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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)

CERTAIN MATTERS RELATING TO THE NON-COMPETITION DEED

This is an announcement made by the Company in connection with certain matters relating to the Non-Competition Deed pursuant to the disclosure obligations set out in the section headed “Relationship with COFCO and COFCO International” in the prospectus of the Company dated 8 March 2007.

The Company has reviewed the COFCO Biochemical Option and the COFCO Agri Option. No final and definitive decision has been made as to whether the Company will exercise the COFCO Biochemical Option or the COFCO Agri Option.

COFCO BIOCHEMICAL OPTION

(i) Background

Reference is made to the announcement dated 9 May 2007 on which the board of directors (the “**Board**”) of China Agri-Industries Holdings Limited (the “**Company**”) announced that the option of the Company (the “**COFCO Biochemical Option**”) to acquire from COFCO Corporation (“**COFCO**”) interest in COFCO Biochemical (Anhui) Co., Ltd. (“**COFCO Biochemical**”, formerly known as Anhui BBKA Biochemical Co., Ltd.) became effective on 3 April 2007. The COFCO Biochemical Option was granted under the non-competition deed executed by the Company, COFCO and COFCO (Hong Kong) Limited (“**COFCO (HK)**”) in favour of the Company on 16 February 2007 (the “**Non-Competition Deed**”). As described in the prospectus of the Company dated 8 March 2007, any decision to exercise options under the Non-Competition Deed shall be voted on solely by the independent non-executive directors of the Company (the “**INEDs**”) and be decided by majority vote of the INEDs. As of the date of this announcement, COFCO holds 15.76% equity interest in COFCO Biochemical.

References are also made to the Company’s announcement dated 16 March 2012 in relation to the extension of the COFCO Biochemical Option for three years starting from 3 April 2012, and the announcement dated 12 December 2014 in relation to the extension of the COFCO Biochemical Option for further three years starting from 3 April 2015 to 2 April 2018.

(ii) *Non-exercise of the COFCO Biochemical Option at the Current Time*

On 21 October 2016, the INEDs considered whether or not to exercise the COFCO Biochemical Option. The INEDs reviewed relevant information of the COFCO Biochemical Option, which they reasonably believe to be sufficient in forming their opinion.

The Board hereby announces that the INEDs unanimously resolved that, for the time being, it is not in the interests of the Company and its shareholders as a whole to make a definitive decision whether or not to exercise the COFCO Biochemical Option.

The INEDs' decision was made on the following premise:

According to the requirements stipulated in the "Implementation Opinions on Relocation of the Key Biochemical Enterprises from Urban Area to Industrial Park from the People's Government of Bengbu City under the Bengbu Municipal Committee of the Communist Party of China" (中共蚌埠市委蚌埠市人民政府關於重點生物化工企業退市進園的實施意見), Bengbu City has planned to relocate key biochemical enterprises in Bengbu City to industrial park within 3 to 5 years. COFCO Biochemical is one of the four relocating enterprises in the first batch. Currently, the relocation is gradually proceeding in accordance with the relocation proposal negotiated between COFCO Biochemical and Bengbu Municipal Government. However, as the relocation may last for a long period, the products and business scope of COFCO Biochemical may be restructured, which may affect the operating results of COFCO Biochemical. Therefore, the relocation will cause uncertainty on the choice of products and operation of COFCO Biochemical.

COFCO AGRI OPTION

(i) *Background*

Reference is made to the Company's announcement dated 1 April 2014 (the "**Announcement**") in connection with the acquisition of the equity interest in COFCO Agri Limited ("**COFCO Agri**", formerly known as Noble Agri Limited) by COFCO (HK) (the "**Acquisition**").

Reference is also made to the Company's announcement dated 14 October 2014 on which the Board announced that as the Acquisition was settled on 14 October 2014, the option for the Company to acquire the Competing Business, as defined in the Announcement, in COFCO Agri and its subsidiaries in the People's Republic of China (the "**COFCO Agri Option**") became effective on 14 October 2014 in accordance with the Non-Competition Deed and its schedule thereof.

Pursuant to the Non-Competition Deed, the decision as to whether or not to exercise the COFCO Agri Option shall be voted on solely by the INEDs and be decided by majority votes of the INEDs. A final and definitive decision as to whether to exercise the COFCO Agri Option will be made by the INEDs on the fifth anniversary (being the last year of the option period) of the COFCO Agri Option having become effective, if such decision has not been made before such time. If for any reason further time after the fifth anniversary is deemed necessary for the proper evaluation of the COFCO Agri Option, the decision to extend would be voted on solely by the INEDs and be decided by majority votes of the INEDs.

(ii) ***Non-exercise of the COFCO Agri Option at the Current Time***

On 21 October 2016, the INEDs considered whether or not to exercise the COFCO Agri Option. The INEDs reviewed relevant information of the COFCO Agri Option, which they reasonably believe to be sufficient in forming their opinion.

The Board hereby announces that the INEDs unanimously resolved that, for the time being, it is not in the interests of the Company and its shareholders as a whole to make a definitive decision whether or not to exercise the COFCO Agri Option.

The INEDs' decision was made on the following premise:

The market competition remains fierce given the current macroeconomic pressures. At this stage, the Company is dedicated to strengthen its market share, to lay a more solid foundation for its operations and to further increase its performance results by improving quality and efficiency. For the benefit of the Company and its shareholders as a whole, the Company will closely observe the potential changes in the industry and choose a more appropriate time to decide whether to exercise the COFCO Agri Option on the basis of the enhanced profitability of the existing assets.

Non-exercise of the COFCO Biochemical or the COFCO Agri Option at the Current Time

Based on the reasons above, the Company has decided not to exercise the COFCO Biochemical Option or the COFCO Agri Option for the time being. The INEDs will continue to review such options on an annual basis and the Company will disclose the decision and reason(s) for such decision by way of announcement.

For the avoidance of doubt, the Board wishes to emphasise no final and definitive decision has been made as to whether the Company will exercise the COFCO Biochemical Option or the COFCO Agri Option in future.

By Order of the Board
China Agri-Industries Holdings Limited
CHI Jingtao
Chairman

Hong Kong, 21 October 2016

As at the date of this announcement, the Board comprises: Mr. CHI Jingtao as chairman of the Board and executive director; Mr. GU Lifeng and Mr. SHI Bo as executive directors; Mr. YU Xubo and Mr. MA Wangjun as non-executive directors; and Mr. LAM Wai Hon, Ambrose, Mr. Patrick Vincent VIZZONE and Mr. ONG Teck Chye as independent non-executive directors.