中粮
COFCO
自然之源 重塑你我

CHINA FOODS LIMITED
中國食品有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 506)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

FINANCIAL HIGHLIGHTS

- The consolidated turnover for the six months ended 30 June 2007 (the "interim period") was HK$8,888 million, representing a decrease of 22% over the same period of last year (restated).
- Profit attributable to shareholders for the interim period reached HK$377 million, 29% less than that in the same period of last year (restated).
- Basic earnings per share for the interim period was HK13.52 cents, a decrease of 33% compared with HK20.2 cents per share (restated) in the same period of last year.
- Save for the Special interim dividend paid in March 2007, the Board of Directors does not recommend any final dividend for the interim period.

Pro Forma Group

During the interim period, the Company declared a special dividend by distributing the Company's entire interest in the issued share capital of China Agri-Industries Holdings Limited ("CAIH"), for the purpose of separate listing of the shares of CAIH on the main board of The Stock Exchange of Hong Kong Limited ("Spin-off"). The Spin-off was completed on 21 March 2007.

The result announcement covers the financial statements of CAIH up to 21 March 2007.

As if the Spin-off were completed on 1 January 2006, the financial results of the continuing operations of the Company ("Pro Forma Group") were presented as:

- The consolidated turnover of the Pro Forma Group for the interim period was HK$4,294 million, representing an increase of 37% over the same period of last year.
- Profit attributable to shareholders of the Pro Forma Group for the interim period reached HK$202 million excluding a stamp duty expense of approximately HK$20.8 million arising from the Spin-off, 7.9% more than that in the same period of last year.
- Basic earnings per share of the Pro Forma Group for the interim period was HK7.25 cents, an increase of 2% compared with HK7.11 cents per share in the same period of last year.

CONDENSED CONSOLIDATED INTERIM RESULTS

The board of directors (the "Directors") of China Foods Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2007 together with the comparative figures for the six months ended 30 June 2006. The interim results as at and for the six months ended 30 June 2007 ("interim financial statements") have been reviewed by Ernst & Young, the auditors of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and by the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 June 2007 HK$'000 (Unaudited)	2006 HK$'000 (Unaudited) (Restated)
CONTINUING OPERATIONS			
REVENUE	*4*	**4,294,268**	3,133,740
Cost of sales		**(3,138,996)**	(2,166,277)
Gross profit		**1,155,272**	967,463
Other income and gains		**73,109**	58,788
Selling and distribution costs		**(764,114)**	(581,677)
Administrative expenses		**(161,109)**	(132,012)
Other expenses		**(2,135)**	(16,388)
Finance costs	*5*	**(19,125)**	(21,468)
Share of profits of associates		**24,214**	33,875
PROFIT BEFORE TAX	*6*	**306,112**	308,581
Tax	*7*	**(72,944)**	(47,963)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**233,168**	260,618
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	*8*	**239,769**	386,713
PROFIT FOR THE PERIOD		**472,937**	647,331
Attributable to:			
Equity holders of the Company		**377,274**	532,841
Minority interests		**95,663**	114,490
		472,937	647,331
DIVIDENDS	*9*	**6,234,148**	81,575
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*10*		
Basic:			
– For profit for the period		**HK13.52 cents**	HK20.20 cents
– For profit from continuing operations		**HK6.50 cents**	HK7.11 cents
Diluted:			
– For profit for the period		**N/A**	HK20.15 cents
– For profit from continuing operations		**N/A**	HK7.09 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2007 HK$'000 (Unaudited)**	31 December 2006 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**1,553,452**	6,783,261
Investment properties		**54,062**	52,389
Prepaid land premiums		**98,642**	466,500
Deposits for purchase of property, plant and equipment		**6,005**	337,482
Goodwill		**918,843**	1,477,691
Interests in associates		**134,207**	1,236,441
Available-for-sale investments and related advances		**346,551**	332,685
Deferred tax assets		**13,697**	15,565
Biological assets		**56,551**	53,584
Total non-current assets		**3,182,010**	10,755,598
CURRENT ASSETS			
Inventories		**1,301,209**	4,886,914
Accounts and bills receivable	*12*	**678,686**	1,576,728
Prepayments, deposits and other receivables		**319,902**	1,726,087
Investments at fair value through profit or loss		**47,615**	48,300
Derivative financial instruments		**–**	537
Due from fellow subsidiaries		**60,009**	202,236
Due from the ultimate holding company		**12,765**	29,013
Due from the immediate holding company		**165**	165
Tax recoverable		**1,356**	2,563
Pledged deposits		**3,339**	54,183
Cash and cash equivalents		**1,334,754**	2,515,973
Total current assets		**3,759,800**	11,042,699
CURRENT LIABILITIES			
Accounts and bills payable	*13*	**561,556**	1,376,557
Other payables and accruals		**653,085**	1,605,625
Interest-bearing bank and other borrowings		**609,080**	3,898,629
Due to fellow subsidiaries		**44,457**	526,769
Due to the immediate holding company		**–**	460
Due to the ultimate holding company		**19,064**	20,137
Due to related companies		**60,796**	379,925
Due to minority shareholders of subsidiaries		**11,511**	15,122
Deferred income		**–**	1,726
Tax payable		**31,870**	91,595
Total current liabilities		**1,991,419**	7,916,545
NET CURRENT ASSETS		**1,768,381**	3,126,154
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,950,391**	13,881,752

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	30 June 2007 HK$'000 (Unaudited)	31 December 2006 HK$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,950,391**	13,881,752
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**71,898**	2,065,085
Due to minority shareholders of subsidiaries	**37,695**	147,496
Due to the ultimate holding company	**20,542**	19,906
Deferred income	**4,107**	57,754
Deferred tax liabilities	**6,281**	29,382
Total non-current liabilities	**140,523**	2,319,623
Net assets	**4,809,868**	11,562,129
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**279,138**	279,138
Reserves	**3,779,945**	9,475,270
	4,059,083	9,754,408
Minority interests	**750,785**	1,807,721
Total equity	**4,809,868**	11,562,129

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

		Attributable to equity holders of the Company											
	Note	**Issued capital**	**Share premium account**	**Employee share-based compensation reserve**	**Capital reserve**	**Reserve funds**	**Exchange fluctuation reserve**	**Investment revaluation reserve**	**Retained profits**	**Proposed final dividend**	**Total**	**Minority interests**	**Total equity**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
At 1 January 2007		279,138	3,660,432	–	2,482,197	193,282	275,427	–	2,863,932	–	9,754,408	1,807,721	11,562,129
Exchange realignment and total income and expense for the period recognised directly in equity		–	–	–	–	–	161,549	–	–	–	161,549	27,785	189,334
Profit for the period		–	–	–	–	–	–	–	377,274	–	377,274	95,663	472,937
Total income and expense for the period		–	–	–	–	–	161,549	–	377,274	–	538,823	123,448	662,271
Transfer from retained profits		–	–	–	–	16,620	–	–	(16,620)	–	–	–	–
Contribution from a minority shareholder		–	–	–	–	–	–	–	–	–	–	1,057	1,057
Release of reserves upon distribution of China Agri-Industries Holdings Limited		–	–	–	(2,902,104)	(98,147)	(281,979)	–	3,282,230	–	–	–	–

	Note	Attributable to equity holders of the Company										Minority interests	Total equity
		Issued capital	Share premium account	Employee share-based compensation reserve	Capital reserve	Reserve funds	Exchange fluctuation reserve	Investment revaluation reserve	Retained profits	Proposed final dividend	Total		
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Dividends paid to minority shareholders		–	–	–	–	–	–	–	–	–	–	(1,055)	(1,055)
Special interim dividend	*9*	–	–	–	–	–	–	–	(6,234,148)	–	(6,234,148)	(1,180,386)	(7,414,534)
At 30 June 2007		279,138	3,660,432	–	(419,907)	111,755	154,997	–	272,668	–	4,059,083	750,785	4,809,868

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

		Attributable to equity holders of the Company											
	Note	**Issued capital** *HK$'000* *(Unaudited)*	**Share premium account** *HK$'000* *(Unaudited)*	**Employee share-based compensation reserve** *HK$'000* *(Unaudited)*	**Capital reserve** *HK$'000* *(Unaudited)*	**Reserve funds** *HK$'000* *(Unaudited)*	**Exchange fluctuation reserve** *HK$'000* *(Unaudited)*	**Investment revaluation reserve** *HK$'000* *(Unaudited)*	**Retained profits** *HK$'000* *(Unaudited)*	**Proposed final dividend** *HK$'000* *(Unaudited)*	**Total** *HK$'000* *(Unaudited)*	**Minority interests** *HK$'000* *(Unaudited)*	**Total equity** *HK$'000* *(Unaudited)*
At 1 January 2006 (As restated)		263,819	2,776,042	31,093	727,917	152,644	54,810	(2,077)	1,749,065	76,614	5,829,927	1,644,509	7,474,436
Exchange realignment and total income and expense for the period recognised directly in equity		–	–	–	–	–	69,857	–	–	–	69,857	11,954	81,811
Profit for the period		–	–	–	–	–	–	–	532,841	–	532,841	114,490	647,331
Total income and expense for the period		–	–	–	–	–	69,857	–	532,841	–	602,698	126,444	729,142
Issue of shares pursuant to a share option scheme		279	8,647	–	–	–	–	–	–	–	8,926	–	8,926

	Note	Attributable to equity holders of the Company											
		Issued capital	**Share premium account**	**Employee share-based compensation reserve**	**Capital reserve**	**Reserve funds**	**Exchange fluctuation reserve**	**Investment revaluation reserve**	**Retained profits**	**Proposed final dividend**	**Total**	**Minority interests**	**Total equity**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Capitalisation of amounts due to the immediate holding company		–	–	–	243,293	–	–	–	–	–	243,293	–	243,293
Contributions from the immediate holding company		–	–	–	1,093,302	–	–	–	–	–	1,093,302	–	1,093,302
Contributions from minority shareholders		–	–	–	–	–	–	–	–	–	–	46,917	46,917
Acquisition of additional interest in existing subsidiaries		–	–	–	–	–	–	–	–	–	–	(66,638)	(66,638)
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	4,729	4,729
Transfer from retained profits		–	–	–	–	17,602	–	–	(17,602)	–	–	–	–
Equity-settled share option arrangements		–	–	3,150	–	–	–	–	–	–	3,150	–	3,150

	Note	Attributable to equity holders of the Company											
		Issued capital	Share premium account	Employee share-based compensation reserve	Capital reserve	Reserve funds	Exchange fluctuation reserve	Investment revaluation reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Change in fair value of available-for-sale investments		–	–	–	–	–	–	(876)	–	–	(876)	–	(876)
Final 2005 dividend declared		–	–	–	–	–	–	–	–	(76,614)	(76,614)	–	(76,614)
Dividends paid by the subsidiaries acquired under the Acquisition to their then shareholders	9	–	–	–	–	–	–	–	(2,319)	–	(2,319)	–	(2,319)
Dividends paid to minority shareholders		–	–	–	–	–	–	–	–	–	–	(95,653)	(95,653)
At 30 June 2006		264,098	2,784,689	34,243	2,064,512	170,246	124,667	(2,953)	2,261,985	–	7,701,487	1,660,308	9,361,795

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
		(Restated)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**115,924**	342,060
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**(472,002)**	53,730
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**(870,848)**	133,122
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,226,926)**	528,912
Cash and cash equivalents at beginning of period	**2,515,973**	1,202,504
Effects of foreign exchange rate changes, net	**45,707**	16,121
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,334,754**	1,747,537
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**747,020**	1,162,505
Non-pledged time deposits with original maturity of less than three months when acquired	**587,734**	585,032
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,334,754**	1,747,537

Notes:

1. REORGANISATION AND BASIS OF PRESENTATION

China Foods Limited (formerly known as COFCO International Limited) (the "Company") is a limited liability company incorporated in Bermuda.

The Company's immediate holding company is COFCO (Hong Kong) Limited ("COFCO (HK)"), a company incorporated in Hong Kong. The ultimate holding company of the Company is COFCO Limited ("COFCO"), which is registered in the People's Republic of China (the "PRC").

Pursuant to the reorganisation as detailed in the Company's circular dated 28 October 2006 (the "Circular"), the Company (1) acquired from COFCO (HK) Jumbo Team Group Limited and its subsidiaries (collectively as "Jumbo Team Group") and Full Extent Group Limited and its subsidiaries (collectively as "Full Extent Group") at an aggregate consideration of HK$5,333,700,000 (the "Acquisition"); and (2) disposed to COFCO (HK) of Seabase International (B.V.I.) Limited, COFCO (BVI) No. 99 Limited and First Reward Limited, and their respective subsidiaries (collectively the "Disposal Group") (the "Disposal") at an aggregate consideration of HK$715,100,000. After completion of the Acquisition and the Disposal, the Company span off China Agri-Industries Holdings Limited ("CAIH") which holds the Group's existing interests in oilseed processing, wheat processing and rice trading businesses together with the businesses carried out by Full Extent Group, and separately listed the CAIH shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Spin-off"). Further details of the Acquisition, Disposal and Spin-off are set out in the Circular (as amended).

As the Company, Jumbo Team Group and Full Extent Group are all ultimately controlled by COFCO, before and after the Acquisition, the condensed consolidated interim financial statements of the Group have been prepared based on the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG5") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as if the Acquisition had occurred from the date when the combining entities first came under the control of COFCO because the Acquisition should be regarded as a business combination under common control.

In accordance with AG 5, the comparative amounts of the condensed consolidated interim financial statements of the Group have been restated to include the financial statement items of Jumbo Team Group and Full Extent Group.

The effects of the Acquisition to the Group's comparative income statement for the six months ended 30 June 2006 were as follows:

	As previously reported *HK$'000*	Jumbo Team Group *HK$'000*	Full Extent Group *HK$'000*	Total *HK$'000*	Consolidation adjustments *HK$'000*	Reclassi-fications *HK$'000*	Discontinued operations *HK$'000* *(note 8)*	As restated *HK$'000*
CONTINUING OPERATIONS								
REVENUE	8,535,407	1,297,023	1,769,957	11,602,387	(199,663)		(8,268,984)	3,133,740
Cost of sales	(7,566,524)	(942,077)	(1,555,709)	(10,064,310)	199,663		7,698,370	(2,166,277)
Gross profit	968,883	354,946	214,248	1,538,077				967,463
Other income and gains	114,910	50,760	163,189	328,859	(582)	14,695	(284,184)	58,788
Selling and distribution costs	(500,147)	(206,327)	(89,101)	(795,575)			213,898	(581,677)
Administrative expenses	(143,546)	(64,954)	(67,044)	(275,544)			143,532	(132,012)
Other expenses	(8,053)	(3,743)	(1,222)	(13,018)		(14,695)	11,325	(16,388)
Finance costs	(82,210)	(1,273)	(33,084)	(116,567)	582		94,517	(21,468)
Share of profits of associates	60,360	33,875	13,864	108,099			(74,224)	33,875
PROFIT BEFORE TAX	410,197	163,284	200,850	774,331				308,581
Tax	(100,755)	(8,204)	(18,041)	(127,000)			79,037	(47,963)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	309,442	155,080	182,809	647,331				260,618
DISCONTINUED OPERATIONS								
Profit for the period from discontinued operations	–	–	–	–			386,713	386,713
	309,442	155,080	182,809	647,331				647,331
Attributable to:								
Equity holders of the Company	282,505	84,330	166,006	532,841				532,841
Minority interests	26,937	70,750	16,803	114,490				114,490
	309,442	155,080	182,809	647,331				647,331
DIVIDENDS	79,256	–	2,319	81,575				81,575

In respect of the Spin-Off, on 8 February 2007, the Company declared a special interim dividend to distribute the Company's entire interest in the issued share capital of China Agri-Industries Holdings Limited ("China Agri-Industries"), a subsidiary incorporated in Hong Kong on 18 November 2006, for the purpose of acting as the investment holding company of the subsidiaries under the Spin-Off (the "Spin-Off Group") and for the purpose of separate listing on the Stock Exchange. The special interim dividend was conditional upon approval by the Stock Exchange. Following the approval by the Stock Exchange, the Spin-Off and the listing of the shares of China Agri-Industries was completed on 21 March 2007.

2. ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosure
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements.

3. SEGMENT INFORMATION

The Group's operating business are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments.

Details of the business segments are summarised as follows:

Continuing operations

(a) the wineries segment engages in the production, sale and trading of grape wine and other relevant beverage products;

(b) the confectionery segment engages in the production and distribution of chocolate and other related products;

(c) the beverages segment engages in the processing and distribution of carbonated beverages and other relevant beverages;

(d) the consumer-pack edible oil segment engages in the distribution of retail package cooking oil;

(e) the corporate and others segment comprises the Group's corporate income and expense items;

Discontinued operations

(f) the oilseed processing segment engages in the extraction, refining and trading of edible oils and the related businesses;

(g) the wheat processing segment engages in the production of flour products and related businesses;

(h) the rice processing and trading segment engages in the processing and trading of rice;

(i) the biofuel and biochemical segment engages in the production and sale of bio-ethanol and related products;

(j) the brewing materials segment engages in the processing of malt;

(k) the trading of non-rice foodstuffs segment engages in the trading of food commodities, animal feedstock, and agricultural and aquatic products; and

(l) the “others” segment comprises the Group’s management services business, which provides management services relating to imports and exports, together with corporate income and expense items of the Spin-off Group.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following table presents revenue and profit information regarding the Group’s business segments for the six months ended 30 June 2007 and 2006, respectively.

Six months ended 30 June 2007

	Continuing operations						Discontinued operations									
	Wineries	Confectionery	Beverages	Consumer-pack edible oil	Corporate and others	Total	Oilseed processing	Wheat processing	Rice processing and trading	Biofuel and biochemical	Brewing materials	Trading of non-rice foodstuffs	Others	Eliminations	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Segment revenue:																
Sales to external customers	1,081,079	127,597	1,569,955	1,515,637	–	4,294,268	2,681,473	503,922	869,428	319,069	220,177	–	–	–	4,594,069	8,888,337
Intersegment sales	–	–	–	–	–	–	19,487	–	7,977	1,209	–	–	–	(28,673)	–	–
Other revenue	8,155	4,150	2,666	74	2,766	17,811	54,511	1,292	1,405	42,276	(885)	–	168	(580)	98,187	115,998
Segment results	210,635	(14,458)	80,824	(1,074)	(30,202)*	245,725	128,716	2,188	80,629	26,348	36,784	–	(7,239)	–	267,426	513,151
Interest and dividend income						55,298									2,990	58,288
Finance costs						(19,125)									(64,966)	(84,091)
Share of profits of associates	–	–	24,214	–	–	24,214	54,656	–	–	4,320	–	–	–	–	58,976	83,190
Profit before tax						306,112									264,426	570,538
Tax						(72,944)									(24,657)	(97,601)
Profit for the period						233,168									239,769	472,937

* Included a stamp duty expense of HK$20,771,000 arising from the distribution of the entire share capital of China Agri-Industries Holdings Limited

Six months ended 30 June 2006

	Continuing operations						Discontinued operations									
	Wineries	Confect-ionery	Beverages	Consumer-pack edible oil	Corporate and others	Total	Oilseed processing	Wheat processing	Rice processing and trading	Biofuel and biochemical	Brewing materials	Trading of non-rice foodstuffs	Others	Eliminations	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Segment revenue:																
Sales to external customers	900,964	150,863	1,289,139	792,774	–	3,133,740	4,792,918	828,898	878,695	571,130	455,086	742,257	–	–	8,268,984	11,402,724
Intersegment sales	–	–	–	–	–	–	39,528	–	–	–	–	–	–	(39,528)	–	–
Other revenue	955	4,527	3,549	290	13	9,334	57,761	62,229	1,196	97,543	387	14,994	35,134	–	269,244	278,578
Segment results	162,860	(144)	84,907	11,594	(12,497)	246,720	98,898	63,630	98,585	117,528	34,242	36,171	22,049	–	471,103	717,823
Interest and dividend income						49,454									14,940	64,394
Finance costs						(21,468)									(94,517)	(115,985)
Share of profits of associates	–	–	33,875	–	–	33,875	61,841	1,581	–	10,802	–	–	–	–	74,224	108,099
Profit before tax						308,581									465,750	774,331
Tax						(47,963)									(79,037)	(127,000)
Profit for the period						260,618									386,713	647,331

4. REVENUE

Revenue, which is the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period.

5. FINANCE COSTS

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**68,461**	62,281
Loans from the ultimate holding company, the immediate holding company and a fellow subsidiary	**22,359**	53,704
Total interest	**90,820**	115,985
Less: Interest capitalised	**(6,729)**	–
	84,091	115,985
Attributable to discontinued operations (note 8)	**64,966**	94,517
Attributable to continuing operations reported in the condensed consolidated income statement	**19,125**	21,468
	84,091	115,985

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting): #

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Cost of inventories sold	**7,243,659**	9,907,852
Fair value losses/(gains) of derivative instrument transactions not qualifying as hedges	**39,283**	(44,428)
Provision against inventories	**3,730**	1,223
Cost of sales	**7,286,672**	9,864,647
Gross rental income	**(9,965)**	(4,944)
Fair value gains on investments at fair value through profit or loss	**(1,306)**	(14,308)
Bank interest income	**(18,344)**	(18,148)
Interest income from a fellow subsidiary	–	(577)
Dividend income from available-for-sale investments and listed securities	**(39,944)**	(45,669)
Government grants	**(69,450)**	(88,932)
Compensation income	**–**	(56,607)
Gain on foreign exchange, net	**(19,268)**	(15,329)
Depreciation	**151,615**	217,499
Recognition of prepaid land premiums	**3,764**	4,798
Staff costs (including directors' remuneration)	**213,514**	238,210
Impairment of goodwill	**–**	10,669
Impairment of receivables	**6,693**	1,589
Impairment of items of property, plant and equipment*	**58,520**	–
Loss on disposal of items of property, plant and equipment	**356**	16,789

The disclosures presented in this note include those amounts charged/credited in respect of the discontinued operations.

* During the current period, impairment was recognised in the condensed consolidated income statement in respect of certain items of property, plant and equipment as a result of closure of a production line.

7. TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2006: 17.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current–Hong Kong		
Provision for the period	**–**	2,761
Current–Mainland China		
Provision for the period	**134,997**	118,030
Underprovision in prior periods	**(1,340)**	–
Tax rebate	**(22,684)**	–
Deferred	**(13,372)**	6,209
Total tax charge for the period	**97,601**	127,000
Represented by:		
Tax charge attributable to discontinued operations (note 8)	**24,657**	79,037
Tax charge attributable to continuing operations reported in the condensed consolidated income statement	**72,944**	47,963
	97,601	127,000

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC corporate income tax ("CIT") law ("the New CIT Law") was approved and will become effective on 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the CIT rate for domestic-invested and foreign-invested enterprises at 25%. The New CIT Law is expected to have no significant impact to the Group.

8. DISCONTINUED OPERATIONS

Pursuant to the Reorganisation as detailed in note 1 to the condensed consolidated interim financial statements, the Group (1) discontinued its trading of non-rice foodstuffs businesses and provision of management services to COFCO carried out by the Disposal Group; and (2) discontinued its oilseed processing, wheat processing, rice trading and processing, biofuel and biochemical and brewing materials businesses carried out by the Spin-off Group. These transactions were completed on 31 December 2006 and 21 March 2007, respectively.

The results of the Disposal Group and the Spin-Off Group for the periods are presented below:

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**4,594,069**	8,268,984
Cost of sales	**(4,147,676)**	(7,698,370)
Gross profit	**446,393**	570,614
Other income and gains	**101,177**	284,184
Expenses	**(277,154)**	(368,755)
Finance costs	**(64,966)**	(94,517)
Share of profits of associates	**58,976**	74,224
Profit before tax from the discontinued operations	**264,426**	465,750
Tax related to pre-tax profit	**(24,657)**	(79,037)
Profit for the period from the discontinued operations	**239,769**	386,713
Attributable to:		
Equity holders of the Company	**195,831**	345,379
Minority interests	**43,938**	41,334
	239,769	386,713

All assets and liabilities of the Disposal Group were disposed of in the prior year. The Spin-off Group was distributed by way of distribution in specie during the period under review.

9. DIVIDENDS

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Interim – Nil (2006: HK4.5 cents) per ordinary share	**–**	79,256
Special interim *	**6,234,148**	–
Dividends paid by the subsidiaries acquired under the Acquisition to their then shareholders **	**–**	2,319
	6,234,148	81,575

* The special interim dividend paid in the current period represented the net assets distributed as a result of the distribution of the Company's entire equity interest in China Agri-Industries. Further details are set out in note 1 to the condensed consolidated interim financial statements.

** The amounts represented dividends paid by the companies now comprising the Group to their then shareholders prior to the Acquisition.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the earnings per share calculation:		
From continuing operations	**181,443**	187,462
From discontinued operations	**195,831**	345,379
	377,274	532,841
Shares		
Number of ordinary shares (2006: weighted average number) in issue during the period used in the basic earnings per share calculation	**2,791,383,356**	2,637,794,052
Weighted average number of ordinary shares:		
Assumed issued at no consideration on deemed exercise of all share options outstanding during the period	**–**	6,134,015
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**2,791,383,356**	2,643,928,067

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2007, the Group acquired items of property, plant and equipment with total cost of HK$ 911,250,000 (2006: HK$1,392,033,000), excluding property, plant and equipment acquired through business combination.

In addition, items of property, plant and equipment with an aggregate amount of approximately HK$6,047,547,000 were distributed on 21 March 2007 as a result of the Spin-Off.

Items of property, plant and equipment with a net book value of HK$4,712,000 (2006: HK$44,763,000) were disposed of by the Group during the six months ended 30 June 2007, resulting a net loss on disposal of HK$356,000 (2006: HK$16,789,000).

12. ACCOUNTS AND BILLS RECEIVABLE

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned credit monitoring policies and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

An aged analysis of the accounts and bills receivable at the balance sheet date, based on invoice date, is as follows:

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within three months	**483,194**	1,511,028
Three to twelve months	**192,723**	68,084
One to two years	**7,766**	16,999
Over two years	**33,052**	19,096
Less: Impairment	**(38,049)**	(38,479)
	678,686	1,576,728

The carrying amounts of the accounts and bills receivable approximate to their fair values.

13. ACCOUNTS AND BILLS PAYABLE

An aged analysis of accounts and bills payable at the balance sheet date, based on invoice date, is as follows:

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Outstanding balances with ages:		
Within three months	**511,553**	1,335,812
Three to twelve months	**47,839**	35,562
One to two years	**1,516**	4,753
Over two years	**648**	430
	561,556	1,376,557

The accounts payable are non-interest-bearing and are normally settled on 90-day terms. The carrying amounts of the accounts and bills payable approximate to their fair values.

14 POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, on 6 August 2007, COFCO Coca-Cola Beverages Limited ("CBL"), a 65% owned subsidiary of the Company, entered into a conditional share transfer master agreement with Coca-Cola China Industries Limited ("CCCI"), pursuant to which:

(i) CBL will transfer to CCCI all the issued share capital in COFCO Beverages (Chengdu) Limited, COFCO Beverages (Harbin) Limited, COFCO Beverages (Kunming) Limited, COFCO Beverages (Taiyuan) Limited, COFCO Beverages (Wuhan) Limited, and COFCO Beverages (Jilin) Limited (the "CBL Companies"), all being wholly-owned subsidiaries of CBL, and transfer to CCCI all the outstanding shareholder's loans totaling approximately HK$145,800,000 owed to CBL by each of the CBL Companies, at an aggregate consideration of approximately RMB571,000,000;

(ii) CCCI will transfer to CBL all the issued share capital in Coca-Cola China Industries Beverages (Qingdao) Ltd. (the "CCCI Company"), a wholly-owned subsidiary of CCCI, and transfer to CBL all the outstanding shareholder's loans totaling approximately HK$54,900,000 owed to CCCI by the CCCI Company, at an aggregate consideration of approximately RMB521,000,000; and

(iii) CBL will acquire from CCCI all the issued share capital in Coca-Cola China Industries (Beijing) Limited ("CCCI Beijing"), a wholly-owned subsidiary of CCCI, and acquire from CCCI all the outstanding shareholder's loans totaling approximately HK$128,500,000 owed to CCCI by CCCI Beijing, at an aggregate consideration of approximately RMB270,000,000.

Details of the above transactions were disclosed by the Company in the announcement dated 6 August 2007 and a circular dispatched to shareholders on 27 August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

After completion of the reorganization in 2006, on 21 March 2007, the Company span off China Agri-Industries Holdings Limited ("CAIH"), which owns the agri-industrial businesses, by way of distribution in specie and listed CAIH shares on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of introduction (the "Spin-off") and CAIH issued new shares through a global offering. Upon completion of the Spin-off, the Company became a company that focuses on branded food and beverage businesses, and continues to operate four principal businesses including wine, beverage, consumer-pack edible oil and confectionery, and CAIH became a company that focuses on agri-industrial businesses.

During the period under review, the consolidated turnover of the Group was HK$8,888 million compared with HK$11,403 million in the same period of last year; profit attributable to shareholders reached HK$377 million, 29% less than that in the same period of last year; basic earnings per share was HK13.52 cents, a decrease of HK6.68 cents compared with HK20.20 cents per share in the same period of last year.

The performances of CAIH during the period under review together with other information are detailed in the interim report of CAIH.

As if the Spin-off were completed on 1 January 2006, during the period under review, the consolidated turnover of the continuing businesses of the Group (the "Pro Forma Group") was HK$4,294 million, representing an increase of 37% over the same period of last year; profit attributable to shareholders of the Pro Forma Group reached HK$202 million (excluding the expenses for the stamp duty in connection with the Spin-off), 7.9% more than that in the same period of last year; basic earnings per share of the Pro Forma Group were HK7.25 cents, an increase of 2% compared with HK7.11 cents per share in the same period of last year.

The performances of the Pro Forma Group during the period under review together with other information are set out below.

WINE BUSINESS

The Group's wine business is mainly engaged in the production, marketing and sale of wines under the "Greatwall" and "長城" brands in China. The business consists of the entire value chain from vineyards to wine-making to sale and marketing. During the period under review, the turnover of the business was HK$1,081 million, representing an increase of 19.9% over the same period of last year, and operating profit was HK$212 million, representing an increase of 29.2% over the same period of last year.

Attributable to the increase in average selling price and the reduction of the cost of raw materials, the gross profit margin of the wine business increased to 50.5% from 47.4% in the same period of last year. The integration of production capacities of the three wineries has been completed. The introduction of balanced score card into the management of the wineries has enhanced the sophistication of the management. The first phase construction of a new vineyard in Yantai was completed in the first half of 2007. After the completion of the second phase construction, the vineyard will become a premium chateau encompassing research and development of premium wines, top-quality vine planting, promotion of oenology and vineyard resort. Since we became the exclusive supplier of wines for the Beijing 2008 Olympics, we have carried out a series of marketing activities, including sponsoring a premium golf tournament in China, the 2007 Pine Valley Beijing Open, participating in the first-ever Olympic collections China tour, organizing the Olympic Wine Label Competition, introducing an Olympic souvenir wine, Greatwall 2008 Cheers. We have introduced Italian ASTI sparkling wine and Spanish CAVA sparkling wine under "Greatwall" label, which further enhanced our product portfolio and brand image of "長城" and "Greatwall".

BEVERAGE BUSINESS

The Group's Coca-Cola bottler group is one of the three key bottler groups in relation to Coca-Cola beverages in the PRC, which currently operates six bottling plants and holds minority interests in 14 bottling plants in the PRC. These six bottling plants are engaged in the production and bottling and sale and distribution of Coca-Cola beverages, including sparking beverages and still beverages such as fruit juices, water and tea, in twelve provinces and three other cities in the PRC under franchise from The Coca-Cola Company. Under the current bottler's agreements with The Coca-Cola Company, the term of the franchise is not more than five years and may be renewed by the parties upon agreement.

During the period under review, attributable to strong consumption growth trends in the PRC beverages market, the turnover of this business was HK$1,570 million, representing an increase of 21.8% over the same period of last year. Operating profit was HK$125 million, representing a decrease of 5.5% over the same period of last year. The decrease was due to increased investments in marketing with a view to further strengthen market share and long-term profitable growth, as well as marginal increase in commodity costs.

During the first half of 2007, we set up a bottling plant in Jiangxi Province, which is expected to commence production in 2008. We also negotiated with Coca-Cola China Industries Limited a share transfer master agreement in respect of certain bottling plants. The agreement was announced on 6 August. We expect that the completion of the agreement will bring about positive impact on the beverages business over the longer term.

CONSUMER-PACK EDIBLE OIL BUSINESS

The consumer-pack edible oil business is principally engaged in the distribution and sale of consumer-pack edible oil in the PRC under the "福臨門" and "Fortune" brands. During the period under review, the sales of the business were HK$1,516 million, an increase of 91.2% over the same period of last year. Due to significant pressure from rising prices of raw materials, the business recorded loss during the period under review.

New visual identities for the "福臨門" and "Fortune" brands were launched in July 2007. Although the business recorded loss during the period under review, steps are being taken to enhance the brand image and to improve product structure. A new supplier has been secured in Southwest China to help further reduce cost.

CONFECTIONERY BUSINESS

The Group produces and distributes chocolates and confectionery products in China mainly under the "Le Conte" and "金帝" brands. During the period under review, the turnover of this business was HK$128 million, representing a decrease of 15.4% over the same period of last year. The decline was attributable to the tightening of credit policies towards distributors by controlling sales on credit. Due to the decrease in sales, this business recorded loss during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2007, the Group's total shareholders' equity stood at HK$4,059 million, representing an increase of 4.7% compared with that of the Pro Forma Group as at 31 December 2006. As at 30 June 2007, the Group's cash and bank deposits totaled HK$1,338 million (31 December 2006: HK$1,310 million (the Pro Forma Group)), and the Group's net current assets were approximately HK$1,768 million (31 December 2006: HK$1,637 million (the Pro Forma Group)).

Based on the aforesaid performance and the banking facilities available to the Group, the management believes that the Group's financial resources are sufficient for all debt payments, day-to-day operations and capital expenditures.

As the Group's monetary assets, liabilities and transactions are principally denominated in Renminbi, Hong Kong dollars and United States dollars, the management is of the view that the slight appreciation of Renminbi will have positive effect on the Group.

CAPITAL STRUCTURE

During the period under review, there were no changes in the share capital of the Company. As at 30 June 2007, the total number of issued shares of the Company was 2,791,383,356 shares.

As at 30 June 2007, the Group had no significant borrowings apart from certain bank loans and loans from a fellow subsidiary totaling HK$681 million (31 December 2006: HK$596 million (the Pro Forma Group)). During the period under review, all the Group's bank borrowings bore fixed annual interest rates ranging between 3.00% and 6.48% (31 December 2006: between 3.00% and 7.01% (the Pro Forma Group)), while other borrowings bore fixed annual interest rates ranging from 5.022% to 5.58% (31 December 2006: from 4.86% to 6.30% (the Pro Forma Group)).

As at 30 June 2007, net assets of the Group were HK$4,059 million (31 December 2006: HK$3,880 million (the Pro Forma Group)) and net cash of the Group (cash and bank deposits less total debts) was HK$ 657 million (31 December 2006: HK$714 million (the Pro Forma Group))

CONTINGENT LIABILITIES AND ASSETS PLEDGED

As at 30 June 2007, the Group had no material contingent liabilities.

As at 30 June 2007, certain bank loans of the Group were secured by charges over certain bank deposits, fixed assets and investment properties with net book value of approximately HK$137 million (31 December 2006: HK$148 million (the Pro Forma Group)).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2007, the Group employed approximately 8,181 staff in mainland China and Hong Kong (31 December 2006: 8,145 (the Pro Forma Group). Employees are paid according to their performance, experience and prevailing trade practices, and are provided with on-the-job and professional training. Employees in Hong Kong receive retirement benefits, either under the Mandatory Provident Fund exempted ORSO scheme or under the Mandatory Provident Fund scheme. There is a similar scheme for employees in mainland China. Details concerning employee benefit schemes are set out in the paragraph headed “Summary of Significant Accounting Policies” under sub-heading “Employee Benefits” of the 2006 Annual Report of the Company.

The Company has adopted a share option scheme (the “Scheme”) to reward eligible employees (including executive directors and non-executive directors of the Company) according to individual merits. The share options granted under the Scheme is exercisable in five years according to the schedule after 24 months from the date they are granted subject to the satisfaction of certain performance requirements. During the period under review, the Company did not grant any share options to the executive directors and non-executive directors of the Company and other eligible employees of the Group under the Scheme. As at 30 June 2007, there were no outstanding share options.

CHANGE IN THE STRUCTURE OF THE GROUP

During the period under review, on 21 March 2007 the Company completed the spin-off of its wholly-owned subsidiary CAIH. CAIH issued new shares through a global offering and listed its shares on the main board of the Stock Exchange on the same day. Details of the Spin-off were disclosed in the 2006 Annual Report of the Company.

The Company set up COFCO Coca-Cola Beverages (Jiangxi) Limited in Nanchang, Jiangxi Province. It will be engaged in the production and bottling and sale and distribution of certain Coca-Cola beverages under franchise from The Coca-Cola Company.

Save as the aforesaid, there were no other material changes in the structure of the Group during the period under review.

PROSPECTS

In conclusion, during the period under review, the performance of the wine business was satisfactory. The operating profit of the beverage business declined, due to increased investments in marketing with a view to further increase market share over the longer term, as well as marginal increase in commodity costs. Management recognizes there is room for improvement in both the consumer-pack edible oil and confectionery businesses and are actively seeking ways to improve these businesses.

After the Spin-off, the business focus of the Group is branded foods and beverages. We will focus on the creation of valuable brands and the establishment of extensive sales network in the next few years. With this focus in mind, we will review and adjust our development strategies and enhance our execution capabilities in order to create greater value for our shareholders and employees.

CORPORATE GOVERNANCE

In the opinion of the directors, during the six months ended 30 June 2007, the Company complied with the principles and code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

Code Provision E.1.2

Code provision E.1.2 provides that the chairman of the board should attend the Company's annual general meeting. The chairman of the board did not attend the annual general meeting of the Company held on 22 May 2007 due to other commitment.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon specific enquiries of all directors, all directors have confirmed that they fully complied with the required standards set out in the Model Code during the six months ended 30 June 2007.

The Company has also adopted a code of securities transactions by relevant employees to govern securities transactions of those employees who may possess or have access to price sensitive information.

REMUNERATION COMMITTEE

The Company has established a remuneration committee with specific written terms of reference in accordance with the requirements of the Code. The primary duties of the remuneration committee include, without limitation, establishing a formal and transparent procedure for developing policies on remuneration, and determining the terms of the specific remuneration package of each executive director and senior management. The remuneration committee currently consists of three members and two of them are independent non-executive directors. The remuneration committee is chaired by Mr. Yuen Tin Fan, Francis. The other committee members are Mr. Stephen Edward Clark and Mr. Qu Zhe.

AUDIT COMMITTEE

The Company has established an audit committee with specific written terms of reference in accordance with the requirements of the Code. The primary duties of the audit committee are to review and supervise the Group's financial reporting process and internal control procedures. The audit committee currently consists of three members who are independent non-executive directors. The audit committee is chaired by Mr. Tan Man Kou. The other committee members are Mr. Stephen Edward Clark and Mr. Yuen Tin Fan, Francis.

The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 June 2007 together with the management and the independent auditors and has reviewed the internal auditors' report for the period under review with the Company's internal auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold and redeemed any of the Company's listed securities during the period under review.

PUBLICATION OF THE DETAILED INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The results announcement is published on the website of Hong Kong Exchange and Clearing Limited (www.hkex.com.hk) and the Company's website (www.chinafoodsltd.com). The 2007 interim report of the Company containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

By Order of the Board
China Foods Limited
Qu Zhe
Managing Director

Hong Kong, 19 September 2007

As at the date of this announcement, our executive directors are Mr. Ning Gaoning, Mr. Qu Zhe, Mr. Mak Chi Wing, William, Mr. Ma Jianping, Ms. Luan Xiuju and Mr. Zhang Zhentao, our non-executive director is Ms. Wu Wenting and our independent non-executive directors are Mr. Stephen Edward Clark, Mr. Tan Man Kou and Mr. Yuen Tin Fan, Francis.