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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

On 20 November 2008, Pioneer City, an indirect wholly owned subsidiary of the Company, and Sinopec Corp, completed the Zhongliang Guangxi Acquisition where Sinopec Corp acquired 15% equity interest in Zhongliang Guangxi from Pioneer City. Immediately upon completion of the Zhongliang Guangxi Acquisition, Sinopec Corp became a substantial shareholder of Zhongliang Guangxi with 15% equity interest, and Pioneer City holds 85% equity interest in Zhongliang Guangxi.

Upon completion of the Zhongliang Guangxi Acquisition, Sinopec Corp became a substantial shareholder of Zhongliang Guangxi, a non-wholly owned subsidiary of the Company, and is therefore a connected person of the Company pursuant to the Hong Kong Listing Rules.

The Transactions have been, and will continue to be, conducted on a regular and continuing basis and in the ordinary and usual course of business of the Group. Thus, immediately after completion of the Acquisitions, the Transactions constitute continuing connected transactions of the Company pursuant to the Hong Kong Listing Rules.

Pursuant to Rule 14A.41 of the Hong Kong Listing Rules, the Transactions are subject to the applicable reporting and disclosure requirements of Chapter 14A of the Hong Kong Listing Rules. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules upon any variation or renewal of the Sinopec Framework Agreement.

### **BACKGROUND**

On 20 November 2008, Pioneer City, an indirect wholly owned subsidiary of the Company, and Sinopec Corp, completed the Zhongliang Guangxi Acquisition where Sinopec Corp acquired 15% equity interest in Zhongliang Guangxi from Pioneer City. Immediately upon completion of the Zhongliang Guangxi Acquisition, Sinopec Corp became a substantial shareholder of Zhongliang Guangxi with 15% equity interest, and Pioneer City holds 85% equity interest in Zhongliang Guangxi.

Upon completion of the Zhongliang Guangxi Acquisition, Sinopec Corp became a substantial shareholder of Zhongliang Guangxi, a non-wholly owned subsidiary of the Company, and is therefore a connected person of the Company pursuant to the Hong Kong Listing Rules.

The Transactions have been, and will continue to be, conducted on a regular and continuing basis and in the ordinary and usual course of business of the Group. Thus, immediately after completion of the Acquisitions, the Transactions constitute continuing connected transactions of the Company pursuant to the Hong Kong Listing Rules.

Pursuant to Rule 14A.41 of the Hong Kong Listing Rules, the Transactions are subject to the applicable reporting and disclosure requirements of Chapter 14A of the Hong Kong Listing Rules. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules upon any variation or renewal of the Sinopec Framework Agreement.

## **SINOPEC FRAMEWORK AGREEMENT**

### **Date**

1 January 2008

### **Parties**

The Company and Sinopec Corp

### **Continuing transaction**

Pursuant to the Sinopec Framework Agreement:

- (a) the Group and its associates have agreed to supply alcohol and other related products and services to Sinopec Corp Group; and
- (b) Sinopec Corp Group has agreed to supply gasoline, diesel fuel, and other related products and services to the Group and its associates.

### **Term**

The Sinopec Framework Agreement is effective from the date of its execution and will expire on 31 December 2011.

### **Implementation agreements**

Members of the Group may, from time to time and as necessary, enter into separate implementation agreements for specific transactions contemplated under the Sinopec Framework Agreement with Sinopec Corp Group. Each implementation agreement will set out the specific specifications for the Transactions.

The agreements entered into before the date of the Sinopec Framework Agreement between the Company (and its associates) and Sinopec Corp Group in respect of the sale of goods and/or provision of services will continue to be valid and be deemed to have been entered into pursuant to the Sinopec Framework Agreement.

## Historical transaction amounts

The unaudited aggregate transaction values for the mutual supply between the Group (and its associates) and Sinopec Corp Group pursuant to the Sinopec Framework Agreement for the period from 1 January 2008 to 30 September 2008 are set out below:

**Historical transaction  
values for the period  
from 1 January 2008 to  
30 September 2008  
(RMB)**

Products and services supplied by Sinopec Corp Group	27,077,487.23
Products and services supplied by the Group (and its associates)	367,149,629.20

## CONNECTED TRANSACTIONS AND HONG KONG LISTING RULES IMPLICATIONS

Upon completion of the Zhongliang Guangxi Acquisition, Sinopec Corp becomes a substantial shareholder of Zhongliang Guangxi, a non-wholly owned subsidiary of the Company, and is therefore a connected person of the Company pursuant to Rule 14A.11(1) of the Hong Kong Listing Rules.

Therefore, the Sinopec Framework Agreement and the Transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rule 14A.41 of the Hong Kong Listing Rules, the Transactions are subject to all applicable reporting and disclosure requirements of Chapter 14A of the Hong Kong Listing Rules. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules upon any variation or renewal of the Sinopec Framework Agreement.

## REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Transactions have been, and will continue to be, conducted on a regular and continuing basis and in the ordinary and usual course of business of the Group and the terms of the Transactions were negotiated on normal commercial terms.

The Directors (including the independent non-executive Directors) are of the view that the Transactions will continue as part of the ordinary and usual course of business of the Group, the terms of each of the Sinopec Framework Agreement and the Transactions are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

Based on its knowledge and reasonable enquiries, the Board confirms that Sinopec and its ultimate beneficial owners are third parties independent of the Company and were not connected persons of the Company prior to the completion of the Zhongliang Guangxi Acquisition.

## INFORMATION RELATING TO THE COMPANY

The Company is a leading producer and supplier of processed agricultural products in China. It offers a diverse range of products to its customers in and outside China and it enjoys market leading positions in the majority of its businesses including biofuel and biochemical, oilseed processing, rice trading and processing, brewing materials and wheat processing.

## INFORMATION RELATING TO SINOPEC CORP

The principal operations of Sinopec Corp and its subsidiaries include: exploring for and developing, producing and trading crude oil and natural gas; processing crude oil into refined oil products, producing refined oil products and trading, transporting, distributing and marketing refined oil products; producing, distributing and trading chemical products.

## DEFINITIONS

In this announcement, the following expressions have the following meaning unless the context requires otherwise:

“associates”	associates, as defined in the Hong Kong Listing Rules
“Board”	the board of Directors
“Company”	China Agri-Industries Holdings Limited (中國糧油控股有限公司), a company incorporated on 18 November 2006 with limited liability under the laws of Hong Kong
“Director(s)”	the director(s) of the Company
“Pioneer City”	Pioneer City Investments Limited, a company incorporated in the British Virgin Islands and an indirectly wholly owned subsidiary of the Company
“Sinopec Corp”	China Petroleum & Chemical Corporation, a joint stock limited company incorporated in the PRC with limited liability
“Sinopec Corp Group”	Sinopec Corp and its subsidiaries
“Sinopec Framework Agreement”	the framework agreement dated 1 January 2008 entered into between the Company and Sinopec Corp
“Zhongliang Guangxi”	Guangxi COFCO Biofuel Co., Ltd (廣西中糧生物質能源有限公司), a limited liability company incorporated in the PRC
“Zhongliang Guangxi Acquisition”	the acquisition by Sinopec Corp of 15% equity interest in Zhongliang Guangxi
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Sinopec Framework Agreement

By order of the Board  
**China Agri-Industries Holdings Limited**  
**Yu Xubo**  
*Managing Director*

Hong Kong, 20 November 2008

*As at the date of this announcement, the Board comprises: Mr. NING Gaoning as a non-executive director and chairman of the Board, 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.*