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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 **SHARE ACQUISITION** **LOAN ASSIGNMENT**

SHARE PURCHASE AGREEMENT

The Board announces that on 18 December 2009, COFCO Malt, a wholly owned subsidiary of the Company, entered into the Share Purchase Agreement with COFCO Hong Kong, pursuant to which COFCO Malt agreed to purchase all the issued share capital of COFCO (BVI) No. 84 and COFCO Hong Kong agreed to assign to COFCO Malt the Shareholder's Loan.

The aggregate consideration of the Sale Share and the Shareholder's Loan is RMB136,000,000 which will be satisfied by payment in cash on Completion.

CONNECTED TRANSACTION

COFCO Hong Kong is a controlling shareholder of the Company and is therefore a connected person of the Company. The transactions contemplated under the Share Purchase Agreement therefore constitute connected transactions of the Company.

Since the applicable percentage ratios of the transactions contemplated under the Share Purchase Agreement exceed 0.1% and are below 2.5%, the transactions contemplated under the Share Purchase Agreement are subject to the reporting and announcement requirements, but exempt from independent shareholder's approval requirement under Chapter 14A of the Hong Kong Listing Rules.

INTRODUCTION

The Board announces that on 18 December 2009 COFCO Malt, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with COFCO Hong Kong, pursuant to which COFCO Malt agreed to purchase all the issued share capital of COFCO (BVI) No.84 and COFCO Hong Kong agreed to assign to COFCO Malt the Shareholder's Loan.

The aggregate consideration for the Sale Share and the Shareholder's Loan is RMB136,000,000 which will be satisfied by payment in cash on Completion.

THE SHARE PURCHASE AGREEMENT

The major terms of the Share Purchase Agreement are as follows:

Date

18 December 2009

Parties

Purchaser: COFCO Malt, a wholly-owned subsidiary of the Company

Vendor: COFCO Hong Kong

Share to be acquired

Subject to the terms and conditions of the Share Purchase Agreement, COFCO Malt conditionally agreed to purchase from COFCO Hong Kong the Sale Share free from any claim, option, charge, lien, equity, encumbrance, rights of pre-emption or any third-party rights.

Shareholder's Loan

Subject to the terms and conditions of the Share Purchase Agreement, COFCO Hong Kong agreed to assign to COFCO Malt absolutely all its rights, title, interest and benefits in and to the Shareholder's Loan with effect from the date of the Completion.

Consideration

The aggregate consideration for the Sale Share and the Shareholder's Loan is RMB136,000,000 which will be satisfied by payment in cash.

The consideration was determined by COFCO Malt and COFCO Hong Kong following arm's length negotiations by reference to, inter alia, the net asset value and financial information and performance of COFCO (BVI) No.84, internal assessment of business and industry outlook, as well as general capital market performance.

Conditions precedent

The Share Purchase Agreement is conditional upon, among other things:

- (1) the passing of all necessary resolutions by the directors of COFCO Malt and the Company to approve the Share Purchase Agreement and to authorise the payment of the consideration to COFCO Hong Kong upon Completion;
- (2) the warranties in the Share Purchase Agreement remaining true and accurate and not misleading in any material respect as at the date of the Share Purchase Agreement and at Completion;
- (3) (where appropriate) the full and effective release of all charges, mortgages, pledges, liens, encumbrances and other security of whatever nature over or in respect of the Sale Shares and the Shareholder's Loan; and
- (4) if so required, such consents, licences, authorisations, orders, grants, confirmations, permissions, registrations, filings and other approvals as may be necessary or desirable in connection with the implementation of the Share Purchase Agreement having been obtained from appropriate governments, governmental, supranational or trade agencies, courts, stock exchange, listing authority or other regulatory bodies and such consents, licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect.

Completion

Conditions (1), (2), (3) and (4) can be waived by the parties. Pursuant to the Share Purchase Agreement, Completion shall take place on a business day within three months following the fulfilment (or valid waiver) of the conditions precedent or at such other time as the parties may agree.

REASONS FOR ENTERING INTO THE SHARE PURCHASE AGREEMENT

Geographically being located adjacent to COFCO Malt (Jiangyin) whose core business is barley brewing, malt processing and trading which is in great need of long-term stable warehousing and storage services, COFCO (Jiangyin) Warehouse will be able to provide logistical services including storage and loading/unloading to COFCO Malt (Jiangyin) by acting as a fully functional supporting facility after going into operation. In view of this, it is necessary for the Company to purchase COFCO (BVI) No.84 so as to take control of COFCO (Jiangyin) Warehouse.

In light of the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Share Purchase Agreement are on normal commercial terms, are fair and reasonable, and in the best interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Group 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 in the PRC including biofuel and biochemical, oilseed processing, rice trading and processing, brewing materials and wheat processing.

COFCO Malt is a limited liability company incorporated under the laws of the British Virgin Islands and is a wholly-owned subsidiary of the Company. COFCO Malt is principally an investment holding company.

COFCO Hong Kong

COFCO Hong Kong is a direct, wholly-owned subsidiary of COFCO and is an investment holding company. COFCO is a state-owned company in the PRC with business interest in agricultural commodities trading, agricultural products processing, food and beverages, hotel management, real estate development, logistics, native produce and animal by-products, packaging products and financial services.

COFCO (BVI) No.84

COFCO (BVI) No.84 is a limited liability company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of COFCO Hong Kong. As of the date of this announcement, COFCO (BVI) No. 84 is principally an investment holding company.

COFCO (Jiangyin) Warehouse

COFCO (Jiangyin) Warehouse is a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of COFCO (BVI) No.84. As of the date of this announcement, COFCO (Jiangyin) Warehouse is still under construction and will be principally engaged in the business of grain and edible oil storage and loading/unloading. COFCO (Jiangyin) Warehouse is expected to commence its principal operation around March in 2010, and the Group will not have any further commitment in respect of COFCO (Jiangyin) Warehouse before commencement of its operation.

COFCO Malt (Jiangyin)

COFCO Malt (Jiangyin) is a limited liability company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. COFCO Malt (Jiangyin) is principally engaged in the business of barley brewing, malt processing and trading.

Financial information

The following table sets out certain financial information of COFCO (BVI) No.84 including:

- (1) the unaudited consolidated total assets, total liabilities and net asset value as at 31 December 2008 of COFCO (BVI) No. 84; and
- (2) the unaudited net profit (before and after taxation and extraordinary items) for the year ended 31 December 2007 and 31 December 2008 of COFCO (BVI) No.84.

COFCO (BVI) No.84

	As at 31 December 2008 <i>(HK\$)</i>	
Unaudited consolidated total assets	117,000,000	
Unaudited consolidated total liabilities	117,027,263	
Unaudited consolidated net asset value	(27,263)	
	For the year ended 31 December 2007 <i>(HK\$)</i>	For the year ended 31 December 2008 <i>(HK\$)</i>
Unaudited net loss (before taxation and extraordinary items)	4,758	4,758
Unaudited net loss (after taxation and extraordinary items)	4,758	4,758

HONG KONG LISTING RULES IMPLICATIONS

COFCO Hong Kong is a controlling shareholder of the Company and is therefore a connected person of the Company. The transactions contemplated under the Share Purchase Agreement therefore constitute connected transactions of the Company.

Since the applicable percentage ratios of the transactions contemplated under the Share Purchase Agreement exceed 0.1% and are below 2.5%, the transactions contemplated under the Share Purchase Agreement are subject to the reporting and announcement requirements but exempt from independent shareholder's approval requirement under Chapter 14A of the Hong Kong Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors of the Company
“COFCO”	COFCO Corporation (中糧集團有限公司), a wholly state-owned company incorporated 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 and the ultimate controlling shareholder of the Company
“COFCO (BVI) No.84”	COFCO (BVI) No.84 Limited, a limited liability company incorporated in the British Virgin Islands
“COFCO (Jiangyin) Warehouse”	COFCO (Jiangyin) Cereals, Oil & Warehouse Corporation Limited (中糧(江陰)糧油倉儲有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of COFCO (BVI) No.84
“COFCO Hong Kong”	COFCO (Hong Kong) Limited (中糧集團(香港)有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company, and a direct wholly-owned subsidiary of COFCO
“COFCO Malt”	COFCO Malt Holdings Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“COFCO Malt (Jiangyin)”	COFCO Malt (Jiangyin) Co., Ltd. (中糧麥芽(江陰)有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary 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, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Share Purchase Agreement pursuant to the terms and conditions therein
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this Announcement only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	the one (1) share to be sold by COFCO Hong Kong to COFCO Malt (representing the entire share capital of COFCO (BVI) No.84
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder’s Loan”	shareholder’s loan in the amount of HK\$117,000,000 advanced by COFCO Hong Kong to COFCO (BVI) No.84
“Shareholders”	the shareholders of the Company
“Share Purchase Agreement”	a share purchase agreement date 18 December 2009 between COFCO Malt and COFCO Hong Kong in relation to the sale and purchase of the shares in COFCO (BVI) No.84 and the assignment of the Shareholder’s Loan
“Stock Exchange”	The Stock Exchange of Hong Kong limited

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

Hong Kong, 18 December 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.

This announcement has been issued in the English language with a separate Chinese language translation. If there is any conflict in the announcement between the meaning of Chinese words or terms in the Chinese language version and English words in the English version, the meaning of the English words shall prevail.