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COFCO (HONG KONG) LIMITED
中糧集團(香港)有限公司
(Incorporated in Hong Kong with limited liability)



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)

JOINT SUPPLEMENTAL ANNOUNCEMENT

**(1) PROPOSAL FOR THE PRIVATISATION OF
CHINA AGRI-INDUSTRIES HOLDINGS LIMITED
BY COFCO (HONG KONG) LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
CHINA AGRI-INDUSTRIES HOLDINGS LIMITED**

**PROFIT FORECAST FOR THE YEAR ENDED 31 DECEMBER 2019
UNDER RULE 10 OF THE TAKEOVERS CODE**

Financial Adviser to COFCO (HONG KONG) LIMITED



Independent Financial Adviser to the Independent Board Committee



INTRODUCTION

References are made to (i) the joint announcement dated 27 November 2019 (the “**Privatisation Announcement**”) jointly made by China Agri-Industries Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”), as the offeree company, and COFCO (Hong Kong) Limited (the “**Offeror**”), as the offeror, in relation to the proposal (the “**Proposal**”) for the privatisation of the Company by the Offeror by way of a scheme of arrangement under Section 673 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); (ii) the announcement of the Company dated 14 January 2020 (the “**Profit Forecast Announcement**”) in relation to the estimated annual results of the Group for the year ended 31 December 2019 (the “**Profit Forecast**”); and (iii) the scheme document jointly issued by the Offeror and the Company on 14 February 2020 in relation to the Proposal, the Scheme and the Option Offer (the “**Scheme Document**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meanings ascribed to them in the Scheme Document.

PROFIT FORECAST UNDER RULE 10 OF THE TAKEOVERS CODE

With the publication of the Privatisation Announcement, the offer period commenced on 27 November 2019. Pursuant to Rule 10 of the Code on Takeovers and Mergers in Hong Kong (the “**Takeovers Code**”), the Profit Forecast contained in the Profit Forecast Announcement constitutes a profit forecast and must be reported on by the Company’s financial advisers and auditors, and their reports must be included in the document addressed to the Company’s shareholders in connection with the Proposal. As disclosed in the Scheme Document, due to the outbreak of novel coronavirus in the PRC and the containment and quarantine policies adopted and/or promoted by the PRC government, the auditors of the Company, Deloitte Touche Tohmatsu (“**Deloitte**”), had encountered significant practical difficulties in preparing its report, and the Independent Financial Adviser of the Company, Somerley Capital Limited, was also as a result unable to issue its report for the Profit Forecast in time for inclusion in the Scheme Document, as required in Rule 10.4 of the Takeovers Code. Due to the above exceptional circumstances, the Executive has granted a waiver for the above reports for the Profit Forecast not to be contained in the Scheme Document (the “**Waiver**”), on the condition that the above reports and the views of the Independent Financial Adviser and the Independent Board Committee are disclosed by way of an announcement to be issued within five (5) days after the despatch of the Scheme Document and in any event by no later than 21 February 2020, being fourteen (14) days prior to the date of the Court Meeting and the General Meeting. This announcement is issued to satisfy the condition under the Waiver.

The reports issued by Deloitte and the Independent Financial Adviser in relation to the Profit Forecast are set out in Appendices I and II to this announcement, respectively.

Each of Deloitte and the Independent Financial Adviser has given and has not withdrawn its consent to the issue of this announcement with the inclusion of its report and references to its name and logo in the form and context in which they respectively appear.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser has confirmed that, having taken into account the Profit Forecast, its conclusion and recommendation in respect of the Proposal as set out in its letter to the Independent Board Committee, the text of which is set out in the Scheme Document, remain unchanged as at the date of this announcement.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has confirmed that, after taking into account the letter and report from the Independent Financial Adviser, their opinion on the terms of the Proposal and their recommendation to the Scheme Shareholders in relation to voting at the Court Meeting, recommendation to the Shareholders in relation to voting at the General Meeting, and recommendation to the Optionholders in relation to the Option Offer, as set out in the letter from the Independent Board Committee, the text of which is set out in the Scheme Document, remain unchanged as at the date of this announcement.

FINANCIAL INFORMATION RELATING TO THE GROUP

The Directors have confirmed that there is no change to the material change section as disclosed in the paragraph headed “4. Material Change” in Appendix I to the Scheme Document.

NO MATERIAL CHANGE IN INFORMATION PREVIOUSLY PUBLISHED DURING THE OFFER PERIOD

In accordance with Rule 8.5 of the Takeovers Code, as at the date of this announcement:

- (a) there has been no material change in the information set out under the section headed “8. Material Contracts” in Appendix II to the Scheme Document;
- (b)
 - (i) there has been no material change in the information set out under the section headed “2. Issued Shares of the Company” in Appendix II to the Scheme Document. Please refer to the Scheme Document for details;
 - (ii) there has been no material change to the information in the section headed “4. Disclosure of Interests” in Appendix II to the Scheme Document;
- (c) there has been no material change in the information in respect of any emoluments of the Directors as set out in the Scheme Document;

- (d) there has been no material change in the information in respect of special arrangements set out under the section headed “5. Arrangements In Connection With The Proposal” in Appendix II to the Scheme Document;
- (e) there has been no material change in the information in respect of arrangements in relation to the dealings in the Shares set out in the Scheme Document;
- (f) there has been no material change in the information set out under the section headed “7. Service Contracts” in Appendix II to the Scheme Document. Please refer to the Scheme Document for details; and
- (g) there has been no change in the ultimate owner of the Offeror as set out in the Scheme Document.

The Profit Forecast is set out in the Profit Forecast Announcement. In accordance with Rule 10 of the Takeovers Code, the Board has confirmed that the information therein remains valid for the purpose of the Scheme.

DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the list of documents set out under the section headed “12. Documents Available For Inspection” in Appendix II to the Scheme Document, copies of the following additional documents are available for inspection (i) on the website of the SFC (www.sfc.hk); (ii) on the website of the Company (www.chinaagri.com); and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at the registered office of the Company at 31st Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, from the date of this announcement until the Effective Date or the date on which the Scheme lapses or is withdrawn:

- (a) the report issued by Deloitte in relation to the Profit Forecast, the text of which is set out in Appendix I to this announcement;
- (b) the report issued by the Independent Financial Adviser in relation to the Profit Forecast, the text of which is set out in Appendix II to this announcement; and
- (c) written consents of each of Deloitte and the Independent Financial Adviser referred to in the section headed “Profit Forecast under Rule 10 of the Takeovers Code” in this announcement.

This announcement is supplemental to and should be read in conjunction with the Scheme Document.

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal will only become effective upon all the Conditions being satisfied or validly waived (as applicable) and thus the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.

By Order of the board of
COFCO (Hong Kong) Limited
SONG Liang
Director

By Order of the board of
China Agri-Industries Holdings Limited
LUAN Richeng
Chairman

Hong Kong, 19 February 2020

As at the date of this announcement, the directors of the Offeror are Mr. LV Jun, Mr. YU Xubo, Mr. LUO Jiamang and Mr. SONG Liang.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group and the Directors) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Board comprises: Mr. LUAN Richeng as chairman of the Board and non-executive Director; Mr. WANG Zhen, Mr. XU Guanghong and Ms. HUA Jian 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.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Group and the Directors and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by the Company or the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

APPENDIX I – LETTER FROM DELOITTE TOUCHE TOHMATSU ON THE PROFIT FORECAST

Deloitte.

德勤

19 February 2020

The Board of Directors
China Agri-Industries Holdings Limited
31st Floor, COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

China Agri-Industries Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”)

Profit Estimate for the Year Ended 31 December 2019

We refer to the statement as set out in the announcement of the Company dated 14 January 2020 in relation to the estimated annual results of the Group for 2019, which contains an estimate of unaudited consolidated net profit of the Group attributable to owners of the Company for the year ended 31 December 2019 (the “**Profit Estimate**”) as extracted below:

“Based on the Group’s unaudited consolidated management accounts for the year ended 31 December 2019 (the “**Reporting Year**”), the Company expects the profit attributable to owners of the Company to range from HK\$1,200 million to HK\$1,240 million, being about 11% to 8% less than that of about HK\$1,346 million for the year ended 31 December 2018.”

We have been advised by the directors of the Company that the Profit Estimate was prepared based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, which had been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 December 2018, except for certain new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which are applicable for the Group’s annual period beginning on 1 January 2019.

The Profit Estimate is prepared by the directors of the Company and constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by The Securities and Futures Commission.

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019.

The Company's directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors of the Company and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled and presented in accordance with a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2018, except for certain new and amendments to HKFRSs issued by HKICPA which are applicable for the Group's annual period beginning on 1 January 2019.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

**APPENDIX II – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON
THE PROFIT FORECAST**



Somerley Capital Limited
20th Floor
China Building
29 Queen's Road Central
Hong Kong

19 February 2020

The board of directors
China Agri-Industries Holdings Limited
31st Floor, COFCO Tower
262 Gloucester Road
Causeway Bay, Hong Kong

Dear Sirs,

**(1) PROPOSAL FOR THE PRIVATISATION OF
CHINA AGRI-INDUSTRIES HOLDINGS LIMITED
BY COFCO (HONG KONG) LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
CHINA AGRI-INDUSTRIES HOLDINGS LIMITED**

**PROFIT FORECAST FOR THE YEAR ENDED 31 DECEMBER 2019
UNDER RULE 10 OF THE TAKEOVERS CODE**

We refer to the announcement issued by China Agri-Industries Holdings Limited (the “**Company**”, together with its subsidiaries the “**Group**”) dated 14 January 2020 in relation to the estimated annual results of the Group for 2019 (the “**Profit Estimate Announcement**”) and the statement in relation to the Profit Estimate (as defined below) contained in section 4 of Appendix I to the scheme document (the “**Scheme Document**”) jointly issued by the Company and COFCO (Hong Kong) Limited (the “**Offeror**”) dated 14 February 2020 in relation to the proposal for the privatisation of the Company by the Offeror by way of a scheme of arrangement. Capitalised terms used in this letter shall have the same meanings as defined in the Scheme Document unless otherwise specified.

It was mentioned in the Profit Estimate Announcement and subsequently in the Scheme Document that, based on the Group's unaudited consolidated management accounts for the year ended 31 December 2019 (the “**Reporting Year**”), the Company expects the profit attributable to owners of the Company to range from HK\$1,200 million to HK\$1,240 million, being about 11% to 8% less than that of about HK\$1,346 million for the year ended 31 December 2018 (the “**Profit Estimate**”). The Profit Estimate is regarded as a profit forecast under the Takeovers Code and therefore, is required to be reported on pursuant to Rule 10 of the Takeovers Code.

We have reviewed the information in the Profit Estimate and have discussed with the management of the Group the bases upon which the Profit Estimate was prepared. We have noted that the Company is in the course of finalising the consolidated annual results for the Reporting Year. The Profit Estimate was made based on preliminary assessment by the Directors with reference to the latest unaudited consolidated management accounts of the Group for the Reporting Year and information then available, which are subject to finalisation and other adjustments upon completion of audit by the Company's auditor. The Company's auditors, Deloitte Touche Tohmatsu, conducted the engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The preparation of the Profit Estimate is the sole responsibility of the Directors.

We have also considered the letter on the profit estimate dated 19 February 2020 issued by Deloitte Touche Tohmatsu, to the board of directors of the Company, the text of which is set out in the Appendix I to the announcement jointly issued by COFCO (Hong Kong) Limited and the Company dated 19 February 2020, which stated that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled and presented in accordance with a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2018, except for certain new and amendments to Hong Kong Financial Reporting Standards issued by the HKICPA which are applicable for the Group's annual period beginning on 1 January 2019.

Based on the above, we are satisfied that the Profit Estimate has been prepared by the Directors with due care and consideration.

Yours faithfully,
For and on behalf of
Somerley Capital Limited
Jenny Leung
Director