

**CHINA AGRI-INDUSTRIES HOLDINGS LTD:  
THIS IS ONE OF THE LARGEST COMPANIES IN THE WORLD –  
CONTROLLED BY THE GOVERNMENT OF THE PRC**

**What Else Does One Need To Know ?**

When China Agri-Industries Holdings Ltd () (Code: 606, Main Board, The Stock Exchange of Hongkong Ltd) sought a listing on The Stock Exchange of Hongkong on March 8, 2007, by way of Introduction and Global Offering, the Company's Prospectus stated that the Net Profit Attributable to Shareholders for the Financial Year, ended December 31, 2006, would '*not be less than HK\$622 million.*'

On April 19, 2007, just 42 days later, the Company announced that:

- The Turnover for the 2006-Year was about \$HK17.90 billion (2005: \$HK13.81 billion); and,
- The Net Profit Attributable to Shareholders came in at \$HK914.08 million (2005: \$HK283.36 million).

In summary, the Turnover had risen, Year-On-Year, by about 29.62 percent and the Bottom Line had shot up by a whopping 222.59 percent.

Therefore, the Prospectus was badly off the reality of the situation when the Directors of China Agri-Industries signed off on the profit estimate for the 2006-Year.

Of course, the rapid gain in the business of this supplier of agricultural products in the People's Republic of China (PRC) is good news, of that there can be no doubt, but **TARGET** () wonders whether or not the profit forecast purposely understated the true situation at this Company at the time of the publication of the Prospectus.

Appendix III-2 of the Prospectus states, inter alia:

***'B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE FOR THE  
YEAR ENDED DECEMBER 31, 2006***

*'The unaudited pro forma estimated earnings per share has been prepared, on the basis of the notes set out below, to illustrate how the Global Offering might have affected the Group's estimated earnings per share for the year ended December 31, 2006 had it occurred as of January 1, 2006. It has been prepared for illustrative purpose only and, because of its nature, may not give an accurate picture of the financial results of the Group.*

	<i>Estimate for Year Ended <u>December 31, 2006</u></i>
<i>Estimated combined profit attributable to equity holders of the Company<sup>(1)</sup> .....</i>	<i>HK\$622.0 million</i>
<i>Unaudited pro forma estimated earnings per share<sup>(2)</sup> .....</i>	<i>17.83 HK cents</i>

*Notes:*

- (1) The estimated combined profit attributable to equity holders of the Company for the year ended December 31, 2006 is extracted from the profit estimate as set out in the subsection*

*headed "Profit Estimate" under the section headed "Financial Information". The bases on which the above profit estimate for the year ended December 31, 2006 has been prepared are summarized in Appendix IV – "Profit Estimate". The estimate of the combined profit attributable to equity holders of the Company for the year ended December 31, 2006 prepared by the Directors is based on the audited combined results of the Group for the nine months ended September 30, 2006, and an estimate of the combined results of the Group for the remaining three months ended December 31, 2006. The estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as summarized in Appendix I – "Accountants' Report of Our Company".*

- (2) *The calculation of the unaudited pro forma estimated earnings per share is based on the estimated combined profit attributable to equity holders of the Company for the year ended December 31, 2006 and a total of 3,489,229,356 shares issued and outstanding during the entire year as if the Global Offering had occurred at January 1, 2006. This calculation assumes that the Over-allotment Option will not be exercised.'*

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