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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)

CONNECTED TRANSACTION
ESTABLISHMENT OF JOINT VENTURE

The Board announces that on 6 February 2009, East Ocean, a non wholly-owned subsidiary of the Company, and COFCO entered into the Articles of Association for the establishment of the New JV, a new joint venture company. Upon its establishment, the New JV will be owned as to approximately 71.74% by East Ocean and approximately 28.26% by COFCO.

As COFCO is a substantial shareholder of the Company, it is a connected person of the Company under the Listing Rules. Therefore, the establishment of the New JV constitutes connected transaction of the Company under the Listing Rules.

The total investment and the registered capital of the New JV amount to RMB336,000,000. The total commitment of the Group in the New JV is RMB241,050,000. As each of the applicable percentage ratios calculated pursuant to Rules 14.07 and 14.15(2) of the Listing Rules is more than 0.1% but less than 2.5%, the establishment of the New JV is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

ARTICLES OF ASSOCIATION OF THE NEW JV

- Date: 6 February 2009
- Parties (1) East Ocean, a non wholly-owned subsidiary of the Company; and
(2) COFCO
- Business of the New JV: to engage in storing and trading of agricultural products and oils.
- Board of directors: the board of directors of the New JV will consist of three directors nominated by East Ocean and who will be elected in the shareholders' meeting of the New JV.

Registered capital: RMB 336,000,000, of which RMB241,050,000 will be contributed by East Ocean and RMB94,950,000 by COFCO.

Total investment: RMB 336,000,000

Joint venture term: 50 years from the date of issuance of the business licence of the New JV.

The terms of the Articles of Association were arrived at after arm's length negotiations.

The capital contribution of East Ocean in the New JV represents approximately 71.74% of the total registered capital of the New JV. The total registered capital of the New JV was determined by taking into account, among other factors, the estimated costs on equipment, prices for raw materials, construction and installation fees with reference to the general local market practice.

East Ocean will satisfy its capital contribution in the New JV in full in cash funded by its internal resources on or before the establishment date of the New JV.

Upon its establishment, the New JV will be owned as to approximately 71.74% by East Ocean and approximately 28.26% by COFCO.

INFORMATION ON THE PARTIES

The Company is a leading producer and supplier of processed agricultural products in the PRC. It offers a diverse range of products to its customers in and outside the PRC and it enjoys market leading positions in the majority of its businesses.

East Ocean is principally engaged in the business of oilseeds processing, sale of edible oil and trading.

COFCO is the ultimate controlling shareholder holding approximately 57.67% of the total issued share capital of the Company. COFCO is a state-owned company in the PRC with business interests in agricultural commodities trading, agricultural products processing, food and beverages, hotel management, real estate, logistics and financial services.

REASONS FOR THE ESTABLISHMENT OF THE NEW JV

East Ocean has developed its oilseeds processing and trading businesses. Accordingly, it is expected that the current storage facilities cannot well satisfy the operation needs of East Ocean. The New JV is located in Zhangjiagang Municipality, Jiangsu Province of the PRC where clients of East Ocean are mainly located. It is the parties' intention that the New JV will provide storage services mainly to East Ocean. The New JV will better serve the operation needs of East Ocean in terms of storage services.

LISTING RULES IMPLICATIONS

As COFCO is a substantial shareholder of the Company, COFCO is a connected person of the Company under the Listing Rules, therefore the establishment of the New JV constitutes a connected transaction of the Company. As each of the applicable percentage ratios calculated pursuant to Rules 14.07 and

14.15(2) of the Listing Rules is more than 0.1% but less than 2.5%, the establishment of the New JV is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Directors (including independent non-executive Directors) are of the view that the New JV was established in the ordinary and usual course of business of the Company and the Articles of Association are normal commercial terms which are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

DEFINITIONS

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

“Articles of Association”	the articles of association entered into on 6 February 2009 between East Ocean and COFCO in respect of the New JV
“Board”	the board of Directors
“COFCO”	COFCO Limited (中糧集團有限公司), a wholly state-owned company established in the PRC in September 1952 currently under the purview of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the ultimate controlling shareholder of the Company
“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
“Directors”	the directors of the Company
“East Ocean”	COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd. (中糧東海糧油工業(張家港)有限公司), a limited liability company established in the PRC and a non wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region, the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New JV”	Zhangjiagang Cofco East Ocean Storage Co., Ltd (張家港中糧東海倉儲有限公司), the joint venture company which will be owned as to approximately 71.74% by East Ocean and approximately 28.26% by COFCO pursuant to the Articles of Association

“PRC” the People’s Republic of China

“RMB” Renminbi, the lawful currency of the PRC

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

Hong Kong, 6 February 2009

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.