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中國糧油國際有限公司

COFCO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 506)

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS

The Board announces that certain members of the Group in the PRC have placed certain cash deposits and other kinds of deposits with COFCO Finance during the Relevant Period.

According to Rules 14.33 and 14A.35 of the Listing Rules, such placing of cash deposits and other kinds of deposits by the Group with COFCO Finance in aggregate constituted discloseable and continuing connected transactions of the Company and should have been subject to the relevant reporting and shareholders approval requirements under the Listing Rules. In addition, disclosure on such deposits should also have been made under Rule 13.13 of the Listing Rules.

As such deposits were separately placed by some 15 members of the Group in different provinces of the PRC directly with COFCO Finance and the outstanding balance of all deposits fluctuated from time to time during the Relevant Period, substantial time was required to gather the relevant financial information and documents in relation to such deposits and the Company had not been able to ascertain the actual aggregate amount of the daily outstanding balances until recently. Hence, such placing of cash deposits had not been made the subject of an announcement or proposed for shareholders approval or reviewed by the independent non-executive Directors earlier as required by the Listing Rules. The Stock Exchange has indicated that it will follow up on the compliance issues.

After becoming aware of the actual aggregate amount involved, the Company procured relevant members of the Group to withdraw all these deposits from COFCO Finance and place them with commercial banks. On demand COFCO Finance immediately released all the deposits placed by the Group on 11 March 2005. COFCO Finance has fully fulfilled its contractual obligations under the terms of the transactions. The Group suffered no damage or loss in relation to the deposits and the withdrawal thereof.

Since the withdrawal of the deposits and as at the date of this announcement, there have been no deposits placed by any member of the Group with COFCO Finance. If the Company decides to place deposits with COFCO Finance again in the future, all relevant provisions of the Listing Rules will be complied with.

PLACING OF CASH DEPOSITS AND OTHER KINDS OF DEPOSITS

The Board announces that some 15 members of the Group in different provinces of the PRC separately placed cash deposits, notice deposits and deposits by agreements, all in RMB, directly with COFCO Finance during the Relevant Period. The maximum aggregate daily outstanding balance of all deposits (including accrued interest) had not exceeded RMB88,854,379.81, RMB337,915,609.64, RMB651,486,835.51 and RMB457,054,922.67 (approximately HK\$83,824,886.61, HK\$318,788,310.98, HK\$614,610,222.18 and HK\$431,183,889.31 respectively) for the three financial years ended 31 December 2004 and the period from 1 January 2005 to 10 March 2005, respectively.

During the Relevant Periods, in respect of any kind of the above-mentioned deposits, the interest rate on such deposit was the interest rate as specified by PBOC in respect of the relevant kind of deposit from time to time.

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS

COFCO is the indirect controlling shareholder of the Company with a beneficial interest of approximately 68.52% of the existing issued share capital of the Company.

COFCO Finance is a beneficially wholly-owned subsidiary of COFCO and is a connected person of the Company under the Listing Rules. According to Rules 14.33 and 14A.35, such placing by the Group of cash deposits, notice deposits and deposits by agreements with COFCO Finance in aggregate constituted discloseable and continuing connected transactions of the Company and should have been subject to the relevant reporting and shareholders approval requirements under the Listing Rules. In addition, disclosure on such deposits should also have been made under Rule 13.13 of the Listing Rules.

As such deposits were separately placed by some 15 members of the Group in different provinces of the PRC directly with COFCO Finance and the outstanding balance of all deposits fluctuated from time to time during the Relevant Period, substantial time was required to gather the relevant financial information and documents in relation to such deposits and the Company had not been able to ascertain the actual aggregate amount of the daily outstanding balances until recently. Hence, such placing of cash deposits had not been made the subject of an announcement or proposed for shareholders approval or reviewed by the independent non-executive Directors earlier as required by the Listing Rules. The Stock Exchange has indicated that it will follow up on the compliance issues.

After becoming aware of the actual aggregate amount involved as disclosed above, the Company procured relevant members of the Group to withdraw all these deposits from COFCO Finance and place them with commercial banks. On demand COFCO Finance immediately released all the deposits placed by the Group on 11 March 2005. COFCO Finance has fully fulfilled its contractual obligations under the terms of the transactions. The Group suffered no damage or loss in relation to the deposits and the withdrawal thereof.

Since the withdrawal of the deposits and as at the date of this announcement, there have been no deposits placed by any member of the Group with COFCO Finance. If the Company decides to place deposits with COFCO Finance again in the future, all relevant provisions of the Listing Rules will be complied with.

REASONS FOR AND BENEFITS OF THE DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS WITH COFCO FINANCE

The terms for the deposit services provided by COFCO Finance to the Group were in line with prevalent commercial banking practices in the PRC and they were not less favourable than those for similar services provided by commercial banks in the PRC.

During the Relevant Period, the interest rate on such deposit was the interest rate as specified by PBOC in respect of the relevant kind of deposit. The executive Directors considered that such placing of deposits with COFCO Finance by the Group was on normal commercial terms and in the ordinary and usual course of the business of the Company, and the terms of the transactions were fair and reasonable and in the interests of the shareholders. Throughout the Relevant Period, there had been no detriment to either the Company or its shareholders as a whole in connection with or in relation to the deposits.

INFORMATION ABOUT THE GROUP

The principal activity of the Company is investment holding of its subsidiaries and associates comprising the Group. The principal activities of the Group involve five food-related core businesses, including edible oils, soyabean meal and related products; wineries; confectionery; flour milling; and trading.

INFORMATION RELATING TO COFCO AND COFCO FINANCE

COFCO is the indirect controlling shareholder of the Company with a beneficial interest of approximately 68.52% of the existing issued share capital of the Company.

COFCO is one of the 44 enterprises under the direct administration of the central government of the PRC. Since 1999, COFCO has undertaken reform and reorganization programmes, and has established a corporate structure and corporate governance system which is in line with international practices.

COFCO Finance is a beneficially wholly-owned subsidiary of COFCO. It was approved by PBOC in August 2002 and was established in September 2002. It is a non-banking financial institution regulated by PBOC and CBRC. The operations of COFCO Finance are subject to the on-going supervision of PBOC and CBRC.

The registered capital of COFCO Finance is RMB465.2 million (approximately HK\$438.9 million). COFCO is a direct controlling shareholder of COFCO Finance, holding a 72% interest. The other shareholders of COFCO Finance are all wholly-owned members of the COFCO Group, being COFCO Grain & Oil Import & Export Co., Ltd., COFCO Futures Co., Ltd., Mingcheng Investment Consultation Co., Ltd., and COFCO Shanghai Import & Export Co., Ltd., holding a 13%, 7%, 7% and 1% interest in COFCO Finance respectively.

The business scope of COFCO Finance includes taking deposits from COFCO member companies, arranging internal account transfer and settlement, issuing corporate bond, engaging in lending and borrowing between financial institutions, providing loans and finance leases to COFCO member companies, extending consumer loans, buyers' credit and finance lease credits for the products from COFCO member companies, accepting and discounting business drafts for COFCO member companies, arranging trust loans and trust investments for COFCO member companies, investing in securities and equity investment in financial institutions and COFCO member companies, selling corporate bonds of COFCO member companies, providing financial consultation, credit certification and other consultation agency services for COFCO member companies, providing guarantee for COFCO member companies, arranging overseas foreign exchange borrowings, and other business activities approved by PBOC and CBRC.

Pursuant to Measures on the Administration of Financial Companies in Enterprises Groups promulgated by CBRC in 2004, "COFCO member companies" includes COFCO, any subsidiary in which COFCO owns an equity interest of 51% or more, any company in which COFCO and its subsidiaries own, individually or in the aggregate, an equity interest of over 20% and any company in which COFCO and its subsidiaries are, individually or in the aggregate, the largest equity interest holder, institutions with legal person status and associations with legal person status which belong to COFCO or its subsidiaries.

DEFINITIONS

“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission
“COFCO”	China National Cereals, Oils & Foodstuffs Corporation, a state-owned enterprise under the purview of the State Council of the PRC and is the ultimate holding company of the Company
“COFCO Finance”	COFCO Finance Corporation Limited, a limited liability company established under the Company Law and other regulations of the PRC and a beneficially wholly-owned subsidiary of COFCO
“COFCO Group”	COFCO and its subsidiaries
“Company”	COFCO International Limited, a limited company incorporated in Bermuda whose shares are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries and associates
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC”	the People’s Republic of China
“Relevant Period”	the period from 30 October 2002 to 10 March 2005
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of this announcement, unless otherwise indicated, the exchange rate at HK\$1 = RMB1.06 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged.

By order of the Board
COFCO International Limited
Yu Guangquan
Managing Director

Hong Kong, 4 May 2005

As at the date of this announcement, the Board comprises of Messrs. Ning Gaoning, Liu Fuchun, Yu Guangquan, Xue Guoping, Liu Yongfu, Ng Eng Leong and Qu Zhe, all being executive Directors and Messrs. Stephen Edward Clark, Tan Man Kou and Yuen Tin Fan, Francis, all being independent non-executive Directors.

Please also refer to the published version of this announcement in The Standard.