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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. The Board wishes to inform the Shareholders and potential investors that based on the information currently available to the Group, it is expected that the Group may record a substantial decrease in its consolidated net profit for the Interim Period as compared to that for the six months ended 30 June 2011.

Shareholders and potential investors 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**”). The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available to the Group, it is expected that the Group may record a substantial decrease in its consolidated net profit for the six months ending 30 June 2012 (the “**Interim Period**”) as compared to that for the six months ended 30 June 2011.

Notwithstanding the effective growth of the Group's major product sales and market share resulted from the capacity built up during the Group's earlier strategic expansion, the profit margin of the Group during the Interim Period has been squeezed due to rigorous challenges faced by the relevant industries. The Board believes that reasons for the substantial decrease in the consolidated net profit of the Group for the Interim Period include:

- (1) The price of soybeans in the international market has recorded an overall increase during the relevant period, whilst the crushing capacity of the domestic oilseeds (such as soybeans) has continued to expand. As a result, the price of raw materials grows at a higher rate than that of the relevant products' selling prices. Such inversion in the domestic and international markets has contributed to the trimming of the gross profit of the Group's products. Further, the change in the exchange rate of Renminbi during the relevant period results in a significant decrease of the foreign exchange gains as compared to those for the corresponding period last year; and
- (2) The marked year-on-year increase in the domestic purchase cost of raw grains, in conjunction with the sluggishness of the markets of our products (such as starch, rice, etc.), prevent the Group's effectiveness in transmitting the costs from upstream to downstream.

The information contained in this announcement is not based on any figures or information that has been audited or reviewed by the auditor of the Company and only reflects the preliminary assessment by the Board based on information available so far. The interim results announcement of the Company for the Interim Period is expected to be released in August 2012.

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

By Order of the Board
China Agri-Industries Holdings Limited
LV Jun
Managing Director

Hong Kong, 28 June 2012

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