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## CHINA AGRI-INDUSTRIES HOLDINGS LIMITED 中國糧油控股有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 606)**

### PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

Based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2010, the unaudited consolidated profit attributable to owners of the Company for the Period is expected to decrease by approximately 13% as compared to the audited consolidated profit attributable to owners of the Company for the year ended 31 December 2009. Such decrease is mainly due to the year-on-year decline in profits derived from the Company's oilseeds business and rice business.

The Directors believe the business operation of the Company remains stable and the Company's strategies are being executed in an orderly manner.

**Shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by China Agri-Industries Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2010 (the "**Period**"), the unaudited consolidated profit attributable to owners of the Company for the Period is expected to decrease by approximately 13% as compared to the audited consolidated profit attributable to owners of the Company for the year ended 31 December 2009 (approximately HK\$1.95 billion for the year ended 31 December 2009) while

the unaudited consolidated profit of the Company for the Period is expected to decrease by approximately 37% as compared to the audited consolidated profit of the Company for the year ended 31 December 2009 (approximately HK\$2.04 billion for the year ended 31 December 2009). The directors of the Company (the “**Directors**”) believe such decrease is mainly due to the year-on-year decline in profits derived from the Company’s oilseeds business and rice business.

As part of the Company’s oilseeds business operation, it entered into commodity futures contracts, which sought to manage the inherent risks associated with the price volatility of raw materials and the related products. Owing to extreme price fluctuations of agricultural commodities in the second half of 2010, the Company incurred a loss for its futures contracts, where profits arising from physical stocks could only be recognized on a later date when the actual sale of products has been completed.

During the Period, the Company actively developed its branded packaged rice business in the domestic market to win more market share. It also made considerable investments in marketing its packaged products and enhancing its sales channels and distribution network. Together with the surge in raw material prices, profit margin in this division grew even thinner than expected. The combined impact of these factors constituted to a decrease in profitability of the rice business during the Period.

The Directors believe the business operation of the Company remains stable and the Company’s strategies are being executed in an orderly manner.

The financial information contained in this announcement in relation to the Period is only a preliminary estimate of the Company and has not been reviewed or audited by the Company’s auditors. Other details relating to the Group’s performance will be disclosed in the announcement of the Company’s annual results for the year ended 31 December 2010.

**Shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**China Agri-Industries Holdings Limited**  
**YU Xubo**  
*Managing Director*

Hong Kong, 21 January 2011

*As at the date of this announcement, the Board comprises: Mr. NING Gaoning as chairman of the Board and a non-executive director; Mr. YU Xubo, Mr. LU Jun and Mr. YUE Guojun as executive directors; Mr. CHI Jingtao and Mr. MA Wangjun as non-executive directors; and Mr. LAM Wai Hon, Ambrose, Mr. Victor YANG and Mr. Patrick Vincent VIZZONE as independent non-executive directors.*