

## Chairman's Letter



NING Gaoning, *Chairman*

*“ At China Agri, we think big. We plan for the future, move towards our business goals and are committed to continuous improvement of our business capabilities.”*

Dear Shareholders,

The year 2008 was an extraordinary one for the agricultural and food processing industry in China, during which China Agri-Industries Holdings Limited (“China Agri or the “Company”) encountered abundant opportunities and exceptional challenges. The dynamic nature of the industry has accentuated the importance for China Agri to be attentive to risk management and be diligent to sustain our solid foundation. Leveraging our experienced management team, substantial asset network and dominant market position in China, we have been able to achieve outstanding revenue growth despite volatile market conditions in recent times.

Through the deployment and execution of market strategies, China Agri managed to capture opportunities arising from the growing demand for high quality staple foods in China and the surging agricultural commodities prices experienced in the first half of the year. Although the world economy has been hard hit by the financial turmoil since the second half of 2008, China Agri’s business performance remained solid as we continued to achieve excellent earnings and record segment operating profits on the strength of our proven business model.

While we acknowledge that 2009 will be a challenging year we are confident that we shall turn these challenges into opportunities. In our key market of China, the central government has pledged to give priority to maintaining steady rural and agricultural development, ensuring supplies of farm produce and facilitating income increases for farmers.

The Chinese government has continued raising minimum purchasing price for grains, increasing subsidies for agricultural production, raising main agricultural product reserves, stabilizing prices of agricultural products and giving top priority to the employment of returning migrant workers from cities.

Whilst these policies do not have direct impacts on China Agri, their implications are enormous. About 55% of China's total population lives in rural areas. The potential consumption power among them will give lasting momentum to China's economic growth.

The policies will also help modernize the agricultural industry and improve the production and quality of crops. Building a more solid foundation for the agriculture sector and stabilizing agricultural production would further increase agricultural yield and supply. It will be more cost effective for agricultural and food processing companies in China such as China Agri to utilize domestic crops when their prices become more competitive. Having efficient access to more raw material supplies will help China Agri further capitalize on its strengths and hence build a more sustainable business.

At China Agri, we think big. We plan for the future, move towards our business goals and are committed to continuous improvement of our business capabilities.

On behalf of China Agri, I would like to extend my gratitude to our shareholders, customers and business partners for the ongoing support and guidance, and to fellow board members, the management and colleagues for their contributions and diligence over the past year. We shall continue to work hard to fulfill our responsibilities to China Agri's shareholders and to keep the trust and confidence placed in us.

**NING Gaoning**  
*Chairman*

Hong Kong, 14 April 2009