER FROM KINGSWAY CAPITAL LIMITED

Set out below are the breakdown of (i) historical annual purchase by relevant members of the CPP Group from the OSIL Group for the three years ended 31 December 2009 and the eight months ended 31 August 2010; and (ii) the annual caps for purchase of the CPP Purchase Products from CPT and/or its related entities for the three years ending 31 December 2012.

	Historical sales				Proposed annual caps		
	For the year ended 31 December			For the eight months ended	For the year ending 31 December		
	2007	2008	2009	31 August 2010	2010	2011	2012
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
CPP Purchase Products	33.2	52.6	62.7	3.7	2,170.2	2,569.5	2,954.1

As the New Master CPP Purchase Agreement is expected by the Directors to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 31 December 2010 will be the prorated portion of the full amount proposed for that year representing the remaining part of the financial year calculated on a day-to-day basis from the date on which the New Master CPP Purchase Agreement becomes effective until 31 December 2010.

As confirmed by the Directors, the types of products which the CPP Group may purchase under the Existing Master CPP Purchase Agreement restricted to L-Lysine and edible oil. The historical purchases increased by approximately 58.4% from 2007 to 2008, and by 19.2% from 2008 to 2009. In 2010, the CPP Group shifted its orders of L-Lysine from the OSIL Group to independent suppliers. Taking into account the purchases from independent suppliers, the total purchases of L-Lysine and edible oil by the CPP Group for the eight months ended 31 August 2010 amounted to approximately RMB83.7 million which exceeded the total purchases of L-Lysine and edible oil by the CPP Group for the full year in 2009.

The annual caps under the New Master CPP Purchase Agreement for the three years ending 31 December 2012 are substantially larger than the historical purchases under the Existing Master CPP Purchase Agreement because the types of CPP Purchase Products which the CPP Group may purchase are substantially broader. In particular, it is expected that over 90% of the annual cap in 2010, 2011 and 2012 is attributable to the purchase of raw materials of feed products. The CPP Group previously sourced raw materials of animal and aqua feed products from independent suppliers only, which amounted to RMB12,200 million, RMB12,300 million and RMB8,700 million for the two years ended 31 December 2009 and for the first eight months in 2010. The Directors confirm that the CPP Group intends to diversify its supplier base and may shift a portion of such purchases to CPT in order to secure supply of raw materials for production of animal and aqua feed products.

LETTER FROM KINGSWAY CAPITAL LIMITED

In addition, in light of the indication of increase in demand of CPP Supply Products by the OSIL Group for 2010, 2011 and 2012 as mentioned in the paragraphs headed “(A) New Master CPP Supply Agreement” above, the Directors expect that demand for CPP Purchase Products by the CPP Group for production will increase accordingly.

Taking into account of the factors above, we consider that the annual caps and thus the basis for determining the annual caps for the three years ending 31 December 2012 are fair and reasonable.

(C) Master Lease Agreement

(i) Reasons and benefits

As advised by the Management, utilisation rate of the existing feed production facilities of the CPP Group is expected reach approximately 70% by the end of 2010. Hence, it is necessary for the CPP Group to set up additional production facilities.

As stated in the Letter from the Board, the Directors consider that, by the addition to the CPP Group’s existing feed production facilities through the leasing of additional facilities owned by the OSIL Group and/or its related entities at locations where the OSIL Group and/or its related entities currently operate animal husbandry businesses, the Master Lease Agreement will enable the CPP Group to expand its feed production scale and total production volume, without incurring any capital expenditure but with the neighbouring animal husbandry businesses representing ready and willing customers of the feed to be produced at those leased facilities, with the potential of contributing up to RMB1,747.8 million (approximately HK\$2,009.0 million towards the CPP Group’s revenue for 2011.

Also, the fixed assets to be rented by the CPP Group under the Master Lease Agreement are expected to be chosen taking into account their strategic locations which will be complementary to the locations of the existing feed production facilities of the CPP Group.

Having considered the above, we concur with the Directors’ view and are of the view that the entering into of the Master Lease Agreement is in the ordinary and usual course of business, and in the interest of the Company and the Shareholders as a whole.

(ii) Principal terms

As set out in the Letter from the Board, the rental/usage fees payable under the Master Lease Agreement will be determined based on commercial terms agreed following good faith and arms’ length negotiations between the relevant parties, by reference to the depreciation expenses of the OSIL Group and/or its related entities for the relevant fixed assets, the applicable tax costs and expenses and other applicable government levies which may be incurred by the OSIL Group and/or its related entities in relation to such fixed assets, and the rental/usage fees shall be no less favourable than those available to the CPP Group from asset owners who are independent third parties.

LETTER FROM KINGSWAY CAPITAL LIMITED

Each specific lease/usage arrangement relating to a particular location shall be governed by a separate lease/contract arrangement. The OSIL Group and/or its related entities shall bear all risks/liabilities associated with the relevant fixed assets and shall be responsible for the maintenance and management of the relevant fixed assets.

In addition, the rental payment will be paid monthly in arrears by telegraphic transfer, bank issued bills payable within three months or other payment methods acceptable in the PRC.

As confirmed by the Directors, the CPP Group will not be obliged to lease/use any fixed assets from OSIL if it does not agree on the terms under specific lease/contract arrangement, and the entering into of the Master Lease Agreement will not restrict the CPP Group from leasing similar fixed assets from independent asset owners.

Taking into consideration of the above, we concur with the Directors' view and consider that the pricing and payment terms of the Master Lease Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(iii) *Annual caps*

Set out below are the maximum aggregate annual rental/fee payable by the CPP Group to the OSIL Group and/or its related entities under the Master Lease Agreement:

	Proposed annual caps		
	For the two months ending 31 December 2010	For the year ending 31 December	
	<i>RMB million</i>	2011	2012
		<i>RMB million</i>	<i>RMB million</i>
Rental/fee payable	5.3	25.8	26.4

As stated in the Letter from the Board and further advised by the Management, the annual caps, being the maximum aggregate annual rental/usage fees, represents the total cost estimated to be incurred by the OSIL Group and/or its related entities as a result of its maintaining the relevant fixed assets for lease to/use by the CPP Group to carry out feed production activities. In other words, the principal of the determination basis of annual caps is to reimburse the cost to be incurred by OSIL under the Master Lease Agreement as mutually agreed between the parties to the agreement.

We have reviewed and discussed with the Management on the computation of the annual caps under the Master Lease Agreement for the three years ending 31 December 2012. The annual caps represent the sum of annual depreciation expenses, the provision for possible annual increase in applicable government levies, tax costs and expenses estimated to be incurred by OSIL in maintaining and leasing the relevant fixed assets. The Directors advise that they are of the view that the computation is fair and reasonable.

LETTER FROM KINGSWAY CAPITAL LIMITED

As stated in the Letter from the Board, the Master Lease Agreement is expected to become effective some time in the course of the financial year ending 31 December 2010, the annual cap for the financial year ending 2010 will be the prorated portion of the full amount proposed for the two-month period ending 31 December 2010, representing the remaining part of such two-month period calculated on a day-to-day basis from the date on which the Master Lease Agreement becomes effective until 31 December 2010.

As advised by the Management, it is expected that the OSIL Group and/or its related entities will improve the quality of fixed assets or install new fixed assets for lease/use by the CPP Group in 2010 and 2011 in accordance with the needs of CPP Group. As such, annual depreciation cost is expected to increase accordingly, resulting in increase in annual cap from approximately RMB25.8 million in 2011 to RMB26.4 million in 2012.

Taking into account of the factors above, we consider that the the annual caps and the basis for determining the annual caps are fair and reasonable.

(II) Revised Annual Caps for Master Business Carve-Out Agreement

(i) Reasons and benefits

On 11 December 2009, the CPP Group entered into the Master Business Carve-out Agreement for the lease and/or use of relevant fixed assets (comprising land, buildings and plant and machinery) in the PRC which remain on the books of the then CPP Group after restructuring and which the OSIL Group will require for its non-feed production activities. The entering into of the Master Business Carve-out Agreement and the relevant annual caps for the three years ending 31 December 2012 were approved in the Previous SGM.

At the time the annual caps for the transactions under the Master Business Carve-out Agreement were proposed, the construction of the Changji Farm was in progress. As the construction is expected to be completed by the end of 2010, such new non-feed production facilities would have to be included in the facilities to be leased to the OSIL Group with effect from 1 January 2011, resulting in the total rental/fee payable to the CPP Group exceeding the previously approved annual caps for the years ending 31 December 2011 and 31 December 2012. Hence, as stated in the Letter from the Board, the Revised Annual Caps will enable such new fixed assets of the CPP Group to be rented by the OSIL Group for its non-feed production activities after completion of construction.

As no commercial activities are planned to be conducted by the CPP Group at the Changji Farm after its completion, the Changji Farm would remain idle and would not generate any income for the relevant subsidiary despite the capital expenditure already incurred, if not rented to the OSIL Group. Hence, the Revised Annual Caps will enable the CPP Group to include the Changji Farm in the facilities to be rented under the existing leasing arrangements and thereby to increase its income.

Taking into account of the above, we concur with the Directors view that the revision of Annual Caps are in the interest of the Shareholders and the Company as a whole.

LETTER FROM KINGSWAY CAPITAL LIMITED

(ii) *The Revised Annual Caps*

The table below sets out (i) the existing annual caps; and (ii) the Revised Annual Caps under the Master Business Carve-Out Agreement for the two years ending 31 December 2012:

	Year ending 31 December 2011		Year ending 31 December 2012	
	Existing annual cap <i>RMB million</i>	Revised Annual Cap <i>RMB million</i>	Existing annual cap <i>RMB million</i>	Revised Annual Cap <i>RMB million</i>
Master Business Carve-Out Agreement	24.7	25.9	26.7	28.0

The Revised Annual Caps proposed for the annual rental/fee payable to the CPP Group by the OSIL Group under the Master Business Carve-out Agreement for the two years ending 31 December 2012 are RMB25.9 million and RMB28.0 million, each representing an increase of approximately 4.9% compared to the relevant amount of existing annual caps, and will replace the existing annual caps approved in the Previous SGM for the two years ending 31 December 2012.

As stated in the Letter from the Board, the proposed Revised Annual Caps have been determined by reference to (i) the consumer price index; (ii) the provision for possible annual increase in government levy; and (iii) the recent completion of the Changji Farm which the OSIL Group will require to rent for its non-feed production activities, being additional lease arrangement not be able to ascertain when the Master Business Carve-Out Agreement was entered into by OSIL and the CPP Group.

We have reviewed and discussed with the Management on the computation of the Revised Annual Caps, being the estimated annual rental/fee payable to the CPP Group by the OSIL Group, for the two years ending 31 December 2012. As advised by the Management, the annual rental/fee represents the total amount of cost, including mainly depreciation cost of fixed assets, tax costs and expenses and other applicable government levies, estimated to be incurred by CPP Group in relation to such fixed assets.

The Directors advise that the principal of the determination basis of the Revised Annual Caps is to reimburse the cost to be incurred by the CPP Group in relation to the fixed assets rented or to be rented to the OSIL Group under the Master Business Carve-out Agreement, which would otherwise remain idle and would not generate any income.

Taking into account the factors above, we concur with the Directors' view and consider that the annual caps and the basis of determining the Revised Annual Caps are fair and reasonable.

LETTER FROM KINGSWAY CAPITAL LIMITED

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the terms under the CCT Agreements and the relevant annual caps and the Revised Annual Caps 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 be proposed at the SGM to approve the CCT Agreements and the relevant annual caps and the Revised Annual Caps.

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

1. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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 shares of associated corporation of the Company

As at the Latest Practicable Date, the interests of the Directors in shares of CPG, an associated corporation of the Company, were as follows:

Name of Director	Capacity	Number of shares held (Note)	Approximate percentage of the issued share capital of the associated corporation
Mr. Dhanin Chearavanont	Beneficial owner	228,277,810 (L)	12.96%
Mr. Thanakorn Seriburi	Beneficial owner	11,322,605 (L)	0.64%
Mr. Damrongdej Chalongphuntarat	Beneficial owner	160,150 (L)	0.01%

Note: The letter "L" denotes a long position.

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 as beneficial owner in options to subscribe for Shares under the Scheme were as follows:

Name of Director	Date of grant	Number of Shares issuable upon exercise of options held as at the Latest Practicable Date	Price per Share to be paid on exercise of options <i>HK\$</i>	Approximate percentage of the Company's issued ordinary share capital as at the Latest Practicable Date
Mr. Dhanin Chearavanont	26 February 2003	12,800,000	0.3900	0.11%
	3 May 2004	12,800,000	0.3900	0.11%
	19 May 2005	12,000,000	0.3540	0.10%
Mr. Thanakorn Seriburi	26 February 2003	21,584,807	0.3900	0.19%
	3 May 2004	20,000,000	0.3900	0.17%
	19 May 2005	21,000,000	0.3540	0.18%
Mr. Meth Jiaravanont	19 May 2005	21,000,000	0.3540	0.18%
Mr. Robert Ping-Hsien Ho	26 February 2003	21,584,807	0.3900	0.19%
	3 May 2004	20,000,000	0.3900	0.17%
	19 May 2005	21,000,000	0.3540	0.18%

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 CPP Group:

Name of Shareholder	Notes	Capacity/ Nature of interest	Number of Shares/underlying shares held (Note 1)	Approximate percentage of the Company's issued ordinary share capital (Note 2)
CPI Holding Co., Ltd.	(3)	Beneficial owner	1,004,014,695 (L)	8.66%
C.P. Intertrade Co., Ltd.	(3)	Interest of controlled corporation	1,004,014,695 (L)	8.66%
OSIL	(4)	Beneficial owner and other interest	15,128,809,377 (L) 3,503,700,001 (S)	130.42% 30.20%
CPG	(4&5)	Interest of controlled corporation and other interest	15,610,059,377 (L) 3,503,700,001 (S)	134.57% 30.20%
Burnside Asia Holdings Limited	(6)	Beneficial owner and Other interest	5,774,616,668 (L) 2,270,916,667 (S)	49.78% 19.58%
CAP III Ltd.	(6)	Interest of controlled Corporation	5,774,616,668 (L) 2,270,916,667 (S)	49.78% 19.58%
Carlyle Offshore Partners II, Ltd.	(6)	Interest of controlled corporation	5,774,616,668 (L) 2,270,916,667 (S)	49.78% 19.58%
D. E. Shaw Valence Portfolios, L.L.C.	(7)	Beneficial owner	1,020,508,933 (L)	8.80%
D. E. Shaw Composite Portfolios, L.L.C.	(7)	Interest of controlled corporation	1,020,508,933 (L)	8.80%

Name of Shareholder	Notes	Capacity/ Nature of interest	Number of Shares/underlying shares held (Note 1)	Approximate percentage of the Company's issued ordinary share capital (Note 2)
D. E. Shaw & Co., L.L.C.	(7)	Interest of controlled corporation	1,020,508,933 (L)	8.80%
D. E. Shaw & Co. II, Inc.	(7)	Interest of controlled corporation	1,020,508,933 (L)	8.80%
D. E. Shaw & Co. (Asia Pacific) Limited	(7)	Investment manager	1,020,508,933 (L)	8.80%
D. E. Shaw & Co., L.P.	(7)	Investment manager	1,020,508,933 (L)	8.80%
D. E. Shaw & Co., Inc.	(7)	Interest of controlled corporation	1,020,508,933 (L)	8.80%
David Elliot Shaw	(7)	Interest of controlled corporation	1,020,508,933 (L)	8.80%

Notes:

- (1) The letter "L" denotes a long position and the letter "S" denotes a short position.
- (2) The percentage shown below is based on the number of Shares in issue as at the Latest Practicable Date.
- (3) CPI Holding Co., Ltd. ("**CPI Holding**") beneficially owned 1,004,014,695 Shares. C.P. Intertrade Co., Ltd. has declared an interest in these shares by virtue of its shareholding in CPI Holding.
- (4) OSIL has a long position in 15,128,809,377 Shares and underlying shares, which represent (i) 6,169,803,702 Shares; (ii) 6,688,089,008 Shares upon full conversion of 6,688,089,008 convertible preference shares of the Company (assuming the full repayment of the outstanding advances from the CPP Group to the OSIL Group); and (iii) other interest in 2,270,916,667 underlying shares. OSIL also has a short position in 3,503,700,001 Shares and underlying shares. CPG is deemed to be interested in the said shares held by OSIL for the purpose of SFO as OSIL is wholly owned by CPG.
- (5) CPG has declared an interest in 481,250,000 Shares which are beneficially owned by its wholly-owned subsidiary.
- (6) Burnside Asia Holdings Limited ("**Burnside**") beneficially owned 2,595,333,334 Shares and underlying shares and other interest in 3,179,283,334 underlying shares, both are in long positions. Burnside also has a short position in 2,270,916,667 underlying shares. CAP III Ltd. ("**CAP**") has declared an interest in these Shares by virtue of its shareholding in Burnside whilst Carlyle Offshore Partners II, Ltd has also declared an interest in such number of Shares by virtue of its shareholding in CAP.
- (7) D. E. Shaw Valence Portfolios, L.L.C. beneficially owned 1,020,508,933 Shares. D. E. Shaw Valence Portfolios, L.L.C., was controlled by D. E. Shaw Composite Portfolios, L.L.C., which was controlled by D. E. Shaw & Co., L.L.C., which was controlled by D. E. Shaw & Co. II, Inc., which in turn was wholly-owned by Mr. David Elliot Shaw, who controls D. E. Shaw & Co., Inc., which controls D. E. Shaw & Co., L.P., which in turn controls D. E. Shaw & Co. (Asia Pacific) Limited. All of these companies and Mr. David Elliot Shaw are deemed under SFO to be interested in the same 1,020,508,933 Shares.

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 CPP Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of the Directors or his associates had interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the CPP Group which falls to be disclosed under the Listing Rules.

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 CPP Group, save for those expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

6. MATERIAL ADVERSE CHANGE

The Directors confirm that there has not been any material adverse change in the financial or trading positions of the CPP Group since 31 December 2009 (the date to which the latest published audited consolidated accounts of the CPP Group were made up).

7. INTERESTS IN ASSETS OR CONTRACTS

On 11 December 2009, the Company as the purchaser and OSIL as the vendor, entered into an agreement relating to the acquisition of 100% interest in CP China Investment Limited (“CPI”) at the consideration of HK\$5,382,000,000. The acquisition, being a connected transaction and very substantial acquisition under the Listing Rules, was approved in the Previous SGM and completed on 28 February 2010. Mr. Dhanin Chearavanont, the Chairman of the Board, was regarded as having a controlling interest in the then CPI together with other members of the Chearavanont Shareholders.

Save as disclosed above and in this circular, as at the Latest Practicable Date, since 31 December 2009 (the date to which the latest published audited consolidated accounts of the CPP Group were made up), none of the Directors or the experts referred to in paragraph 8 “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 CPP Group.

None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the CPP Group taken as a whole.

8. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualification of the expert (the “**Expert**”) who have given their letter for the inclusion in this circular:

Name	Qualifications	Nature of opinion or advice	Date of opinion
Kingsway Capital Limited	A licensed corporation under the SFO permitted to carry out 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	8 November 2010

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

As at the Latest Practicable Date, the Expert did not have any shareholding in the Company or any other member of the CPP 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 CPP Group.

9. 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, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) 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.
- (d) The English text of this circular shall prevail over Chinese text in the case of any inconsistency.

10. 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 24 November 2010:

- (i) the New Master CPP Supply Agreement;
- (ii) the New Master CPP Purchase Agreement;
- (iii) the Master Lease Agreement;
- (iv) the Master Business Carve-out Agreement;
- (v) the letter from the Independent Board Committee, the text of which is set out on page 16 of this circular;
- (vi) the letter from Kingsway Capital Limited, the text of which is set out on pages 17 to 30 of this circular;
- (vii) the written consent from Kingsway Capital Limited, referred to in paragraph headed "Qualification and Consent of Expert" in this Appendix; and
- (viii) this Circular.

NOTICE OF SPECIAL GENERAL MEETING



C.P. POKPHAND CO. LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 43)

NOTICE IS HEREBY GIVEN that a special general meeting of C.P. POKPHAND CO. LTD. (the “**Company**”) will be held at 21st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Wednesday, 24 November 2010 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions will be proposed as ordinary resolutions of the Company:

(1) “THAT:

- (i) the New Master CPP Supply Agreement (as defined in the circular of the Company dated 8 November 2010 (the “**Circular**”) and a copy of which is produced to the meeting marked “A” and initialed by the chairman of the meeting for identification purpose) entered into between the Company and OSIL (as defined in the Circular) in relation to the supply of various feed-related products produced or procured by the CPP Group (as defined in the Circular) such as animal feed, chlortetracycline, animal drugs and feed raw materials to any related entity (as defined in the Circular) designated by OSIL in accordance with the terms and conditions of the New Master CPP Supply Agreement, and the transactions contemplated thereunder, be and are hereby confirmed, approved and ratified;
- (ii) the proposed annual caps in relation to the transactions under the New Master CPP Supply Agreement from the period commencing on the date on which the New Master CPP Supply Agreement becomes effective to 31 December 2010, and for the years ending 31 December 2011 and 2012 as set out in more details in the Circular, be and are hereby approved; and
- (iii) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents (with or without the affixation of the common seal but to be countersigned by the secretary of the Company or by another director of the Company if the common seal of the Company is required to be affixed thereto), instructions and agreements and to do all such acts and things deemed by him to be incidental to, ancillary to, or in connection with the matters contemplated in the New Master CPP Supply Agreement.”

NOTICE OF SPECIAL GENERAL MEETING

(2) **“THAT:**

- (i) the New Master CPP Purchase Agreement (as defined in the circular of the Company dated 8 November 2010 (the **“Circular”**) and a copy of which is produced to the meeting marked “B” and initialed by the chairman of the meeting for identification purpose) entered into between the Company and CPT (as defined in the Circular) in relation to the purchase of raw materials for the production of animal and aqua feed products and chlortetracycline products from CPT and/or any of its related entities (as defined in the Circular) in accordance with the terms and conditions of the New Master CPP Purchase Agreement, and the transactions contemplated thereunder, be and are hereby confirmed, approved and ratified;
- (ii) the proposed annual caps in relation to the transactions under the New Master CPP Purchase Agreement from the period commencing on the date on which the New Master CPP Purchase Agreement becomes effective to 31 December 2010, and for the years ending 31 December 2011 and 2012 as set out in more details in the Circular, be and are hereby approved; and
- (iii) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents (with or without the affixation of the common seal but to be countersigned by the secretary of the Company or by another director of the Company if the common seal of the Company is required to be affixed thereto), instructions and agreements and to do all such acts and things deemed by him to be incidental to, ancillary to, or in connection with the matters contemplated in the New Master CPP Purchase Agreement.”

(3) **“THAT:**

- (i) the Master Lease Agreement (as defined in the circular of the Company dated 8 November 2010 (the **“Circular”**) and a copy of which is produced to the meeting marked “C” and initialed by the chairman of the meeting for identification purpose) entered into between the Company and OSIL (as defined in the Circular) in relation to the lease/grant of right to the CPP Group (as defined in the Circular) to use the relevant fixed assets related to feed production (comprising land, buildings and plant and machinery) located in the PRC which are owned by the OSIL Group (as defined in the Circular) and/or its related entities (as defined in the Circular) and which the CPP Group will require for its feed production activities in accordance with the terms and conditions of the Master Lease Agreement, and the transactions contemplated thereunder, be and are hereby confirmed, approved and ratified;
- (ii) the proposed annual caps in relation to the transactions under the Master Lease Agreement from the period commencing on the date on which the Master Lease Agreement becomes effective to 31 December 2010, and for the years ending 31 December 2011 and 2012 as set out in more details in the Circular, be and are hereby approved; and

NOTICE OF SPECIAL GENERAL MEETING

- (iii) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents (with or without the affixation of the common seal but to be countersigned by the secretary of the Company or by another director of the Company if the common seal of the Company is required to be affixed thereto), instructions and agreements and to do all such acts and things deemed by him to be incidental to, ancillary to, or in connection with the matters contemplated in the Master Lease Agreement.”
- (4) **“THAT** the revised annual caps for the annual rental/fee payable under the Master Business Carve-out Agreement (as defined in the circular of the Company dated 8 November 2010 (the **“Circular”**) and a copy of which is produced to the meeting and marked **“D”** and initialed by the chairman of the meeting for identification purpose) to CPP Group (as defined in the Circular) by the OSIL Group (as defined in the Circular) for each of the financial years ending 31 December 2011 and 2012 as set out in more details in the Circular, be and are hereby approved.”

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

Hong Kong, 8 November 2010

As at the date of this notice, the Board comprises eight executive Directors, namely, Mr. Dhanin Chearavanont, Mr. Thanakorn Seriburi, Mr. Soopakij Chearavanont, Mr. Anan Athigapanich, Mr. Damrongdej Chalongsuntarat, Mr. Bai Shanlin, Mr. Suphachai Chearavanont and Mr. Robert Ping-Hsien Ho, two non-executive Directors, namely Mr. Meth Jiaravanont and Mr. Patrick Thomas Siewert (Mr. Poon Yee Man Alwin as alternate Director), and three independent non-executive Directors, namely, Mr. Ma Chiu Cheung, Andrew, Mr. Sombat Deo-isres and Mr. Sakda Thanitcul.

Notes:

1. A form of proxy for use at the meeting is being dispatched to the shareholders of the Company together with a copy of this notice.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorized to sign the same.
3. Any shareholder entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Companies' Registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. The votes to be taken at the meeting will be by way of a poll.