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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)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
ENTERING INTO (1) COFCO INTERNATIONAL MASTER
AGREEMENT AND (2) CAPITAL INCREASE AGREEMENT
REGARDING COFCO TRADING GUANGDONG
AND
CONNECTED TRANSACTION
(3) PROPOSED AMENDMENTS TO THE NON-COMPETITION DEED
AND
CERTAIN MATTERS RELATING TO THE NON-COMPETITION DEED**

Financial adviser to the Company



COFCO INTERNATIONAL MASTER AGREEMENT

The Board announces that on 31 August 2018, the INEDs decided to partially exercise the COFCO International Option. Pursuant to such decision, Oriental Chance, COFCO Oils No.2 and COFCO Oils & Fats, wholly-owned subsidiaries of the Company (as the Purchasers), and COFCO International Singapore, Great Wall Investments, Sino Agri-Trade and HK Ming Fat, wholly-owned subsidiaries of COFCO International (as the Vendors) entered into the COFCO International Master Agreement, pursuant to which Oriental Chance, COFCO Oils No.2 and COFCO Oils & Fats have conditionally agreed to acquire the entire equity interest in each of the COFCO International Target Companies for an aggregate consideration of RMB1,341 million (approximately US\$196.5 million), which shall be paid in US dollars, subject to adjustment, in two cash installments. Upon the Closing of the COFCO International Master Agreement, the COFCO International Target Companies will become wholly-owned subsidiaries of the Company.

CAPITAL INCREASE AGREEMENT

The Board further announces that on 31 August 2018, COFCO Dongguan, a wholly-owned subsidiary of the Company, COFCO Trading and COFCO Trading Guangdong, a wholly-owned subsidiary of COFCO Trading, entered into the Capital Increase Agreement, pursuant to which COFCO Dongguan has conditionally agreed to make a capital contribution in the amount of RMB620 million into COFCO Trading Guangdong to subscribe for newly increased registered capital in the amount of approximately RMB598 million, representing 75.264% of its enlarged registered capital upon the Closing of the Capital Increase Agreement. Upon the Closing of the Capital Increase Agreement, COFCO Trading Guangdong will become a subsidiary of the Company.

LISTING RULES IMPLICATIONS

COFCO International Singapore, Great Wall Investments, Sino Agri-Trade, HK Ming Fat and COFCO Trading Guangdong are associates of COFCO, the ultimate controlling shareholder of the Company and therefore constitute connected persons of the Company and the transactions contemplated under the COFCO International Master Agreement and the Capital Increase Agreement constitute connected transactions of the Company.

Given the Vendors, COFCO Trading Guangdong and the vendor of the transactions under the COFCO Fortune Equity Transfer Agreement dated 25 May 2017 are associates of COFCO, the COFCO International Master Agreement, the Capital Increase Agreement and the COFCO Fortune Equity Transfer Agreement shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the COFCO International Master Agreement, the Capital Increase Agreement and the COFCO Fortune Equity Transfer Agreement are more than 5%, but all of such applicable percentage ratios are less than 25%, the transactions contemplated under the COFCO International Master Agreement and the Capital Increase Agreement therefore constitute discloseable and connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

PROPOSED AMENDMENTS TO THE NON-COMPETITION DEED AND CERTAIN MATTERS RELATING TO THE NON-COMPETITION DEED

Reference is made to the Company's announcement dated 19 December 2017 in relation to the Chinatex Option and the COFCO International Option.

Final and definitive decision not to exercise

In addition to the decision to partially exercise the COFCO International Option, the INEDs have considered whether or not to exercise the Chinatex Option and have made a final and definitive decision not to exercise the option to acquire the equity interest in Non-exercised Chinatex Retained Interests under the Chinatex Option, which will be disposed of in accordance with the terms of the Non-competition Deed and the Supplemental Deed. As the applicable percentage ratios of the non-exercise of the option in respect of the Non-exercised Chinatex Retained Interests exceed 0.1% but are less than 5%, the non-exercise of the option in respect of the Non-exercised Chinatex Retained Interests is subject to the reporting and announcement requirements, but is exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Supplemental Deed

COFCO, COFCO (HK) and the Company entered into the Non-competition Deed on 16 February 2007 (as amended on 23 October 2017), pursuant to which if a decision is made by the INEDs not to exercise an option in relation to any Retained Interests, each of COFCO and COFCO (HK) has undertaken to the Company to dispose of the Retained Interests within six (6) months of such decision having become effective.

Among the Non-exercised Chinatex Retained Interests, it is proposed that the Retained Interests might be disposed of by way of liquidation or analogous process in addition to transfer of the relevant Competing Business. On 31 August 2018, COFCO, COFCO (HK) and the Company entered into the Supplemental Deed, pursuant to which it is clarified that the term "dispose" (and variants thereof such as "disposal" and so forth) in the Non-competition Deed shall be construed to include (a) so far as any entity or other relevant assets to which liquidation may be applied, the formal entering into of a liquidation process in respect of such assets; and (b) any other action or procedure by which control or title over relevant assets is irrevocably transferred or relinquished by COFCO and/or COFCO (HK), as appropriate, and to further stipulate matters relating to the proposed disposal by way of liquidation based on undertakings given by COFCO and COFCO (HK) in favour of the Company.

As COFCO is the controlling shareholder of the Company as defined under the Listing Rules, and COFCO (HK) is a wholly-owned subsidiary of COFCO, each of COFCO and COFCO (HK) is a connected person of the Company. The Supplemental Deed constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Non-exercise of the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest for the time being

The INEDs further considered whether or not to exercise the Chinatex Option and the COFCO International Option in respect of the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest. The Board 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 as to whether or not to exercise the Chinatex Option and the COFCO International Option in respect of the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest. The INEDs will continue to monitor and review the remaining options, and the Company will disclose any decision to exercise or not exercise such options and the relevant reasons by way of announcement.

GENERAL

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, approve the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed. The voting at the EGM will be taken by poll. COFCO and its associates will be required to abstain from voting at the EGM regarding the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed.

The Independent Board Committee has been formed to advise and provide recommendations to the Independent Shareholders on the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed, and Platinum has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (1) further details of the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed; (2) the recommendations of the Independent Board Committee; (3) a letter of advice from the IFA to the Independent Board Committee and the Independent Shareholders; and (4) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 21 September 2018.

The transactions under the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed are subject to the satisfaction of a number of conditions and the Independent Shareholders' approval at the EGM (as the case may be). Accordingly, the transactions contemplated under the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares or other securities of the Company.

A. COFCO INTERNATIONAL MASTER AGREEMENT

The Board announces that on 31 August 2018, the INEDs decided to partially exercise the COFCO International Option. Pursuant to such decision, Oriental Chance, COFCO Oils No.2, COFCO Oils & Fats, wholly-owned subsidiaries of the Company (as the Purchasers), and COFCO International Singapore, Great Wall Investments, Sino Agri-Trade and HK Ming Fat, wholly-owned subsidiaries of COFCO International (as the Vendors) entered into the COFCO International Master Agreement, pursuant to which Oriental Chance, COFCO Oils No.2 and COFCO Oils & Fats have conditionally agreed to acquire the entire equity interest in each of the COFCO International Target Companies for an aggregate consideration of RMB1,341 million (approximately US\$196.5 million), which shall be paid in US dollars, subject to adjustment, in two cash installments. The major terms of the COFCO International Master Agreement are summarised below:

Date

31 August 2018

Parties

- (1) the Purchasers; and
- (2) the Vendors

Subject Matter

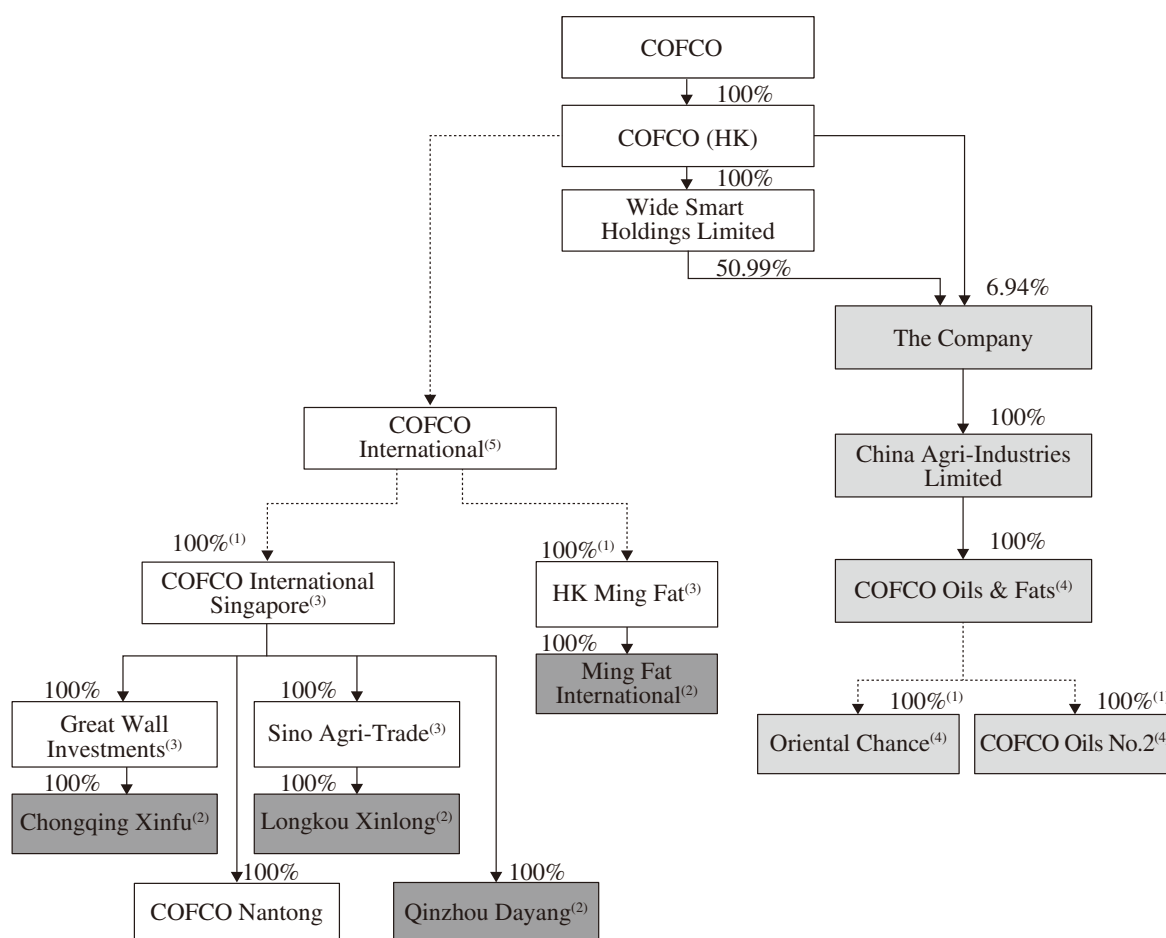
Subject to the conditions precedent under the COFCO International Master Agreement, each of the Vendors has agreed to sell, and each of the Purchasers has agreed to purchase, the Vendors' respective equity interest in the relevant COFCO International Target Companies:

Vendors	COFCO International Target Companies	Purchasers	Sale equity interest
1. COFCO International Singapore	Qinzhou Dayang	Oriental Chance	100%
2. Great Wall Investments	Chongqing Xinfu	COFCO Oils No.2	100%
3. Sino Agri-Trade	Longkou Xinlong	COFCO Oils & Fats	100%
4. HK Ming Fat	Ming Fat International	COFCO Oils & Fats	100%

The relevant Purchasers and Vendors will separately enter into the COFCO International Equity Transfer Agreements in relation to the acquisition of equity interests in each of the COFCO International Target Companies in accordance with the terms of the COFCO International Master Agreement. Upon the Closing of the COFCO International Master Agreement, each of the COFCO International Target Companies will become a wholly-owned subsidiary of the Company.

Set out below is the shareholding structure of the COFCO International Target Companies immediately before and after the completion of the transactions contemplated under the COFCO International Master Agreement:

Before the completion



(1) The dotted line indicates indirect shareholdings

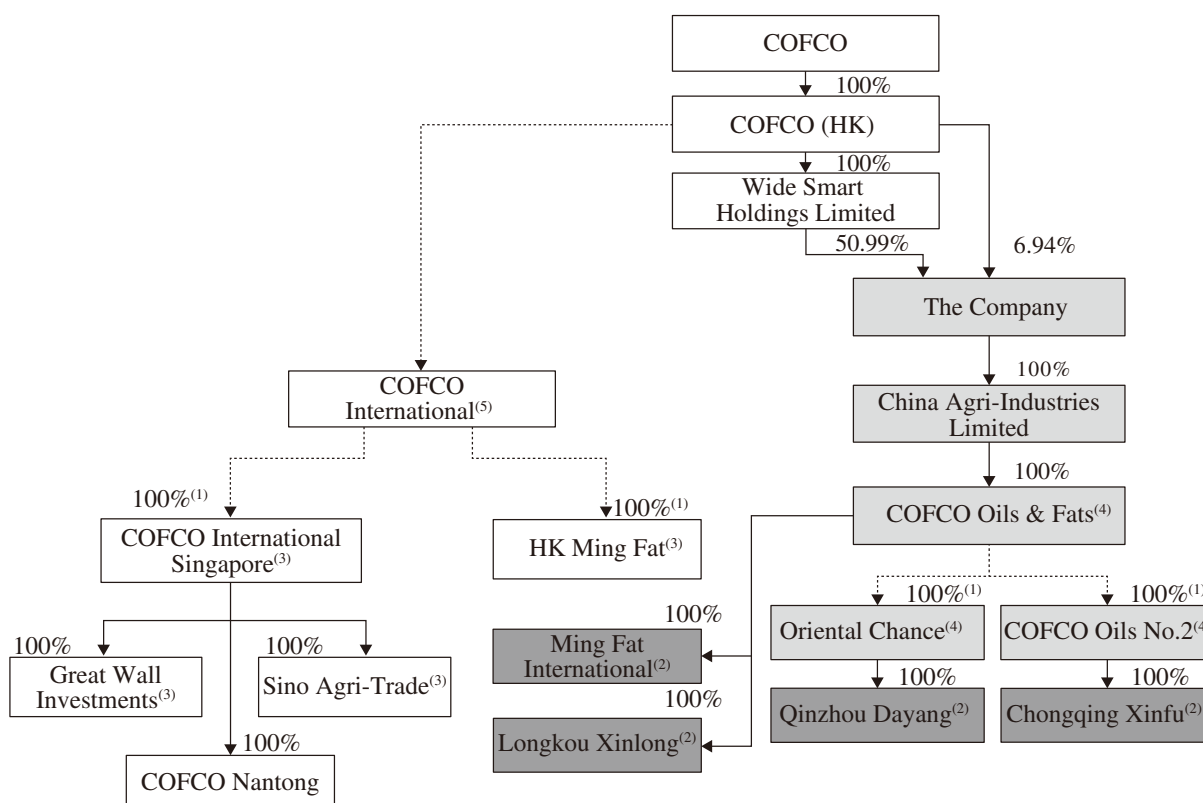
(2) COFCO International Target Companies

(3) the Vendors

(4) the Purchasers

(5) COFCO International is controlled as to more than 50% by a subsidiary of COFCO (HK)

After the completion



(1) The dotted line indicates indirect shareholdings

(2) COFCO International Target Companies

(3) the Vendors

(4) the Purchasers

(5) COFCO International is controlled as to more than 50% by a subsidiary of COFCO (HK)

Consideration

Pursuant to the COFCO International Master Agreement, the aggregate consideration for the acquisition of the equity interests in the COFCO International Target Companies is RMB1,341 million, which shall be paid in US dollars in the amount of approximately US\$196.5 million (calculated based on the middle exchange rate of RMB:USD published by the People's Bank of China on the signing date of the COFCO International Master Agreement) in cash in accordance with the payment schedule set out below, subject to the adjustment mechanism set out in the section headed "Payment schedule" below, which will be satisfied by internal funds of the Company.

The consideration for the acquisition of the equity interest in each of the relevant COFCO International Target Companies was determined by the parties to the COFCO International Master Agreement following arm's-length negotiations with reference to a valuation as at the benchmark date of 31 March 2018, which was determined based on the asset-based valuation approach conducted by an independent valuer jointly appointed by the parties, in accordance with the terms of the Non-competition Deed.

Payment schedule

- (1) Within ten (10) Business Days of the fulfilment of the conditions precedent under the COFCO International Master Agreement as set out below under the paragraph headed “*Conditions precedent*”, each of the Purchasers shall make the Initial Payment in US dollar, after deduction of any withholding tax in accordance with the terms of the COFCO International Master Agreement, to the accounts designated by the respective Vendors.
- (2) Subject to the fulfillment of all conditions precedent under the COFCO International Master Agreement, the issuance of special audit report as referred to in the paragraph below and the occurrence of the Closing of the COFCO International Master Agreement, within ten (10) Business Days of the completion of all the post-closing matters under the COFCO International Master Agreement as set out below under the paragraph headed “*Post-closing matters*”, the Purchasers shall pay the Second Payment in US dollar, after deduction of any withholding tax in accordance with the terms of the COFCO International Master Agreement, to the accounts designated by the respective Vendors.

The parties to the COFCO International Master Agreement shall jointly engage a qualified audit firm to issue a special audit report, within thirty (30) days of the signing date of the COFCO International Master Agreement, in relation to the financial and operational position of the relevant COFCO International Target Companies in accordance with the PRC generally accepted accounting principles as at the signing date of the COFCO International Master Agreement. If the aggregate audited amount of the equity attributable to owners of the COFCO International Target Companies as at the signing date of the COFCO International Master Agreement is less than the aggregate audited amount of the equity attributable to owners of the COFCO International Target Companies as at 31 March 2018, such shortfall shall be deducted from the aggregate consideration, and the respective consideration for the acquisition of equity interest in each of the COFCO International Target Companies shall be adjusted accordingly.

Conditions precedent

The Initial Payment to be made by the Purchasers under the COFCO International Master Agreement is subject to, among other things, satisfaction of the following conditions precedent:

- (1) the COFCO International Master Agreement and the transactions contemplated thereunder having been duly approved by the Independent Shareholders at the EGM;
- (2) the COFCO International Master Agreement and the transactions contemplated thereunder having been duly approved by the shareholders of COFCO International;

- (3) COFCO having duly approved the COFCO International Master Agreement and the transactions contemplated thereunder;
- (4) each of the COFCO International Target Companies having obtained all necessary major consents and receipts of notifications of all relevant third parties (including but not limited to creditors, suppliers, distributors and clients), which are required for the performance of the COFCO International Master Agreement, and the Vendors having provided copies of such documents to the relevant Purchasers; and
- (5) all representations and warranties under the COFCO International Master Agreement remaining effective without any event that may render any of the representations and warranties invalid or revocable.

Closing of the COFCO International Master Agreement

Subject to the fulfillment of the conditions precedent and within five (5) Business Days after the Initial Payment, the parties to the COFCO International Master Agreement shall proceed with the state-owned property rights registration, the commercial filings and the Change in AIC Registration in relation to the equity transfers under the COFCO International Master Agreement. The Vendors shall ensure COFCO Nantong to repay the outstanding loan amounts owed to Longkou Xinlong, Qinzhou Dayang and Chongqing Xinfu together with the interest accrued thereon up to the repayment date in full before completion of the Change in AIC Registration in respect of transfer of equity interest in any COFCO International Target Companies.

Post-closing matters

- (1) Within ten (10) Business Days after the Closing Date of the COFCO International Master Agreement, each of the Vendors (as the case may be) shall (i) assist the relevant Purchasers to obtain a full set of documents relating to the title registration of state-owned property, the Change in AIC Registration and commercial filings; (ii) assist the relevant Purchasers to update the chops and seals in respect of the bank accounts of the relevant COFCO International Target Companies, and shall provide a list of such updated chops and seals to the Purchasers; and (iii) assist in delivering all cheques and electronic payment vouchers of the relevant COFCO International Target Companies to the Purchasers; and
- (2) Within seven (7) calendar days after the Closing Date of the COFCO International Master Agreement, the Purchasers shall procure the relevant COFCO International Target Companies to repay any and all the outstanding amounts due to COFCO International and/or its subsidiaries (including but not limited to Noble Agri Trading (Shanghai) Company Limited* (來寶農業貿易(上海)有限公司)) together with any unpaid interest accrued up to and including the date of such repayment.

Indemnity

The Vendors shall indemnify and hold the relevant Purchasers or the COFCO International Target Companies harmless from and against any and all losses that might occur during the period of two (2) years from the Closing Date of the COFCO International Master Agreement arising out of or relating to, among other things, liabilities arising from any breach of law or contract, or otherwise undisclosed matters, which occurring prior to the Closing of the COFCO International Master Agreement, subject to the terms and conditions of the COFCO International Master Agreement.

Effectiveness and termination

- (1) The COFCO International Master Agreement shall be effective upon the COFCO International Master Agreement (i) having been duly executed by the authorised signatory of each of the parties thereto; and (ii) having been duly approved by COFCO.
- (2) In the event of any material breach of the representations, warranties or other obligations of the relevant vendors under the COFCO International Master Agreement rendering the performance thereof no longer possible or the purpose thereof is no longer achievable, any of the Purchasers may terminate the COFCO International Master Agreement and shall be compensated by the defaulting party.
- (3) If the Closing of the COFCO International Master Agreement does not occur by the date falling six (6) months from the signing date of the COFCO International Master Agreement, subject to a date otherwise agreed in writing by the parties thereto, any of the parties shall have the right to terminate the COFCO International Master Agreement.
- (4) the COFCO International Master Agreement shall be terminated if the Independent Shareholders do not approve the COFCO International Master Agreement and the transactions contemplated thereunder.
- (5) If any transfer of equity interest in any of the COFCO International Target Companies fails to complete, the COFCO International Master Agreement shall be terminated.

Information on the COFCO International Target Companies

The COFCO International Target Companies are limited liability companies incorporated in the PRC, which are indirectly wholly-owned subsidiaries of COFCO International, which consist of 4 oilseeds processing plants located in Chongqing, Longkou in Shandong province, Taixing in Jiangsu province and Qinzhou in Guangxi Zhuang Autonomous Region. The COFCO International Target Companies are mainly engaged in soybean crushing and refining and trading of soybean oil, and their annual aggregate capacities, assuming 300 days of operation per year, are as follows:

- Crushing: approximately 2.7 million tonnes per year; and
- Refining: approximately 0.83 million tonnes per year

The unaudited combined net asset value of the COFCO International Target Companies prepared under HKFRS as at 31 March 2018 was approximately RMB1,011 million. Set out below is the unaudited combined financial information of the COFCO International Target Companies prepared under HKFRS for the years ended 31 December 2016 and 2017:

	For the year ended 31 December	
	2016	2017
	<i>(approximately RMB million)</i>	<i>(approximately RMB million)</i>
Revenue	6,617	7,486
Net (loss)/profit before taxation	(128)	449
Net (loss)/profit after taxation	(145)	353

B. CAPITAL INCREASE AGREEMENT

The Board further announces that on 31 August 2018, COFCO Dongguan, a wholly-owned subsidiary of the Company, COFCO Trading and COFCO Trading Guangdong entered into the Capital Increase Agreement, pursuant to which COFCO Dongguan has conditionally agreed to make a capital contribution in the amount of RMB620 million into COFCO Trading Guangdong to subscribe for newly increased registered capital in the amount of approximately RMB598 million, representing 75.264% of its enlarged registered capital of COFCO Trading Guangdong upon the Closing of the Capital Increase Agreement. Upon the Closing of the Capital Increase Agreement, COFCO Trading Guangdong will become a subsidiary of the Company. The major terms of the Capital Increase Agreement are summarised below:

Date

31 August 2018

Parties

- (1) COFCO Dongguan;
- (2) COFCO Trading; and
- (3) COFCO Trading Guangdong

Proposed capital increase

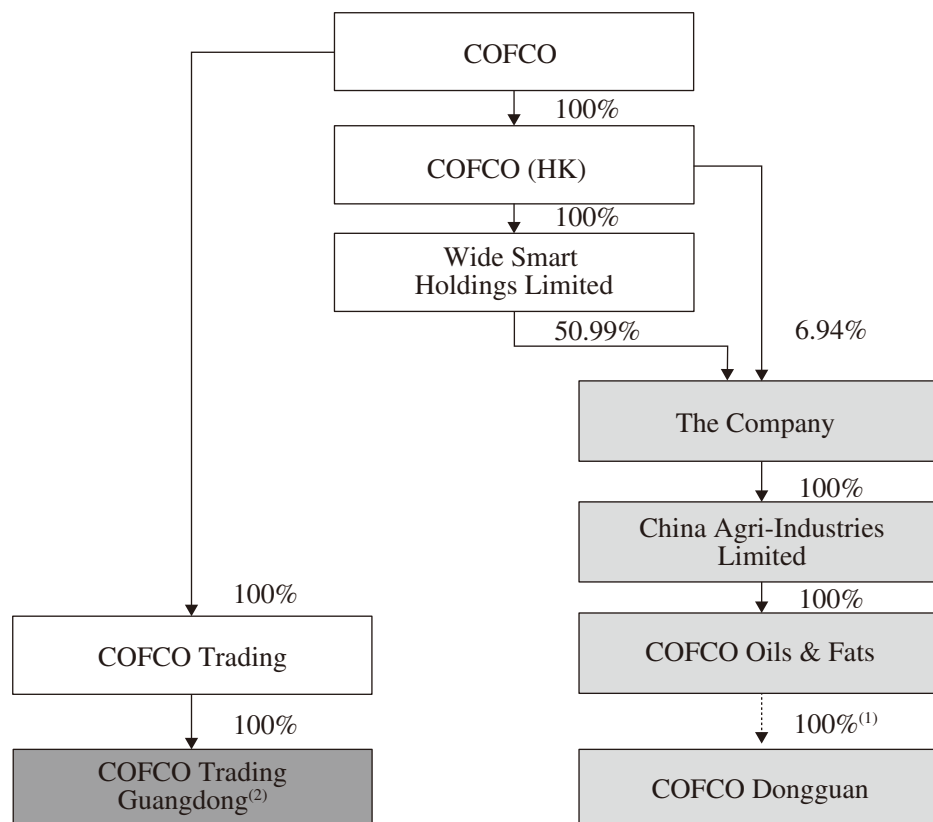
Pursuant to the Capital Increase Agreement, the registered capital of COFCO Trading Guangdong will be increased from approximately RMB197 million to approximately RMB795 million, where COFCO Dongguan has conditionally agreed to make a capital contribution in the amount of RMB620 million in cash, which will be satisfied by internal funds of the Company, to subscribe for the newly increased registered capital of COFCO Trading Guangdong in the amount of approximately RMB598 million, representing 75.264% of the enlarged registered capital of COFCO Trading Guangdong upon the Closing of the Capital Increase Agreement. The remaining amount of approximately RMB22 million will be credited into the capital reserve of COFCO Trading Guangdong.

The total amount of the proposed capital contribution into COFCO Trading Guangdong was determined by the parties to the Capital Increase Agreement following arm's-length negotiations with reference to the desired level of equity interest upon Closing of the Capital Increase Agreement, total estimated construction costs and a valuation of COFCO Trading Guangdong in the amount of approximately RMB204 million as at the benchmark date of 31 March 2018 according to the appraisal conducted by an independent valuer. Based on such valuation and the total amount of proposed capital

contribution of RMB620 million, COFCO Dongguan will own a 75.264% equity interests in COFCO Trading Guangdong. Such ownership percentage is calculated by dividing the total amount of proposed capital contribution by the sum of the amount of the proposed capital increase and the above mentioned valuation.

Set out below is the shareholding structure of COFCO Trading Guangdong immediately before and after the completion of the transactions contemplated under the Capital Increase Agreement:

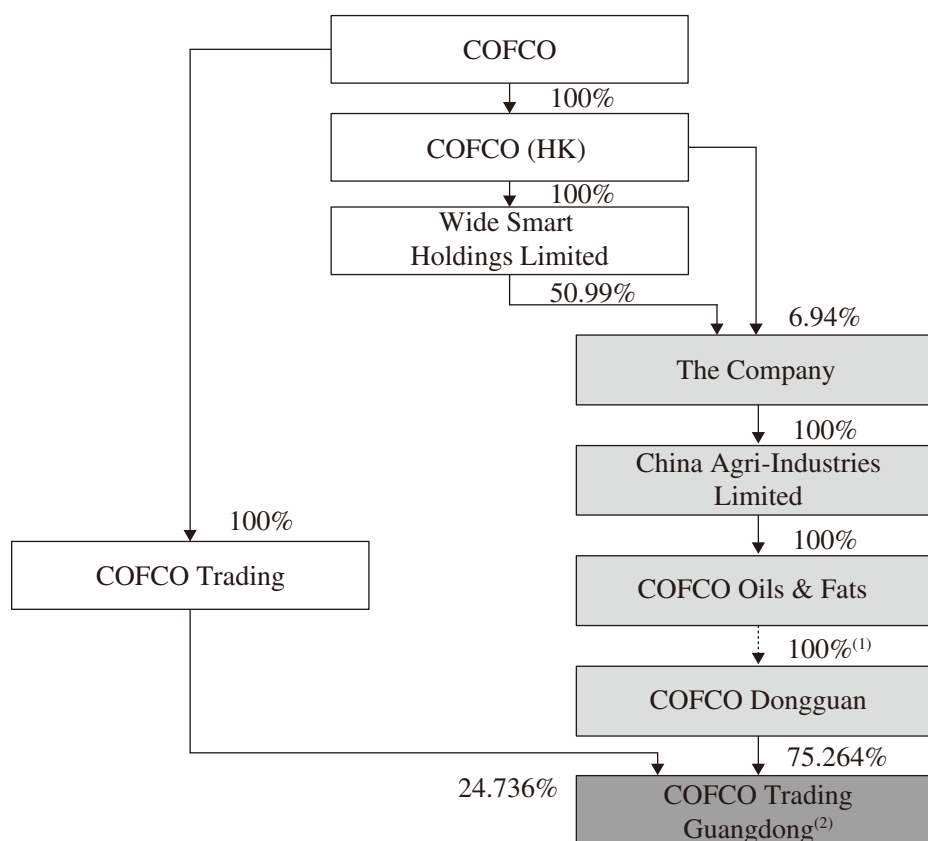
Before the completion



(1) *The dotted line indicates indirect shareholdings*

(2) *the target company of the Capital Increase Agreement*

After the completion



⁽¹⁾ The dotted line indicates indirect shareholdings

⁽²⁾ the target company of the Capital Increase Agreement

Conditions precedent

The transactions contemplated under the Capital Increase Agreement are subject to, among other things, satisfaction of the following conditions:

- (1) the passing of all necessary resolutions and approval by the Independent Shareholders at the EGM to approve the transactions contemplated under the Capital Increase Agreement;
- (2) COFCO having duly approved the Capital Increase Agreement and the proposed capital increase contemplated thereunder;
- (3) MOFCOM having duly approved the proposed capital increase;

- (4) COFCO Trading Guangdong having obtained all necessary majors consents and receipts of notifications of all relevant third parties (including but not limited to creditors, suppliers, distributors and clients), which are required for the performance of the Capital Increase Agreement, and copies of which having provided by COFCO Trading to COFCO Dongguan; and
- (5) all representations and warranties under the Capital Increase Agreement remaining effective without any event having occurred that may render any of the representations and warranties invalid or revocable.

Closing of the Capital Increase Agreement

Subject to the fulfillment of the conditions precedent, within five (5) Business Days after the fulfillment of all the conditions precedent, the parties to the Capital Increase Agreement shall proceed with the state-owned property rights registration and Change in AIC Registration in relation to the capital increase of COFCO Trading Guangdong.

Post-closing matters

Within ten (10) Business Days after the Closing Date of the Capital Increase Agreement, COFCO Trading shall (i) assist COFCO Dongguan to obtain a full set of documents relating to the title registration of state-owned property and the Change in AIC Registration; and (ii) assist COFCO Dongguan to update the chops and seals in respect of the bank accounts of COFCO Trading Guangdong, and shall provide a list of such updated chops and seals to COFCO Dongguan.

Payment schedule

Subject to the fulfilment of all conditions precedent, COFCO Dongguan shall pay the consideration for the subscription of newly increased registered capital in COFCO Trading Guangdong in full within three (3) months from the date of obtaining the updated business licence of COFCO Trading Guangdong.

Effectiveness and Termination

- (1) The Capital Increase Agreement shall be effective upon the Capital Increase Agreement (i) having been duly executed by the authorised signatory of each of the parties thereto; (ii) having been duly approved by COFCO; and (iii) having been duly approved by MOFCOM.

- (2) In the event of any material breach of the representations, warranties or other obligations of COFCO Trading Guangdong or COFCO Trading under the Capital Increase Agreement rendering performance thereof no longer possible or the purpose thereof is no longer achievable, COFCO Dongguan may terminate the Capital Increase Agreement and shall be indemnified by the defaulting party.
- (3) In the event of the occurrence of any material adverse change in respect of COFCO Trading Guangdong, as a result of which the parties are unable to perform their respective obligations thereunder or the purpose thereof is no longer achievable, COFCO Dongguan may terminate the Capital Increase Agreement.

Information on COFCO Trading Guangdong

COFCO Trading Guangdong is a limited liability company incorporated in the PRC, which is wholly-owned by COFCO Trading, a wholly-owned subsidiary of COFCO, and is mainly engaged in warehousing, loading and uploading services of various grains, oilseeds, edible oils and fats, in relation to which the port terminal facilities are still under construction.

The unaudited net asset value of COFCO Trading Guangdong prepared under HKFRS as at 31 March 2018 was approximately RMB199 million. Set out below is the unaudited financial information of COFCO Trading Guangdong prepared under HKFRS for the years ended 31 December 2016 and 2017:

	For the year ended 31 December	
	2016	2017
	<i>(approximately RMB million)</i>	<i>(approximately RMB million)</i>
Revenue	–	–
Net profit/(loss) before taxation	2.95	(0.04)
Net profit/(loss) after taxation	2.21	(0.04)

C. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

(1) COFCO International Target Companies

(i) *Transaction background*

Prior to the initial public offering of the Company, the Company, COFCO and COFCO (HK) entered into the Non-competition Deed, pursuant to which each of COFCO and COFCO (HK) undertakes that it will not, and will procure that its subsidiaries (other than the Company) will not, at any time, either on its own behalf or as agent of any person, directly or indirectly, be employed or otherwise engaged or interested in any capacity (whether for reward or otherwise) in any business which competes with the Restricted Business or any part of it in the Restricted Territory, provided that this restriction shall not operate to prohibit COFCO or COFCO (HK) from (i) holding such interest, whether directly or indirectly, as Retained Interests; or (ii) holding shares in aggregate up to 5% of the issued share capital of any competing company, the shares of which are listed or dealt in any stock exchange. In 2014, COFCO International, a subsidiary of COFCO, acquired equity interests and controlling rights in COFCO Agri Limited (formerly known as Noble Agri Limited), whose businesses include 5 oilseeds processing plants, which constitute competing business under the Non-competition Deed and which subsequently became Retained Interests in accordance with the terms of Non-competition Deed upon completion of the relevant acquisition transactions. Details of such businesses are set out below:

1. 100% equity interest in Qinzhou Dayang
2. 100% equity interest in Ming Fat International
3. 100% equity interest of Longkou Xinlong
4. 100% equity interest in Chongqing Xinfu
5. 100% equity interest in COFCO Nantong

These are the COFCO International Target Companies, with the exception of COFCO Nantong in respect of which the COFCO International Option is not being exercised for the time being.

Under the Non-competition Deed, the Company was granted options to acquire such businesses of COFCO International on 14 October 2014 (being the settlement date of the acquisition of COFCO Agri Limited (formerly known as Noble Agri Limited) by COFCO).

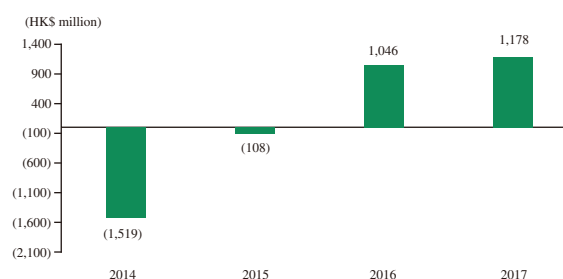
(ii) *Reason for partial exercise of the COFCO International Option*

- *Recovery of industry profitability in the past few years*

In 2014, an increase in new soybean crushing capacity in China coincided with sluggish demand resulted from a cyclical low phase of pig farming profitability. As a result, industry profits and utilisation levels were negatively impacted. With growing protein demands since 2015, the profitability of domestic oilseeds processing industry has gradually picked up.

Prior to 2015, soybean financing trade activities were widespread, negatively impacting the profits of the soybean crushing industry. Since 2015, with foreign exchange reform in China and further improvements in the supervision and regulation of financial institutions, the soybean financing trade activities have been significantly reduced, while the industry self-discipline has gradually improved. The financial performance of the Company's oilseeds processing business has improved over the last 3 years.

The Company's Oilseeds Processing Segment Profit

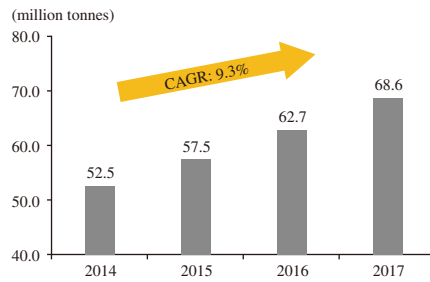


Source: the Company's 2014, 2015, 2016 and 2017 annual reports

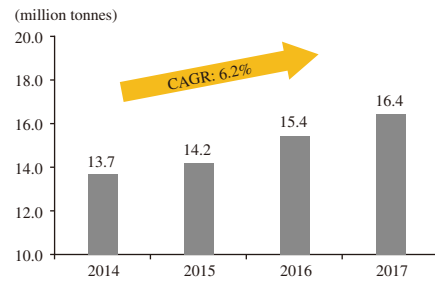
- *Increasing downstream demand*

The key products of the COFCO International Target Companies are soybean oil and soybean meal. With the growth of the PRC economy and rising disposable income, the consumption of domestic animal protein and edible oil has increased, driving continuously growing demands for domestic soybean meal for animal feed and soybean oil. The market is also expected to continue to expand further in the foreseeable future.

China soybean meal consumption



China soybean oil consumption



Note: as at 30 September every year

Source: United States Department of Agriculture

- *Ongoing industry consolidation, with large-scale players enjoying more prominent advantages*

The oilseeds processing industry in the PRC has been undergoing consolidation. Smaller processors without stable procurement, the ability to manage price risk, economies of scale or any product research and development are gradually being forced to withdraw from the market, providing large-scale players with a competitive advantage. Directors believe that the withdrawal of small-to-medium-sized enterprises will result in further consolidation in the industry and the competitive advantages of large-scale players will become more prominent.

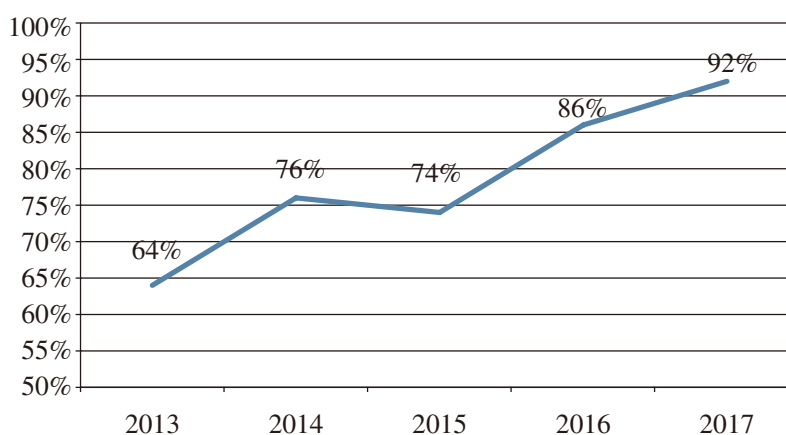
- *A continuation of the Company's strategic plan*

The Company is a leading oilseeds processing player in China. As of 31 December 2017, its annual crushing capacity reached approximately 12.93 million tonnes. Following completion of (a) the acquisition of consumer-packaged edible oil business in September 2017; (b) the sale of feed business in December 2017, and (c) the sale of biochemical and biofuel business in December 2017, this proposed acquisition is a continuation by the Company of its corporate development strategy to reinforce itself as the leading integrated player for the grains and edible oil processing and branded consumer business.

- *Capacity expansion required as sales continuously increase and utilisation reaching historical high*

Current capacity utilisation rate of the Company reached approximately 92% in 2017. Capacity expansion is required to capture new opportunities brought about by industry consolidation and development.

Oilseeds capacity utilisation rate of the Company



Source: the Company

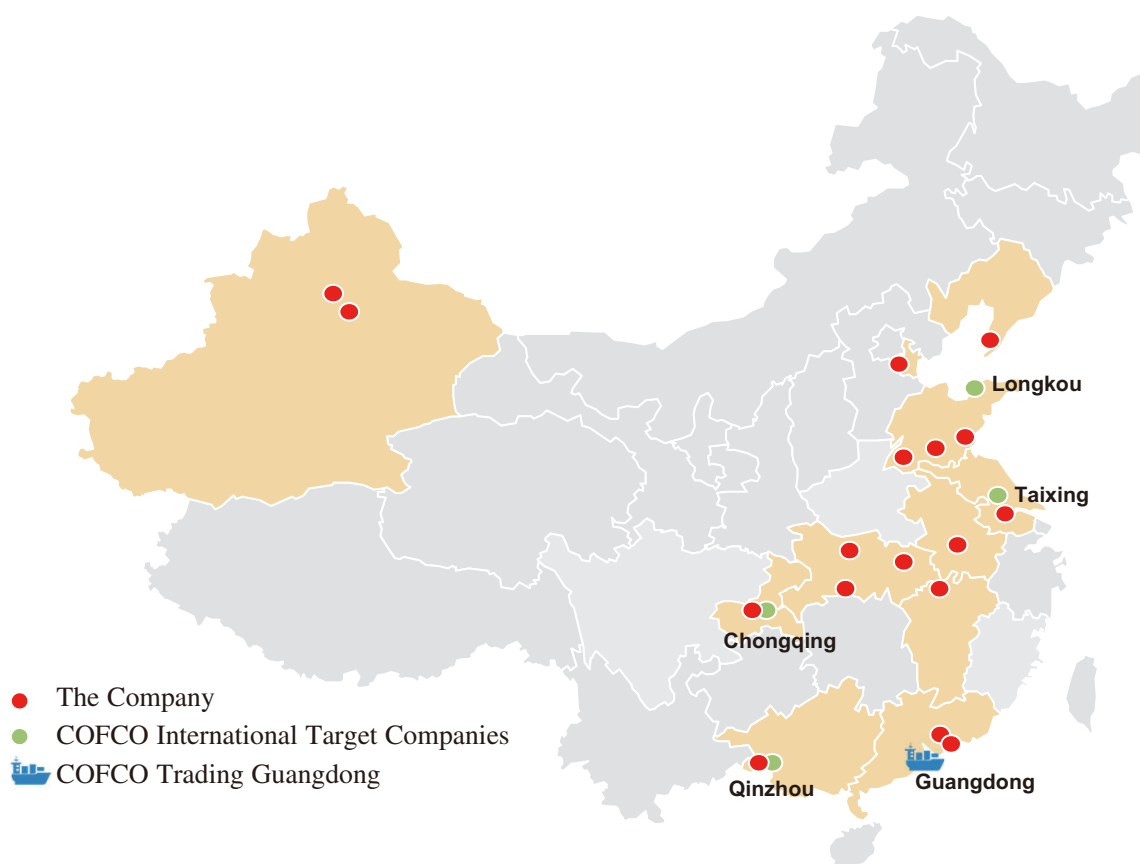
- *Address the Competing Business issues*

In order to protect the interests of Shareholders and the Company and to address competition issues arising from the COFCO International Target Companies as soon as practicable, the INEDs have decided to exercise partially the COFCO International Option to acquire 4 out of 5 companies (excluding COFCO Nantong) operating oilseeds processing plants from COFCO International. For the reasons for not exercising the COFCO International Option in respect of COFCO Nantong for the time being, please refer to the section below headed “*PROPOSED AMENDMENTS TO THE NON-COMPETITION DEED AND CERTAIN MATTERS RELATING TO THE NON-COMPETITION DEED*” in this announcement.

(iii) Benefits of the transactions

- (a) **Enhance the Company’s industry position and strengthen its competitive advantages:** After completion of the transactions, the Company’s annual soybean crushing capacity would increase considerably from approximately 12.93 million tonnes to approximately 15.63 million tonnes, assuming the acquisition of COFCO International Target Companies had taken place on 31 December 2017. The acquisition of the COFCO International Target Companies will expand the Company’s capacity, in a faster way and at a lower cost compared to organic expansion, and thus enhance its industry position and strengthen its competitive advantage.

- (b) **Assist the development of consumer-packaged edible oil business:** The transactions will enhance the Company’s supply ability of bulk oil, and provide diverse, stable, and high-quality sources for high value-added consumer-packaged products. Separately, the transactions will provide support for sales of consumer-packaged edible oil in the supply chain and storage facilities to help achieve the Company’s business plan to double sales of consumer-packaged edible oil within 2 to 4 years. For more information on such business plan, please refer to the Company’s circular dated 23 October 2017.
- (c) **Improve production capacity layout, shorten distance to customers, and improve customer service quality:** The transactions will improve the nationwide layout of the Company’s oilseeds processing capacity, enhance operation flexibility, better capture market opportunities, and create trading opportunities. The transactions will provide the Company with new crushing capacity in Chongqing and in northern Shandong province which will enable the Company to better cover surrounding market areas, effectively shorten sales delivery distances, and save logistics costs. Customer demand and market information will also be reflected more expeditiously to improve product freshness and customer service level.



Source: the Company

Note: the Company's existing presence in Chongqing is limited to oil refining activities without any crushing capacity.

(d) **Potential synergies include:**

- (i) *Operational capabilities:* The Company's oilseeds processing business has competitive advantages in terms of risk management and control, and industry chain operation. The Company expects to improve the competitiveness and performance of the COFCO International Target Companies after the completion of the transactions and achieve growth in business scale and improved returns for the Company.
- (ii) *Increase utilisation of the plants under the COFCO International Target Companies:* The capacity utilisation rate of the plants under the COFCO International Target Companies reached approximately 60% in 2017. After the completion of the transactions, the management will focus on improving the operation of the relevant plants and enhancing their collaboration with the existing plants of the Company to increase the capacity utilisation.
- (iii) *Logistics resources:* Crushing plants in the same region can combine shipping orders and share transportation facilities such as vessels, to reduce procurement costs and realise logistical effectiveness.
- (iv) *Management team to optimise labor costs:* Same management team can operate between adjacent plants to optimise administrative costs and boost efficiency.
- (v) *Sales channels to increase market influence:* Sales channels can be combined and enlarged to expand market share.

(2) **COFCO Trading Guangdong**

COFCO Dongguan will make a capital contribution into COFCO Trading Guangdong to obtain a controlling equity interest. Total costs for the construction of terminals, silos and supporting facilities by COFCO Trading Guangdong are estimated to be approximately RMB1 billion and the funding for such construction will be sourced from (a) existing registered capital of COFCO Trading Guangdong in the amount of approximately RMB197 million, (b) RMB620 million to be contributed by COFCO Dongguan and (c) bank loans.

Founded in 2015, COFCO Trading Guangdong is engaged in warehousing, loading and uploading services of various grains, oilseeds, edible oils and fats, in relation to which the port terminal facilities are still under construction. The port is expected to commence operation by 2020. Once construction is completed, the port is expected to have an annual throughput capacity of approximately 2.90 million tonnes and an annual storage capacity of approximately 0.22 million tonnes. The following are reasons for making capital contribution into COFCO Trading Guangdong:

- ***The port is a rare asset with significant strategic value, with synergy potentials with the Company's existing businesses and promising prospects for third-party business:*** The port under construction is adjacent to COFCO Dongguan and COFCO Xinsha, subsidiaries of the Company, which currently have annual crushing capacity of 1.62 million tonnes. After the Phase II expansion of COFCO Dongguan project starts operation in 2020, the overall annual crushing capacity is expected to reach approximately 3.12 million tonnes, providing stable throughput for the port every year. Furthermore, COFCO Trading Guangdong will also provide services such as loading and unloading, transfer, and warehousing to third-party customers to increase its revenue and boost profitability.
- ***Acquisition of the port through COFCO Trading Guangdong will reduce the logistics costs for the Company's existing crushing operations in Guangdong:*** At present, the Company's oilseeds crushing plants in Guangdong region use services of the public terminal at Xinsha Port. After completion of the construction of the port, the Company's oilseeds crushing plants can access the port, which is closer than Xinsha Port. It can use conveyor belts for transportation to reduce costs. Integration of business operations of the port terminal and the Company's plants will facilitate optimal production plans to reduce transportation time. Meanwhile, supporting silo facilities at the terminal can provide storage support services to the Company's plants in the region. After completion of the port construction, there will still be vacant land of approximately 126 mu, which can also support further expansion of future business.

D. LISTING RULES IMPLICATIONS

As COFCO International Singapore, Great Wall Investments, Sino Agri-Trade, HK Ming Fat and COFCO Trading Guangdong are associates of COFCO, the ultimate controlling shareholder of the Company, they are therefore connected persons of the Company. Accordingly, the transactions contemplated under the COFCO International Master Agreement and the Capital Increase Agreement constitute connected transactions of the Company.

Given the Vendors, COFCO Trading Guangdong and the vendor of the transactions under the COFCO Fortune Equity Transfer Agreement dated 25 May 2017 are all associates of COFCO, therefore, the COFCO International Master Agreement, the Capital Increase Agreement and the COFCO Fortune Equity Transfer Agreement shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the COFCO International Master Agreement, the Capital Increase Agreement and the COFCO Fortune Equity Transfer Agreement are more than 5%, but all of such applicable percentage ratios are less than 25%, the transactions contemplated under the COFCO International Master Agreement and the Capital Increase Agreement therefore constitute discloseable and connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Directors (other than the INEDs, whose views and opinions will be included in the circular to be despatched to the Shareholders) consider that, although the transactions contemplated under the COFCO International Master Agreement and the Capital Increase Agreement are not in the ordinary and usual course of business of the Company, the basis for determining the relevant consideration under the COFCO International Master Agreement and the Capital Increase Agreement is fair and reasonable, and the terms thereof are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee comprising all INEDs has been formed to advise the Independent Shareholders on the COFCO International Master Agreement and the Capital Increase Agreement. The Independent Board Committee, taking into account of the recommendations of the IFA, will advise the Independent Shareholders on the matters under Rule 14A.40 of the Listing Rules.

According to the articles of association of the Company, only the INEDs shall vote on the approval of the COFCO International Master Agreement and the Capital Increase Agreement, and none of the INEDs has a material interest in the transactions thereunder.

E. INFORMATION ON THE PARTIES

The Group

The Group is a leading producer and supplier of processed agricultural products in the PRC. Its principal businesses are oilseeds processing, rice processing and trading, wheat processing and brewing materials processing.

The Purchasers

Oriental Chance is a wholly-owned subsidiary of the Company and mainly engaged in investment holding.

COFCO Oils and Fats is a wholly-owned subsidiary of the Company and mainly engaged in investment holding.

COFCO Oils No.2 is a wholly-owned subsidiary of the Company and mainly engaged in investment holding.

The Vendors

COFCO International Singapore is a company incorporated in Singapore and a wholly-owned subsidiary of COFCO International and mainly engaged in investment holding.

Great Wall Investments is a company incorporated in Singapore and a wholly-owned subsidiary of COFCO International and mainly engaged in investment holding.

Sino Agri-Trade is a company incorporated in Singapore and a wholly-owned subsidiary of COFCO International and mainly engaged in investment holding.

HK Ming Fat is a company incorporated in Hong Kong and a wholly-owned subsidiary of COFCO International and mainly engaged in investment holding.

COFCO Trading

COFCO Trading is a limited liability company incorporated in the PRC, which is a direct wholly-owned subsidiary of COFCO, and is mainly engaged in agricultural services, and trade of food and feed ingredients, logistics services and e-commerce of grain.

COFCO

COFCO is a state-owned company in the PRC with business interests in agricultural commodities trading, agricultural products processing, food and beverages, hotel management, real estate, logistics and financial services.

COFCO (HK)

COFCO (HK) is a company incorporated in Hong Kong with limited liability, a controlling shareholder of the Company and a direct wholly-owned subsidiary of COFCO. It is an investment holding company.

F. PROPOSED AMENDMENTS TO THE NON-COMPETITION DEED AND CERTAIN MATTERS RELATING TO THE NON-COMPETITION DEED

Reference is made to the Company's announcement dated 19 December 2017 in relation to the Chinatex Option and the COFCO International Option.

Final and definitive decision not to exercise

In addition to the decision to only partially exercise the COFCO International Option at this time, the INEDs have considered whether or not to exercise the Chinatex Option and have made a final and definitive decision not to exercise the option to acquire the equity interest in the Non-exercised Chinatex Retained Interests under the Chinatex Option, which will be disposed of in accordance with the terms of the Non-competition Deed and the Supplemental Deed. The decision is made based on the following reasons and considerations:

- (a) certain of the Non-exercised Chinatex Retained Interests have recorded losses in recent years due to a number of factors such as disadvantages in respect of location, limitations of their production line and business model and inability to lower their costs, and the management does not believe there is any potential to turn around the performance of such entities;
- (b) certain of the Non-exercised Chinatex Retained Interests have already ceased to operate as they no longer have the required working capital to continue operations and not considered commercially viable to resume operation;
- (c) certain of the Non-exercised Chinatex Retained Interests have recorded a negative asset value up to now; and
- (d) as the Non-exercised Chinatex Retained Interests are considered not to fit well with the Company's existing business would add no strategic benefit and are perceived as uncompetitive, the management does not believe the acquisition of any of such entities will bring strategic value to the current asset portfolio of the Group in light of its growth plans and expected market development.

As the applicable percentage ratios of the non-exercise of the option in respect of the Non-exercised Chinatex Retained Interests exceed 0.1% but are less than 5%, the non-exercise of the option in respect of the Non-exercised Chinatex Retained Interests is subject to the reporting and announcement requirements, but is exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Supplemental Deed

COFCO, COFCO (HK) and the Company entered into the Non-competition Deed on 16 February 2007 (as amended on 23 October 2017), pursuant to which if a decision is made by the INEDs not to exercise an option in relation to any Retained Interests, each of COFCO and COFCO (HK) has undertaken to the Company to dispose of the Retained Interests within six months of such decision having become effective.

Among the Non-exercised Chinatex Retained Interests, it is proposed that the Retained Interests might be disposed of by way of liquidation or analogous process in addition to transfer of the relevant Competing Business. In considering the proposed amendments provided in the Supplemental Deed, the Board (excluding the INEDs who will give their recommendation after taking into consideration the advice of the IFA) took into account that (i) given that certain Retained Interests will be disposed of by way of transactions other than equity or asset transfer, and possible similar transactions in the future, the parties to the Non-competition Deed should agree by way of an appropriately inclusive interpretation of the term “dispose of” under the Non-competition Deed; (ii) the procedure of liquidation or analogous process of a company incorporated in the PRC would normally take a considerable longer time than six months to complete; and (iii) the relevant undertakings given by COFCO and COFCO (HK) in favour of the Company to ensure the performance of non-compete obligations under the Non-competition Deed.

On 31 August 2018, COFCO, COFCO (HK) and the Company entered into the Supplemental Deed, the major terms thereof are summarised below:

- (1) subject to the Independent Shareholders’ approval at the EGM, the term “dispose” (and variants thereof such as “disposal” and so forth) shall be construed to include (a) so far as any entity or other relevant assets to which liquidation or analogous may be applied, the formal entering into of a process of, including but not limited to, liquidation, winding-up, bankruptcy or any analogous procedure (together “**Liquidation**”), in respect of such assets; and (b) any other action or procedure by which control or title over relevant assets is irrevocably transferred or relinquished by COFCO and/or COFCO (HK), as appropriate;
- (2) subject to the Independent Shareholders’ approval at the EGM, the obligation under the Non-competition Deed to dispose of relevant Retained Interests to independent third parties within six months of a decision not to exercise an option in respect of Retained Interests having become effective may be satisfied, in the case of any Retained Interests that are placed into Liquidation, by the date of such formal process commencing within six months of such effective date;

- (3) subject to the Independent Shareholders' approval at the EGM, where any Retained Interests are proposed to be disposed of, the six-month period from the date of a decision not to exercise an options may be extended with the agreement of INEDs where COFCO and COFCO (HK) reasonably demonstrate that further time is needed to commence such disposal having made all reasonable efforts to proceed with such disposal as soon as practicable and, in any event, within such six-month period; and
- (4) in relation to any disposal process pursuant to the Non-competition Deed involving liquidation, COFCO and COFCO (HK):
 - (i) will provide or procure the provision of updates to the Company on action taken and progress at regular intervals and as may be requested by the Company from time to time; and
 - (ii) respectively undertake to the Company to procure that any the operations of any Retained Interests subject to proposed Liquidation which compete with the Restricted Business cease as soon as practicable from the date of decision not to exercise the relevant options and in any event not later than six months after such date.

The Supplemental Deed is conditional upon the approval of the Independent Shareholders at the EGM.

Directors' view

In light of the reasons stated in the section headed "*The Supplemental Deed*" above, the Directors (excluding the INEDs who will give their recommendation after taking into consideration the advice of the IFA) consider that though the Supplemental Deed is not in the ordinary and usual course of business of the Company, is entered into on normal commercial terms, is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

In accordance with the articles of association of the Company, only INEDs participated in the voting for approving the Supplemental Deed and the proposed amendments provided therein, and none of them has a material interest in the transaction contemplated thereunder.

Listing Rules Implications

As COFCO is the controlling shareholder of the Company as defined under the Listing Rules, and COFCO (HK) is a wholly-owned subsidiary of COFCO, each of COFCO and COFCO (HK) is a connected person of the Company. The Supplemental Deed constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Non-exercise of the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest for the time being

The INEDs further considered whether or not to exercise the Chinatex Option and the COFCO International Option in respect of the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest. The Board 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 as to whether or not to exercise the Chinatex Option and the COFCO International Option in respect of the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest. The INEDs have made their decision based on the following factors: (i) the requisite restructuring of the relevant companies in relation to the Remaining Chinatex Retained Interests has not been completed, (ii) there are operational uncertainties in respect of the businesses under the Remaining COFCO International Retained Interest, (iii) more time is needed to assess any potential synergies of such businesses with the existing businesses of the Group, and (iv) in relation to the earning potential of the relevant businesses under the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest, the INEDs are of the view that additional time is required for the INEDs, the Company's internal project team and the relevant professional advisers to further conduct a thorough evaluation and analysis on the companies and businesses under the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest. The INEDs will consider whether to exercise the Chinatex Option and the COFCO International Option in respect of the Remaining Chinatex Retained Interests and the Remaining COFCO International Retained Interest based on the evaluation and analysis results as expeditiously as possible and, in any event, no later than the next annual review of the Chinatex Option and the COFCO International Option in accordance with the terms of the Non-competition Deed.

The INEDs will continue to monitor and review the Chinatex Option and the COFCO International Option, and the Company will disclose the decision and reason(s) for such decision to exercise such options or not by way of announcement.

For the avoidance of doubt, the Board wishes to emphasise that no final and definitive decision has yet been made as to whether the Company will exercise the Remaining Chinatex Retained Interests and/or the Remaining COFCO International Retained Interest in the future.

G. GENERAL INFORMATION

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, approve the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed. The voting at the EGM will be taken by poll. COFCO and its associates will be required to abstain from voting at the EGM regarding the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed.

The Independent Board Committee has been formed to advise and provide recommendations to the Independent Shareholders on the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed, and Platinum has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (1) further details of the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed; (2) the recommendations of the Independent Board Committee; (3) a letter of advice from the IFA to the Independent Board Committee and the Independent Shareholders; and (4) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 21 September 2018.

The transactions under the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed are subject to the satisfaction of a number of conditions and the Independent Shareholders' approval at the EGM (as the case may be). Accordingly, the transactions contemplated under the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares or other securities of the Company.

H. DEFINITIONS

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	any calendar day (other than a Saturday, a Sunday, or a statutory public holiday) on which banks are open for business in the British Virgin Islands, Hong Kong, Singapore and the PRC, as explicitly applicable to any party
“Capital Increase Agreement”	the capital increase agreement dated 31 August 2018 entered into between COFCO Dongguan, COFCO Trading and COFCO Trading Guangdong in relation to the proposed capital contribution in the amount of RMB620 million into COFCO Trading Guangdong to be made by COFCO Dongguan as contemplated thereunder

“Change in AIC Registration”	the change of company registration records with the competent Administration for Industry and Commerce, or other applicable competent authorities, in the PRC in relation to the transactions contemplated under the COFCO International Master Agreement and the Capital Increase Agreement in accordance with the PRC laws
“Chinatex Anhui”	Chinatex Agriculture Anhui Co., Ltd.* (中紡農業安徽有限公司), a company incorporated in the PRC
“Chinatex Dongguan ”	Chinatex Grains and Oils (Dongguan) Co., Ltd.* (中紡糧油(東莞)有限公司), a company incorporated in the PRC
“Chinatex Fujian”	Chinatex Grains and Oils (Fujian) Co., Ltd.* (中紡糧油(福建)有限公司), a company incorporated in the PRC
“Chinatex Guangyuan”	Chinatex Grains and Oils (Guangyuan) Co., Ltd.* (中紡糧油(廣元)有限公司), a company incorporated in the PRC
“Chinatex Hubei”	Chinatex Agriculture Hubei Co., Ltd.* (中紡農業湖北有限公司), a company incorporated in the PRC
“Chinatex Lianwang”	Chinatex Grains and Oils Lianwang (Dalian) Industry Co., Ltd.* (中紡糧油連王(大連)工業有限公司), a company incorporated in the PRC
“Chinatex Option”	the option for the Company to acquire the Competing Business indirectly owned by Chinatex Corporation Limited* (中國中紡集團有限公司) and its subsidiaries in the PRC which became effective on 14 December 2017, as referred to in the Company’s announcement dated 19 December 2017
“Chinatex Rizhao”	Chinatex Grains and Oils (Rizhao) Co., Ltd.* (中紡糧油(日照)有限公司), a company incorporated in the PRC
“Chinatex Shenyang”	Chinatex Grains and Oils (Shenyang) Co., Ltd.* (中紡糧油(瀋陽)有限公司), a company incorporated in the PRC
“Chinatex Sichuan”	Chinatex Grains and Oils (Sichuan) Co., Ltd.* (中紡糧油(四川)有限公司), a company incorporated in the PRC
“Chinatex Tianjin”	Chinatex Edible Oil (Tianjin) Co., Ltd.* (中紡油脂(天津)有限公司), a company incorporated in the PRC
“Chinatex Zhanjiang”	Chinatex Grains and Oils (Zhanjiang) Co., Ltd.* (中紡糧油(湛江)有限公司), a company incorporated in the PRC

“Chinatex (Zhanjiang) Industries”	Chinatex Grains and Oils (Zhanjiang) Industries Co., Ltd.* (中紡糧油(湛江)工業有限公司), a company incorporated in the PRC
“Chongqing Xinfu”	Chongqing Xinfu Food Co., Ltd.* (重慶新涪食品有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of COFCO International
“Closing of the Capital Increase Agreement”	completion of the registration with the Administration for Industry and Commerce in relation to the capital increase of COFCO Trading Guangdong
“Closing Date of the Capital Increase Agreement”	the date of Closing of the Capital Increase Agreement
“Closing of the COFCO International Master Agreement”	completion of the registration with the Administration for Industry and Commerce in relation to the transfer of equity interest in the COFCO International Target Companies
“Closing Date of the COFCO International Master Agreement”	the date of Closing of the COFCO International Master Agreement
“COFCO”	COFCO Corporation (中糧集團有限公司), a state-owned company established in the PRC 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 (HK) ”	COFCO (Hong Kong) Limited , a company incorporated in Hong Kong with limited liability, a controlling shareholder of the Company and a direct wholly-owned subsidiary of COFCO
“COFCO Dongguan”	COFCO (Dongguan) Oils & Grains Industries Co., Ltd.* (中糧(東莞)糧油工業有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company

“COFCO Fortune Equity Transfer Agreement”	the equity transfer agreement dated 25 May 2017 entered into between COFCO Fortune Holdings Limited, as the purchaser, and COFCO Food Sales & Distribution Co., Ltd.* (中糧食品營銷有限公司), as the vendor, in relation to the acquisition of the entire equity interest in COFCO Fortune Foods Sales & Distribution Co., Ltd.* (中糧福臨門食品營銷有限公司)
“COFCO International”	COFCO International Limited, a company incorporated in Cayman Islands and a subsidiary of COFCO
“COFCO International Equity Transfer Agreements”	the separate equity transfer agreements, in the form satisfactory for the purpose of filing with the applicable competent authority in the PRC, to be entered into in accordance with the terms of the COFCO International Master Agreement in relation to the acquisition of each of the COFCO International Target Companies, the terms of which shall not be inconsistent with the terms of the COFCO International Master Agreement
“COFCO International Master Agreement”	the equity acquisition master agreement dated 31 August 2018 entered into among Oriental Chance, COFCO Oils No.2, COFCO Oils & Fats, COFCO International Singapore, Great Wall Investments, Sino Agri-Trade and HK Ming Fat in relation to the acquisition of the equity interest in the COFCO International Target Companies
“COFCO International Option”	the option for the Company to acquire the Competing Business indirectly owned by COFCO International Holdings Limited, a subsidiary of COFCO, and its subsidiaries in the PRC which became effective on 14 October 2014, as referred to in the Company’s announcement dated 19 December 2017 (formerly known as COFCO Agri Option)
“COFCO International Singapore”	COFCO International Singapore Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of COFCO International

“COFCO International Target Companies”	the relevant entities held by COFCO International Singapore, Great Wall Investments, Sino Agri-Trade and HK Ming Fat, the equity interest of which to be acquired by Oriental Chance, COFCO Oils No.2 and COFCO Oils & Fats under the COFCO International Master Agreement, namely, Qinzhou Dayang, Ming Fat International, Longkou Xinlong and Chongqing Xinfu
“COFCO Nantong”	Nantong COFCO Agri Grain and Protein Co., Ltd.* (中糧農業穀物蛋白南通有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of COFCO International
“COFCO Oils No.2”	COFCO Oils (HK) No.2 Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“COFCO Oils & Fats”	COFCO Oils & Fats Holdings Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by the Company
“COFCO Trading”	COFCO Trading Co., Ltd.* (中糧貿易有限公司), a company incorporated in the PRC and a subsidiary of COFCO
“COFCO Trading Guangdong”	COFCO Trading (Guangdong) Co., Ltd.* (中糧貿易(廣東)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of COFCO Trading
“COFCO Xinsha”	COFCO Xinsha Oils and Grains Industries (Dongguan) Co., Ltd.* (中糧新沙糧油工業(東莞)有限公司), a company incorporated in the PRC and a 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 in Hong Kong with limited liability and listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 606)
“Competing Business”	any business which competes with the Restricted Business or any part of it in the Restricted Territory
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting to be held by the Company to consider, and if thought fit, to approve the transactions contemplated under the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed
“Great Wall Investments”	Great Wall Investments Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of COFCO International
“Group”	the Company and its subsidiaries
“HK Ming Fat”	H.K. Ming Fat International Oil & Fat Chemical Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of COFCO International
“HKFRS”	Hong Kong Financial Reporting Standards
“IFA” or “Platinum”	Platinum Securities Company Limited, a corporation licensed under the Securities and Futures Ordinance to provide Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the COFCO International Master Agreement, the Capital Increase Agreement, the Supplemental Deed and the connected transactions contemplated thereunder
“Independent Board Committee”	the independent committee of the Board established for the purposes of reviewing the transactions contemplated under the COFCO International Master Agreement, the Capital Increase Agreement and the Supplemental Deed
“Independent Shareholder(s) ”	shareholders of the Company other than COFCO and its associates
“INED(s) ”	the independent non-executive Directors of the Company
“Initial Payment”	the first instalment of payment representing 50% of the consideration for the equity interests in the relevant COFCO International Target Companies
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Longkou Xinlong”	Longkou Xinlong Edible Oil Co., Ltd.* (龍口新龍食油有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of COFCO International
“Ming Fat International”	Ming Fat International Oil & Fat Chemical (Taixing) Co., Ltd.* (明發國際油脂化工(泰興)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of COFCO International
“MOFCOM”	the Ministry of Commerce of the PRC
“mu”	mu (畝), a unit measurement of land area in the PRC, equivalent to approximately 667 square meters
“Non-competition Deed”	the non-competition deed entered into among COFCO, COFCO (HK) and the Company on 16 February 2007, as amended on 23 October 2017
“Non-exercised Chinatex Retained Interests”	Chinatex Anhui, Chinatex Hubei, Chinatex Dongguan, Chinatex Shenyang and Chinatex Tianjin
“Oriental Chance”	Oriental Chance Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“percentage ratios”	have the same meanings ascribed thereto under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Purchasers”	Oriental Chance, COFCO Oils No.2 and COFCO Oils & Fats
“Qinzhou Dayang”	Qinzhou Dayang Cereals and Oils Co., Ltd.* (欽州大洋糧油有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of COFCO International
“Remaining Chinatex Retained Interests”	the interests in Competing Business in Chinatex Lianwang, Chinatex Rizhao, Sinograin Rizhao, Chinatex Fujian, Chinatex Zhanjiang, Chinatex (Zhanjiang) Industries, Chinatex Sichuan and Chinatex Guangyuan, which form part of the Chinatex Option
“Remaining COFCO International Retained Interest”	COFCO Nantong

“Restricted Business”	the business carried by the Group comprising oilseeds processing, rice processing and trading, brewing materials and wheat processing
“Restricted Territory”	any country in the world in which the Group carries on business from time to time
“Retained Interests”	the interest in the Competing Business held by COFCO and/or COFCO (HK) and their respective subsidiaries (other than any member of the Group), whether directly or indirectly, as set out in the Non-competition Deed
“RMB”	Renminbi, the lawful currency of the PRC
“Second Payment”	the difference between the consideration for the equity interests in the relevant COFCO International Target Companies, subject to adjustment as set out in the section headed “ <i>Payment schedule</i> ” in this announcement, and the Initial Payment
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sino Agri-Trade”	Sino Agri-Trade Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of COFCO International
“Sinograin Rizhao”	Sinograin Oil & Fat Rizhao Co., Ltd.* (中儲糧油脂日照有限公司), a company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the supplemental deed dated 31 August 2018 entered into by COFCO, COFCO (HK) and the Company to amend the Non-competition Deed
“United States” or “US”	the United States of America
“US\$”, “USD” or “US dollars”	United States dollars, the lawfully currency of the United States

“Vendors” COFCO International Singapore, Great Wall Investments,
Sino Agri-Trade and HK Ming Fat

“%” per cent

By order of the Board
China Agri-Industries Holdings Limited
DONG Wei
Chairman

Hong Kong, 31 August 2018

As at the date of this announcement, the Board comprises: Mr. DONG Wei as chairman of the Board and executive director; Mr. WANG Qingrong and Ms. YANG Hong as executive directors; Mr. JIA Peng and Mr. MENG Qingguo as non-executive directors; and Mr. LAM Wai Hon, Ambrose, Mr. Patrick Vincent VIZZONE and Mr. ONG Teck Chye as independent non-executive directors.

* *for identification purposes only*