Following the [●] and the Capitalization Issue (assuming the [●] is not exercised), COFCO will indirectly hold approximately 75% of our issued share capital. As a result, COFCO and its associates are connected persons of our Company under the Listing Rules.

After the [●], our Group will engage in various transactions in the ordinary course of our business with COFCO and its associates. Each of these transactions will constitute a continuing connected transaction under Rule 14A.13(1)(a) of the Listing Rules following the [●] of our shares.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

Trademark License Agreements with COFCO

On October 23, 2009, we entered into the HK Trademark License Agreement and the PRC Trademark License Agreement with COFCO, whereby COFCO granted to our Group the right to use the “COFCO” trademark, the “中粮” trademark and the “” trademark in relation to the business of our Group on a royalty-free basis in HK and in the PRC respectively. The HK Trademark License Agreement and the PRC Trademark License Agreement will continue until terminated by agreement between the parties or will terminate automatically upon COFCO ceasing to be the ultimate controlling shareholder of our Company.

Our Directors (including the independent non-executive Directors) consider the terms of the HK Trademark License Agreement and the PRC Trademark License Agreement to be fair and reasonable and in the interests of our Company and the shareholders taken as a whole.

As the grant to our Group of the right to use the “COFCO” trademark, the “中粮” trademark and the “” trademark will be on a royalty-free basis, the transactions under the HK Trademark License Agreement and the PRC Trademark License Agreement will constitute de minimis transactions for us under Rule 14A.33(3) of the Listing Rules after the [●] and will be exempt from the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

Lease of Premises

Lease of production premises in Guangzhou

On June 27, 2008, Zhangjiagang CPMC, an indirect wholly-owned subsidiary of our Company, entered into the Guangzhou Property Leasing Agreement with Eastbay, an indirect non-wholly-owned subsidiary of China Agri which is an indirect non-wholly-owned subsidiary of COFCO, pursuant to which Zhangjiagang CPMC leased from Eastbay approximately 9,300 square meters of premises in Zengcheng, Guangzhou for production use for a term of 24 months commencing on June 28, 2008 at a monthly rent of approximately RMB36,000. The rent is payable in advance in four quarterly installments, the first installment being payable on or before June 28, 2008 and each subsequent installment being payable within 15 days of the commencement of the relevant quarter. The Guangzhou Property Leasing Agreement may be renewed by agreement between the parties. Should the Guangzhou Property Leasing Agreement be renewed, we will comply with the requirements of Chapter 14A of the Listing Rules.

Historical Transaction Values

The total rent paid by Zhangjiagang CPMC to Eastbay for the year ended December 31, 2008 and the six months ended June 30, 2009 were approximately RMB219,600 and RMB216,000, respectively.

Annual Caps

Based on the above-mentioned rent, the aggregate amount of rent payable to Eastbay for the leased premises in Guangzhou for the year ending December 31, 2009 and the six months ending June 30, 2010 will not exceed RMB432,000 and RMB216,000, respectively.

The Independent Valuer has confirmed that the rent under the Guangzhou Property Leasing Agreement is fair and reasonable and reflects the prevailing market rates in the vicinity of the leased premises in Zengcheng, Guangzhou.

Our Directors (including the independent non-executive Directors) consider the rent payable to Eastbay to be fair and reasonable and in the interests of our Company and the shareholders taken as a whole.

Lease of production premises in Tianjin

On June 27, 2008, Zhangjiagang CPMC, an indirect wholly-owned subsidiary of our Company, entered into the Tianjin Property Leasing Agreement with Northsea, an associate of China Agri which is an indirect non-wholly-owned subsidiary of COFCO, pursuant to which Zhangjiagang CPMC leased from Northsea approximately 11,400 square meters of premises in Tianjin for production use for a term of 24 months commencing on June 28, 2008 at a monthly rent of approximately RMB33,000. The rent is payable in advance in four quarterly installments, the first installment being payable on or before June 28, 2008 and each subsequent installment being payable within 15 days of the commencement of the relevant quarter. The Tianjin Property Leasing Agreement may be renewed by agreement between the parties. Should the Tianjin Property Leasing Agreement be renewed, we will comply with the requirements of Chapter 14A of the Listing Rules.

Historical Transaction Values

The total rent paid by Zhangjiagang CPMC to Northsea for the year ended December 31, 2008 and the six months ended June 30, 2009 were approximately RMB201,300 and RMB198,000, respectively.

Annual Caps

Based on the above-mentioned rent, the aggregate amount of rent payable to Northsea for the leased premises in Tianjin for the year ending December 31, 2009 and the six months ending June 30, 2010 will not exceed RMB396,000 and RMB198,000, respectively.

The Independent Valuer has confirmed that the rent under the Tianjin Property Leasing Agreement is fair and reasonable and reflects the prevailing market rates in the vicinity of the leased premises in Tianjin.

Our Directors (including the independent non-executive Directors) consider the rent payable to Northsea to be fair and reasonable and in the interests of our Company and the shareholders taken as a whole.

Lease of office premises in Beijing

On August 13, 2009, Hangzhou CPMC, an indirect wholly-owned subsidiary of our Company, entered into the Beijing Property Leasing Contract with COFCO, pursuant to which Hangzhou CPMC leased from COFCO 296 square meters of office premises on the 8th floor of COFCO Fortune Plaza in Beijing and three underground car parking spaces in COFCO Fortune Plaza for a term of one year commencing on July 1, 2009 at an annual rent of RMB701,200. The annual rent is payable by 12 monthly installments, with the first installment being payable in advance within three days of the signing of the Beijing Property Leasing Contract and each subsequent installment being payable on or before the 25th day of the preceding month. Hangzhou CPMC has the first right to renew the Beijing Property Leasing Contract on terms to be agreed between the parties. Should the Beijing Property Leasing Contract be renewed, we will comply with the requirements of Chapter 14A of the Listing Rules.

On August 10, 2009, Hangzhou CPMC entered into the Beijing Property Management Contract with Beijing Gloria, an indirect non-wholly-owned subsidiary of COFCO, pursuant to which Beijing Gloria agreed to provide to Hangzhou CPMC various services for the maintenance and management of the leased premises for a term of one year commencing on July 8, 2009 at an aggregate monthly management fee of RMB13,178. The management fee is payable in four quarterly installments, with the first installment being payable in advance at least 10 working days before the execution of the Beijing Property Management Contract and each subsequent installment being payable at least 10 working days before the end of the preceding quarter. The Beijing Property Management Contract may be renewed by agreement between the parties. Should the Beijing Property Management Contract be renewed, we will comply with the requirements of Chapter 14A of the Listing Rules.

Historical Transaction Values

Prior to the entry into the Beijing Property Leasing Contract and the Beijing Property Management Contract, Hangzhou CPMC leased from COFCO Plaza Co., an indirect wholly-owned subsidiary of COFCO, approximately 63.1 square meters of office premises on the 9th floor of COFCO Plaza in Beijing for a term of two years and seven months commencing on January 1, 2007. The total rent and management fee paid by Hangzhou CPMC to COFCO Plaza Co. for the seven months ended July 31, 2009 was approximately RMB86,000.

Annual Caps

Based on the above-mentioned rent and management fee, the aggregate amount of rent and management fees payable to COFCO Plaza Co., COFCO and Beijing Gloria for the leased premises in Beijing for the year ending December 31, 2009 and the six months ending June 30, 2010 will not exceed RMB516,000 and RMB430,000, respectively.

The Independent Valuer has confirmed that the rent and management fees under the Beijing Property Leasing Contract and the Beijing Property Management Contract are fair and reasonable and reflect the prevailing market rates in the vicinity of COFCO Fortune Plaza in Beijing.

Our Directors (including the independent non-executive Directors) consider the rent and management fees payable to COFCO and its subsidiaries to be fair and reasonable and in the interests of our Company and the shareholders taken as a whole.

Lease of office premises in Hong Kong

On August 29, 2008, we entered into the HK Tenancy Agreement with Bapton, an indirect wholly-owned subsidiary of COFCO, pursuant to which we leased from Bapton approximately 1,982 square feet (approximately 184 square meters) of office premises on the 23rd floor of Top Glory Tower at 262 Gloucester Road, Causeway Bay, Hong Kong for a term commencing on August 1, 2008 and expiring on December 31, 2009 at a monthly rent of HK$59,460 (approximately RMB52,438) (exclusive of government rates and services charges) and monthly service charges of HK$9,810.9 (approximately RMB8,653), payable in advance on the first day of each month. According to the HK Tenancy Agreement, we were entitled to a rent-free period of one month from August 1, 2008 to August 31, 2008 (exclusive of government rates and services charges).

On October 19, 2009, we accepted an offer from Bapton for the renewal of the lease of the above-mentioned office premises for a fixed term of two years commencing on January 1, 2010 at a lower monthly rent of HK$53,514 (approximately RMB47,194) (exclusive of government rates and services charges). A formal tenancy agreement for the renewal term will be entered into before [●]. Apart from the aforesaid, the formal tenancy agreement shall be entered into on the same terms and conditions as the HK Tenancy Agreement.

Historical Transaction Values

The total rent and service charges paid by our Company to Bapton for the year ended December 31, 2008 and the six months ended June 30, 2009 were approximately RMB254,000 and RMB367,000, respectively.

Annual Caps

Based on the above-mentioned rent and service charges and assuming that the HK Tenancy Agreement will be renewed on the same terms, the aggregate amount of rent and service charges payable to Bapton for the leased premises in Hong Kong for the year ending December 31, 2009 and the six months ending June 30, 2010 will not exceed RMB734,000 and RMB367,000, respectively.

The Independent Valuer has confirmed that the rent and service charges under the HK Tenancy Agreement are fair and reasonable and reflect the prevailing market rates in the vicinity of Top Glory Tower in Hong Kong.

Our Directors (including the independent non-executive Directors) consider the rent and service charges payable to Bapton to be fair and reasonable and in the interests of our Company and the shareholders taken as a whole.

The total area of premises leased from COFCO Group and Northsea under the Guangzhou Property Leasing Agreement, the Tianjin Property Leasing Agreement, the Beijing Property Leasing Contract and the HK Tenancy Agreement is approximately 21,180 square meters, representing approximately 2.6% of the total area of the premises occupied by our Group.

Aggregate Annual Caps

Pursuant to Rule 14A.25 of the Listing Rules, the aggregate amount of rent, management fees and service charges payable to COFCO Group and Northsea for the leased premises in Guangzhou, Tianjin, Beijing and Hong Kong for the year ending December 31, 2009 and the six months ending June 30, 2010 will not exceed RMB2,078,000 and RMB1,211,000, respectively.

Supply of Products

Supply of steel barrels

On June 27, 2008, CPMC (HK), an indirect wholly-owned subsidiary of our Company, entered into the China Agri Supply Agreement with China Agri, an indirect non-wholly-owned subsidiary of COFCO, pursuant to which the subsidiaries of CPMC (HK) will supply, among other things, steel barrels to the subsidiaries of China Agri according to the latter's specifications and at prevailing market prices for a term of three years commencing on June 27, 2008. The China Agri Supply Agreement may be renewed by agreement between the parties.

On October [●], 2009, CPMC (HK) entered into the Northsea Supply Agreement with Northsea, an associate of China Agri, pursuant to which the subsidiaries of CPMC (HK) will supply steel barrels to Northsea according to the latter's specifications and at prevailing market prices for a term of three years commencing on October [●], 2009. The Northsea Supply Agreement may be renewed by agreement between the parties.

Should the China Agri Supply Agreement or the Northsea Supply Agreement be renewed, we will comply with the requirements under Chapter 14A of the Listing Rules.

Historical Transaction Values

Before the Steel Barrel Business Acquisitions on June 28, 2008, Eastbay, East Ocean and Northsea produced steel barrels for their own use and supply to independent third parties.

Subsequent to the completion of the Steel Barrel Business Acquisitions on June 28, 2008, temporary arrangements were entered into between Zhangjiagang CPMC and Eastbay, East Ocean and Northsea. Pursuant to such arrangements, Zhangjiagang CPMC, a wholly-owned subsidiary of CPMC (HK), leased to Eastbay, East Ocean and Northsea the equipment and production facilities relating to the steel barrel business for use in the production by Eastbay, East Ocean and Northsea at the rent of approximately RMB302,000, RMB374,000 and RMB241,000, respectively up to August 31, 2008, pending its preparation for commencement of the steel barrel business at its respective branches in Guangzhou, Zhangjiagang and Tianjin, including the application for the requisite license for engaging in the production of steel barrels used for packaging hazardous chemical materials. On September 1, 2008, Zhangjiagang CPMC commenced the production of steel barrels at its Guangzhou, Zhangjiagang and Tianjin branches and started to supply steel barrels to Eastbay, East Ocean and Northsea.

For the two years ended December 31, 2006 and 2007 and the six months ended June 30, 2008, the aggregate values of the steel barrels produced by Eastbay and East Ocean for their own use were approximately RMB6,942,000, RMB7,311,000 and RMB3,786,000, respectively. For the six months (excluding the transition period from July to August 2008 as described above) ended December 31, 2008 and the six months ended June 30, 2009, the aggregate values of the steel barrels supplied by Zhangjiagang CPMC to the subsidiaries of China Agri were approximately RMB2,000,000 and RMB3,820,000, respectively.

For the two years ended December 31, 2006 and 2007 and the six months ended June 30, 2008, the aggregate values of the steel barrels produced by Northsea for its own use were approximately RMB3,473,000, RMB3,438,000 and RMB1,720,000, respectively. For the six months (excluding the transition period from July to August 2008 as described above) ended December 31, 2008 and the six months ended June 30, 2009, the aggregate values of the steel barrels supplied by Zhangjiagang CPMC to Northsea were approximately RMB2,020,000 and RMB1,260,000, respectively.

Annual Caps

Based on the expected sales of products of the subsidiaries of China Agri that use our steel barrels and the anticipated costs of raw materials in line with the corresponding PPI in the PRC and market conditions, we anticipate that the aggregate values of the steel barrels to be supplied to the subsidiaries of China Agri will increase by approximately 10% annually in 2010 and in 2011. Accordingly, we expect that the aggregate values of the steel barrels to be supplied to the subsidiaries of China Agri for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB7,660,000, RMB8,426,000 and RMB9,269,000, respectively.

Based on the expected sales of products of Northsea that use our steel barrels and the anticipated costs of raw materials in line with the corresponding PPI in the PRC and market conditions, we anticipate that the aggregate values of the steel barrels to be supplied to Northsea will increase by approximately 10% annually in 2010 and in 2011. Accordingly, we expect that the annual aggregate values of the steel barrels to be supplied to Northsea for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB2,520,000, RMB2,772,000 and RMB3,050,000, respectively.

Supply of miscellaneous cans

Prior to the [●], our subsidiaries supplied miscellaneous cans to COFCO Le Conte, a wholly-owned subsidiary of China Foods which is an indirect non-wholly-owned subsidiary of COFCO. These transactions have been conducted in the ordinary course of our business and on normal commercial terms and will continue following the [●].

On November 28, 2008, we entered into the China Foods Supply Agreement with China Foods, whereby, among other things, our subsidiaries will supply miscellaneous cans to the subsidiaries of China Foods according to the latter's specifications and at prevailing market prices for a term of three years commencing on January 1, 2009. The China Foods Supply Agreement may be renewed by agreement between the parties. Should the China Foods Supply Agreement be renewed, we will comply with the requirements under Chapter 14A of the Listing Rules.

Historical Transaction Values

We have conducted the above transactions with COFCO Le Conte since July 2006. For the six months ended December 31, 2006, the two years ended December 31, 2007 and 2008 and the six months ended June 30, 2009, the aggregate values of the miscellaneous cans supplied by our subsidiaries to COFCO Le Conte were approximately RMB983,000, RMB3,148,000, RMB2,930,000 and RMB350,000, respectively.

Annual Caps

As new packaging designs for the products of the subsidiaries of China Foods will be launched in the fourth quarter of 2009 and the fact that both the Chinese Spring Festival holidays and Valentine's Day of 2010 being in February will likely increase the demand for the products of the subsidiaries of China Foods, it is anticipated that the number of the miscellaneous cans to be supplied to the subsidiaries of China Foods will increase in the fourth quarter of 2009 such that the aggregate value of the miscellaneous cans to be supplied to the subsidiaries of China Foods in 2009 will be approximately RMB3,900,000. Also, as paper packaging for certain major products of the subsidiaries of China Foods is expected to be replaced by miscellaneous cans in 2010, it is anticipated that the demand for the miscellaneous cans by the subsidiaries of China Foods will increase in 2010. Based on the expected demand by the subsidiaries of China Foods for the miscellaneous cans and the anticipated costs of raw materials in line with the corresponding PPI in the PRC and market conditions, we anticipate that the aggregate values of the miscellaneous cans to be supplied to the subsidiaries of China Foods will increase by approximately 18% in 2010 and 11% in 2011. Accordingly, we expect that the annual aggregate values of the miscellaneous cans to be supplied to the subsidiaries of China Foods for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB3,900,000, RMB4,600,000 and RMB5,100,000, respectively.

Supply of crown caps

Prior to the [●], Wuxi Huapeng, an indirect non-wholly-owned subsidiary of our Company, supplied crown caps to various Coca-Cola beverage bottlers of China Foods, an indirect non-wholly-owned subsidiary of COFCO. These transactions have been conducted in the ordinary course of our business and on normal commercial terms and will continue following the [●].

Pursuant to the China Foods Supply Agreement, our subsidiaries will supply, among other things, crown caps to the various Coca-Cola beverage bottlers of China Foods according to the latter's specifications and at prevailing market prices for a term of three years commencing on January 1, 2009. The China Foods Supply Agreement may be renewed by agreement between the parties.

Should the China Foods Supply Agreement be renewed, we will comply with the requirements under Chapter 14A of the Listing Rules.

Historical Transaction Values

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the aggregate values of the crown caps supplied by Wuxi Huapeng to the Coca-Cola beverage bottlers of China Foods were approximately RMB2,447,000, RMB3,071,000, RMB1,790,000 and RMB1,366,300, respectively. The aggregate value of the crown caps supplied by Wuxi Huapeng in 2008 decreased by approximately 42% from 2007 as a result of the loss of some contracts with certain Coca-Cola beverage bottlers of China Foods.

Annual Caps

Based on the expected sales of the relevant Coca-Cola beverage bottlers of China Foods that use our crown caps and the anticipated costs of raw materials in line with the corresponding PPI in the PRC and market conditions, we anticipate that the aggregate values of the crown caps to be supplied to such bottlers will increase by approximately 23% in 2009, 18% in 2010 and 19% in 2011. Accordingly, we expect that the annual aggregate values of the crown caps to be supplied to the Coca-Cola beverage bottlers of China Foods for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB2,200,000, RMB2,600,000 and RMB3,100,000, respectively.

Supply of general food cans

Prior to the [●], our subsidiaries supplied general food cans to COFCO Tunhe, a Shanghai-listed company, and its subsidiaries, being indirect non-wholly-owned subsidiaries of COFCO. These transactions have been conducted in the ordinary course of our business and on normal commercial terms and will continue following the [●].

On October [●], 2009, we entered into the Tunhe Supply Agreement with COFCO Tunhe, pursuant to which our subsidiaries will supply general food cans to COFCO Tunhe Group according to the latter's specifications and at prevailing market prices for a term of three years commencing on October [●], 2009. The Tunhe Supply Agreement may be renewed by agreement between the parties. Should the terms of the Tunhe Supply Agreement be renewed, we will comply with the requirements under Chapter 14A of the Listing Rules.

Historical Transaction Values

We have conducted the above transactions with COFCO Tunhe and its subsidiaries since 2006. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the aggregate values of the general food cans supplied by our subsidiaries to COFCO Tunhe and its subsidiaries were approximately RMB2,324,000, RMB3,738,000, RMB5,050,000 and RMB1,440,000, respectively.

Annual Caps

As COFCO Tunhe Group was using more of the types of general food cans not produced by us in 2009, we expect the aggregate value of the general food cans to be supplied to COFCO Tunhe Group will decrease by approximately 24% in 2009 as compared to 2008. However, we expect to be able to produce such additional types of general food cans required by COFCO Tunhe Group in 2010 and our aggregate production capacity of both existing types of general food cans and the new types of general food cans is expected to increase in 2011. Based on the expected sales of food products of COFCO Tunhe Group that use our general food cans, the above-mentioned factors and the anticipated costs of raw materials in line with the corresponding PPI in the PRC and market conditions, we expect that the aggregate values of the general food cans to be supplied to COFCO Tunhe Group will increase by approximately 31% in 2010 and 22% in 2011. Accordingly, we expect that the annual aggregate values of the general food cans to be supplied to COFCO Tunhe Group for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB3,840,000, RMB5,040,000 and RMB6,150,000, respectively.

Supply of twist caps to Caoxian COFCO

Prior to the [●], Wuxi Huapeng, an indirect non-wholly-owned subsidiary of our Company, supplied twist caps to Caoxian COFCO, a 45.45% held associate of COFCO. These transactions have been conducted in the ordinary course of our business and on normal commercial terms and will continue following the [●].

On October 23, 2009, we entered into the Caoxian Supply Agreement with Caoxian COFCO, pursuant to which our subsidiaries will supply twist caps to Caoxian COFCO according to the latter's specifications and at prevailing market prices for a term of three years commencing on October 23, 2009. The Caoxian Supply Agreement may be renewed by agreement between the parties. Should the terms of the Caoxian Supply Agreement be renewed, we will comply with the requirements under Chapter 14A of the Listing Rules.

Historical Transaction Values

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the aggregate values of the twist caps supplied by Wuxi Huapeng to Caoxian COFCO were approximately RMB1,008,000, RMB2,081,000, RMB2,200,000 and RMB590,000, respectively.

Annual Caps

We believe that in response to the recent global economic downtown, Caoxian COFCO has reduced the production of its products resulting in its surplus inventory of our twist caps in 2009. As a result, we expect the aggregate value of the twist caps to be supplied to Caoxian COFCO will decrease by approximately 53% in 2009 as compared to 2008. However, the existing inventory of the twist caps in Caoxian COFCO is expected to be exhausted in 2010. Based on the expected sales of food products of Caoxian COFCO that use our twist caps, the above-mentioned factors and the anticipated costs of raw materials in line with the corresponding PPI in the PRC and market conditions, we anticipate that the aggregate values of the twist caps to be supplied to Caoxian

COFCO will increase by approximately 93% in 2010 and 30% in 2011. Accordingly, we expect that the annual aggregate values of the twist caps to be supplied to Caoxian COFCO for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB1,040,000, RMB2,000,000 and RMB2,600,000, respectively.

Supply of twist caps to Yongji COFCO

Prior to the [●], Wuxi Huapeng, an indirect non-wholly-owned subsidiary of our Company, supplied twist caps to Yongji COFCO, a 50% held associate of COFCO. These transactions have been conducted in the ordinary course of our business and on normal commercial terms and will continue following the [●].

On October 23, 2009, we entered into the Yongji Supply Agreement with Yongji COFCO, pursuant to which our subsidiaries will supply twist caps to Yongji COFCO according to the latter's specifications and at prevailing market prices for a term of three years commencing on October 23, 2009. The Yongji Supply Agreement may be renewed by agreement between the parties. Should the terms of the Yongji Supply Agreement be renewed, we will comply with the requirements under Chapter 14A of the Listing Rules.

Historical Transaction Values

For the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the annual aggregate values of the twist caps supplied by Wuxi Huapeng to Yongji COFCO were approximately RMB2,912,000, RMB2,521,000, RMB2,080,000 and RMB290,000, respectively.

Annual Caps

We believe that in response to the recent global economic downtown, Yongji COFCO has reduced the production of its products resulting in its surplus inventory of our twist caps in 2009. As a result, we expect the aggregate value of the twist caps supplied to Yongji COFCO will decrease by approximately 76% in 2009 as compared to 2008. However, the existing inventory of the twist caps in Yongji COFCO is expected to be exhausted in 2010. Based on the expected sales of food products of Yongji COFCO that use our twist caps, the above-mentioned factors and the anticipated costs of raw materials in line with the corresponding PPI in the PRC and market conditions, we anticipate that the aggregate values of the twist caps to be supplied to Yongji COFCO will increase by approximately 60% in 2010 and 25% in 2011. Accordingly, we expect that the annual aggregate values of the twist caps to be supplied to Yongji COFCO for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB500,000, RMB800,000 and RMB1,000,000, respectively.

Supply of rectangular cans

Prior to the [●], our subsidiaries occasionally supplied rectangular cans to East Ocean, an indirect non-wholly-owned subsidiary of China Agri which is an indirect non-wholly-owned subsidiary of COFCO. These transactions have been conducted in the ordinary course of our business and on normal commercial terms and may continue following the [●], as the demand by East Ocean for our rectangular cans was and is expected to be on occasional basis, due to the irregular requests of a customer of East Ocean for the products of East Ocean that use our rectangular cans.

Pursuant to the China Agri Supply Agreement, the subsidiaries of CPMC (HK) will supply rectangular cans to East Ocean, according to the latter's specifications and at prevailing market prices for a term of three years commencing on June 27, 2008. The China Agri Supply Agreement may be renewed by agreement between the parties. Should the terms of the China Agri Supply Agreement be renewed, we will comply with the requirements under Chapter 14A of the Listing Rules.

Historical Transaction Values

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the aggregate values of the rectangular cans supplied by our subsidiaries to East Ocean were approximately RMB2,209,000, RMB200,000, RMB1,360,000 and RMB194,000, respectively.

Annual Caps

In light of the aggregate value of the rectangular cans supplied to East Ocean in the first six months of 2009, we anticipate that the aggregate value of the rectangular cans to be supplied to East Ocean for the entire year of 2009 will be approximately RMB600,000. Based on the possible demand from East Ocean for our rectangular cans and the anticipated costs of raw materials in line with the corresponding PPI in the PRC and market conditions, we anticipate that the aggregate values of the rectangular cans to be supplied to East Ocean will increase by approximately 60% in 2010 and remain stable in 2011. Accordingly, we expect that the annual aggregate values of the rectangular cans to be supplied to East Ocean for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB600,000, RMB1,000,000 and RMB1,000,000, respectively.

Aggregate Annual Caps

Pursuant to Rule 14A.25 of the Listing Rules, we expect that the annual aggregate values of steel barrels, miscellaneous cans, crown caps, general food cans, twist caps and rectangular cans to be supplied to COFCO and its associates under the aforesaid supply agreements for the years ending December 31, 2009, 2010 and 2011 will not exceed RMB22,260,000, RMB27,238,000 and RMB31,269,000, respectively.

APPLICATION FOR WAIVERS

Our Directors (including the independent non-executive Directors) consider that the continuing connected transactions exempt from the independent shareholders' approval requirements described above have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms and on an arm's length basis, and are fair and reasonable and in the interests of our Company and the shareholders of our Company as a whole.

For the continuing connected transactions described under the paragraph headed "Continuing Connected Transactions Exempt from the Independent Shareholders' Approval Requirements" above, the percentage ratios, including the assets ratio, revenue ratio and consideration ratio, in respect thereof on an annual basis are expected to be more than 0.1% but less than 2.5%. Such transactions would, therefore, be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements applicable to continuing connected transactions under the Listing Rules.

We have accordingly applied for and the Stock Exchange has granted us waivers from compliance with and announcement requirements related to continuing connected transactions pursuant to Rule 14A.42(3) of the Listing Rules.

We will comply with the relevant requirements under Chapter 14A of the Listing Rules, including the proposed annual caps and annual rental (as the case maybe) set out above, except to the extent that compliance therewith has been waived by the Stock Exchange in writing.

In the view of our Directors (including the independent non-executive Directors) and the [●], the proposed annual caps and annual rental (as the case maybe) referred to above are fair and reasonable.

CONFIRMATION FROM DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions described above have been entered into on normal commercial terms and in the ordinary and usual course of business of our Group.