CHINA FOODS LIMITED
中國食品有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 00506)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

Following is a summary of the performance of China Foods Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2011 (the "year") together with comparative figures for the corresponding period of last year.

Our Overall Volume Growth	Beverage products: reached 570.35 million unit cases, up 17.3%; Wine products: reached 132.29 million bottles, down 2.1%; Kitchen products: reached 1.035 million tons, up 28.9%; Confectionery products: reached 9,070 tons, up 19.1%.
Our Revenue Growth	reached HK$28,011 million, up 40.4%.
Our Gross Profit Growth	reached HK$6,662 million, up 31.1%.
Our Operating Profit*Growth	reached HK$1,112 million, up 41.1%.
Our EBITDA^ Growth	reached HK$1,596 million, up 32.0%.
Our Bottom Line# Growth	reached HK$646 million, up 51.0%.
Our Basic Earnings Per Share Growth	reached HK23.12 cents, up HK7.81 cents.

The board of directors (the "Board") of the Company declared the payment of a final dividend of HK4.25 cents per share for the year to the shareholders of the Company whose names appear on the register of members on 18 June 2012.

* Operating Profit of the Group represents the aggregation of segment results less corporate and other unallocated expenses.

^ EBITDA represents earnings before finance cost, income tax expense, depreciation, amortisation of other intangible assets, recognition of prepaid land premiums and share of profits of associates.

Bottom Line represents the profit attributable to owners of the parent.

CONSOLIDATED RESULTS

The Board of the Company is pleased to announce the consolidated results of the Group for the year ended 31 December 2011 together with the comparative figures for the year ended 31 December 2010. The consolidated results as at and for the year ended 31 December 2011 (the "financial information") have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
REVENUE	*4*	**28,010,761**	19,955,984
Cost of sales	*6*	**(21,348,376)**	(14,874,639)
Gross profit		**6,662,385**	5,081,345
Other income and gains	*4*	**238,524**	305,791
Selling and distribution costs		**(4,767,225)**	(3,769,669)
Administrative expenses		**(939,583)**	(748,202)
Other expenses		**(14,393)**	(6,830)
Finance costs	*5*	**(37,043)**	(45,425)
Share of profits of associates		**65,437**	64,038
PROFIT BEFORE TAX	*6*	**1,208,102**	881,048
Income tax expense	*7*	**(340,811)**	(260,326)
PROFIT FOR THE YEAR		**867,291**	620,722
Attributable to:			
Owners of the parent		**645,609**	427,567
Non-controlling interests		**221,682**	193,155
		867,291	620,722
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**HK23.12 cents**	HK15.31 cents
Diluted		**HK23.10 cents**	HK15.30 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**867,291**	620,722
OTHER COMPREHENSIVE INCOME		
Gains on property revaluation	–	9,092
Income tax effect	–	(2,182)
	–	6,910
Share of other comprehensive income of associates	**(1,357)**	–
Exchange differences on translation of foreign operations	**331,395**	214,339
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**330,038**	221,249
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,197,329**	841,971
Attributable to:		
Owners of the parent	**913,544**	609,152
Non-controlling interests	**283,785**	232,819
	1,197,329	841,971

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**3,889,400**	3,548,038
Investment properties		**82,361**	73,966
Prepaid land premiums		**308,078**	247,174
Deposits for purchase of items of property, plant and equipment		**52,802**	31,783
Goodwill		**1,727,793**	1,680,015
Other intangible assets		**60,389**	67,955
Investments in associates		**567,934**	545,201
Available-for-sale investments		**203,104**	209,387
Held-to-maturity investments		**–**	57,915
Deferred tax assets		**46,893**	35,003
Biological assets		**165,833**	119,263
Total non-current assets		**7,104,587**	6,615,700
CURRENT ASSETS			
Inventories		**5,701,744**	3,490,337
Accounts and bills receivables	*10*	**1,944,607**	1,616,059
Prepayments, deposits and other receivables		**1,446,782**	1,269,875
Due from fellow subsidiaries		**69,390**	28,418
Due from the ultimate holding company		**22,056**	11,190
Due from the immediate holding company		**165**	165
Due from related companies		**4,076**	–
Due from a non-controlling shareholder		**9,510**	–
Due from associates		**1,551**	1,680
Prepaid tax		**23,653**	28,831
Held-to-maturity investments		**58,044**	25,217
Equity investments at fair value through profit or loss		**15,016**	19,199
Pledged deposits		**139,005**	127,096
Cash and cash equivalents		**1,789,797**	1,741,203
Total current assets		**11,225,396**	8,359,270

	Note	2011	2010
		HK$'000	*HK$'000*
CURRENT LIABILITIES			
Accounts and bills payables	*11*	**1,558,708**	999,864
Other payables and accruals		**3,939,495**	2,663,330
Due to fellow subsidiaries		**1,057,344**	1,089,857
Due to the ultimate holding company		**41,031**	31,337
Due to related companies		**884,130**	692,062
Due to non-controlling shareholders		**30,818**	8,926
Due to associates		**292,150**	233,626
Interest-bearing bank and other borrowings		**1,516,936**	1,021,152
Tax payable		**75,230**	94,217
Total current liabilities		**9,395,842**	6,834,371
NET CURRENT ASSETS		**1,829,554**	1,524,899
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,934,141**	8,140,599
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**300,000**	495,000
Due to non-controlling shareholders		**27,680**	38,123
Deferred income		**42,532**	31,146
Deferred tax liabilities		**50,132**	26,920
Total non-current liabilities		**420,344**	591,189
Net assets		**8,513,797**	7,549,410
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**279,289**	279,246
Reserves		**6,271,636**	5,578,010
Proposed final dividend		**118,698**	89,638
		6,669,623	5,946,894
Non-controlling interests		**1,844,174**	1,602,516
Total equity		**8,513,797**	7,549,410

NOTES TO FINANCIAL INFORMTION

31 December 2011

1. CORPORATE INFORMATION

China Foods Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is a subsidiary of COFCO (Hong Kong) Limited, a company incorporated in Hong Kong. Based on the confirmation of the board, the ultimate holding company of the Company is COFCO Corporation (“COFCO”), which is a state-owned enterprise registered in the People’s Republic of China (“PRC”).

During the year, the Group was involved in the following principal activities:

- processing, bottling and distribution of sparkling beverage and distribution of still beverage;
- production, sale and trading of grape wine and other wine products;
- distribution of retail packaged cooking oil and other consumer food products; and
- production and distribution of chocolate and other related products.

2.1 BASIS OF PREPARATION

This financial information is prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance.

This financial information is prepared under the historical cost convention, except for investment properties, biological assets and equity investments at fair value through profit or loss, which have been measured at fair value. The financial information is presented in Hong Kong dollars (“HK$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial information.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on this financial information.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their products and services and has four reportable operating segments as follows:

(a) the beverage segment is engaged in the processing, bottling and distribution of sparkling beverages and distribution of still beverages;

(b) the wine segment is engaged in the production, sale and trading of grape wine and other wine products;

(c) the kitchen foods segment is engaged in the distribution of retail packaged cooking oil and other consumer food products; and

(d) the confectionery segment is engaged in the production and distribution of chocolate and other related products.

Management monitors the results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results. Segment results are measured consistently with the Group's profit before tax except that interest income, dividend income, finance costs, share of profits of associates, as well as unallocated head office and corporate results are all excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid tax, pledged deposits, cash and cash equivalents, available-for-sale investments, equity investments at fair value through profit or loss, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2011

	Beverage	Wine	Kitchen foods	Confectionery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sales to external customers	**10,517,250**	**3,693,489**	**13,140,573**	**659,449**	**28,010,761**
Other revenue	**78,653**	**67,459**	**14,572**	**9,818**	**170,502**
	10,595,903	**3,760,948**	**13,155,145**	**669,267**	**28,181,263**
Segment results	**531,411**	**633,110**	**162,273**	**(94,612)**	**1,232,182**
Reconciliation:					
Interest income					**30,397**
Dividend income					**37,269**
Finance costs					**(37,043)**
Share of profits of associates					**65,437**
Corporate and other unallocated expenses					**(120,140)**
Profit before tax					**1,208,102**
Segment assets	**7,097,198**	**5,516,375**	**3,105,889**	**537,171**	**16,256,633**
Reconciliation:					
Elimination of intersegment receivables					**(5,837,810)**
Investments in associates					**567,934**
Corporate and other unallocated assets					**7,343,226**
Total assets					**18,329,983**
Segment liabilities	**5,063,433**	**2,804,015**	**3,276,207**	**484,544**	**11,628,199**
Reconciliation:					
Elimination of intersegment payables					**(5,837,810)**
Corporate and other unallocated liabilities					**4,025,797**
Total liabilities					**9,816,186**
Other segment information:					
Impairment losses recognised/ (reversed) in the income statement	**447**	**1,817**	**816**	**(142)**	**2,938**
Provision against/(write-back of provision against) inventories	**6,569**	**7,905**	**(1,211)**	**14,062**	**27,325**
Depreciation and amortisation	**239,914**	**128,840**	**5,001**	**25,872**	**399,627**
Unallocated amounts					**16,210**
					415,837
Capital expenditure	**368,828**	**224,337**	**2,057**	**3,147**	**598,369**
Unallocated amounts					**5,235**
					603,604*

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land premiums.

Year ended 31 December 2010

	Beverage *HK$'000*	Wine *HK$'000*	Kitchen foods *HK$'000*	Confectionery *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	7,920,983	3,114,386	8,344,341	576,274	19,955,984
Other revenue	165,096	46,169	10,831	6,375	228,471
	8,086,079	3,160,555	8,355,172	582,649	20,184,455
Segment results	523,725	365,313	33,587	(79,472)	843,153
Reconciliation:					
Interest income					25,209
Dividend income and unallocated gains					48,948
Finance costs					(45,425)
Share of profits of associates					64,038
Corporate and other unallocated expenses					(54,875)
Profit before tax					881,048
Segment assets	5,437,688	4,492,200	2,178,630	487,305	12,595,823
Reconciliation:					
Elimination of intersegment receivables					(4,977,394)
Investments in associates					545,201
Corporate and other unallocated assets					6,811,340
Total assets					14,974,970
Segment liabilities	4,001,412	2,633,069	2,425,076	377,964	9,437,521
Reconciliation:					
Elimination of intersegment payables					(4,977,394)
Corporate and other unallocated liabilities					2,965,433
Total liabilities					7,425,560
Other segment information:					
Impairment losses recognised/ (reversed) in the income statement	122	1,520	(1,262)	1,557	1,937
Provision against inventories	17,084	5,982	–	10,135	33,201
Depreciation and amortisation	198,882	105,998	5,291	22,191	332,362
Unallocated amounts					13,835
					346,197
Capital expenditure	447,123	307,950	3,846	18,923	777,842
Unallocated amounts					20,060
					797,902*

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land premiums.

Geographical information

Revenue from external customers

Over 90% of the Group's revenue is derived from customers in Mainland China and over 90% of the Group's non-current assets, other than financial instruments and deferred tax assets, are situated in Mainland China.

Information about a major customer

During the year, there was no external customer accounted for 10% or more of the Group's total revenue (2010: Nil).

4. REVENUE, OTHER INCOME AND GAINS

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

An analysis of the Group's other income and gains is as follows:

	2011	2010
	HK$'000	*HK$'000*
Other income		
Gross rental income	**7,104**	2,047
Bank interest income	**24,442**	17,983
Interest income from held-to-maturity investments	**5,955**	7,226
Dividend income from available-for-sale investments	**36,926**	43,963
Dividend income from equity investments at fair value through profit or loss	**343**	210
Government grants*	**62,240**	37,733
Compensation income	**28,823**	35,529
Sale of by-products and scrap items	**10,194**	10,856
Others	**57,887**	55,025
	233,914	210,572
Gains		
Realised gains on derivative instruments		
– transactions not qualifying as hedges	**–**	85,690
Foreign exchange differences, net	**–**	896
Fair value gains on equity investments at fair value through profit or loss	**–**	4,775
Fair value gains on investment properties	**4,610**	3,858
	4,610	95,219
	238,524	305,791

* Various government grants have been received for investments in certain provinces in Mainland China in which the Company's subsidiaries operate. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2011	2010
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**20,844**	24,159
Loans from a fellow subsidiary and a non-controlling shareholder of a subsidiary	**756**	2,551
Others	**15,443**	18,715
	37,043	45,425

6. PROFIT BEFORE TAX

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

	2011	2010
	HK$'000	*HK$'000*
Cost of inventories sold	**21,340,488**	14,848,530
Provision against inventories	**27,325**	33,201
Loss on disposal of biological assets	**14,073**	–
Fair value gains on biological assets	**(33,510)**	(7,092)
Cost of sales	**21,348,376**	14,874,639
Auditors' remuneration	**2,744**	4,130
Depreciation	**397,672**	333,792
Amortisation of other intangible assets	**10,585**	6,472
Recognition of prepaid land premiums	**7,580**	5,933
Minimum lease payments under operating leases in respect of land and buildings	**119,262**	112,032
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**1,155,288**	894,091
Equity-settled share option expense	**10,357**	3,677
Pension scheme contributions*	**116,037**	93,696
	1,281,682	991,464
Other expenses include the followings:		
Loss on disposal of items of property, plant and equipment	**7,272**	4,440
Impairment of an available-for-sale investment	**322**	–
Fair value losses on equity investments at fair value through profit or loss	**4,183**	–
Impairment of accounts receivable	**2,372**	1,634
Impairment of other receivables	**244**	303
Loss on disposal of available-for-sale investments	**–**	453
Foreign exchange differences, net	**5,292**	(896)

* At 31 December 2011, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2010: Nil).

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**335**	1,267
Current – Mainland China		
Charge for the year	**339,701**	256,147
Underprovision in prior years	**1,702**	3,166
Current – Elsewhere		
Charge for the year	**753**	–
Deferred	**(1,680)**	(254)
Total tax charge for the year	**340,811**	260,326

The share of tax attributable to associates amounting to HK$18,881,000 (2010: HK$16,328,000) is included in "Share of profits of associates" in the consolidated income statement.

Since 2009, the Ministry of Finance and the State Administration of Taxation have issued a series of regulations and rules, with retroactive effect on 1 January 2008, concerning group restructuring (collectively, the "Group Restructuring Tax Rules"). During the year ended 31 December 2008, the Group undertook certain intra-group restructuring activities (the "Restructuring"). Should the basis set forth in the Group Restructuring Tax Rules be adopted, there might be relevant tax exposure to the Group. After giving due consideration of key factors including the relevant legal interpretation and opinion about the Group Restructuring Tax Rules and the prevailing tax practices, the Company considers that it is more likely than not that the Restructuring will not give rise to the relevant tax exposure to the Group, if any. Accordingly, no provision thereon has been made in this financial information.

8. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim – HK4.07 cents (2010: HK2.30 cents) per ordinary share	**113,673**	64,227
Proposed final – HK4.25 cents (2010: HK3.21 cents) per ordinary share	**118,698**	89,638
	232,371	153,865

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount for the year ended 31 December 2011 is based on the profit for the year attributable to ordinary equity holders of the parent of HK$645,609,000 (2010: HK$427,567,000), and the weighted average number of ordinary shares of 2,792,666,792 (2010: 2,792,434,710) in issue during the year.

The calculation of diluted earnings per share amount for the year is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**645,609**	427,567

	Number of shares	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**2,792,666,792**	2,792,434,710
Effect of dilution – weighted average number of ordinary shares:		
Share options	**2,129,258**	2,599,733
	2,794,796,050	2,795,034,443

10. ACCOUNTS AND BILLS RECEIVABLES

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 and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its accounts and bills receivable balances. Overdue balances are reviewed regularly by senior management. In view of the aforementioned 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 and bills receivables are non-interest-bearing.

An aged analysis of the Group's accounts and bills receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**1,336,664**	1,216,256
3 to 12 months	**597,316**	396,730
1 to 2 years	**7,735**	2,898
Over 2 years	**2,892**	175
	1,944,607	1,616,059

11. ACCOUNTS AND BILLS PAYABLES

An aged analysis of the Group's accounts and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**1,288,808**	825,497
3 to 12 months	**263,213**	161,753
1 to 2 years	**5,972**	11,879
Over 2 years	**715**	735
	1,558,708	999,864

The accounts and bills payables are non-interest-bearing and are normally settled in one to three months and one to six months, respectively.

12. BUSINESS COMBINATIONS

In February 2011, Top Glory Wines & Spirits Europe SAS, a wholly-owned subsidiary of the Company, acquired the 100% interest in Société Du Château de Viaud SAS ("Château de Viaud SAS") from Philippe Raoux SAS, an independent third party, at a cash consideration of EUR8,253,000 (equivalent to approximately HK$85,714,000) (the "Acquisition"). The Acquisition was made as part of the Group's strategy to diversify its vineyards and production bases in different regions.

A summary of the fair values of the identifiable assets and liabilities of Château de Viaud SAS as at the date of the Acquisition was as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment	61,389
Biological assets	14,426
Inventories	16,098
Accounts receivable	102
Prepayments, deposits and other receivables	213
Cash and bank balances	800
Accounts and bills payable	(522)
Other payables and accruals	(407)
Interest-bearing bank borrowings	(45)
Deferred tax liabilities	(13,823)
Total identifiable net assets at fair value	78,231
Goodwill on acquisition	7,483
Satisfied by cash	85,714

An analysis of the cash flows in respect of the Acquisition is as follows:

	HK$'000
Cash consideration paid	(85,714)
Cash and bank balances acquired	800
Net outflow of cash and cash equivalents in respect of the Acquisition	(84,914)

Since the Acquisition, Château de Viaud SAS contributed HK$7,137,000 to the Group's turnover and a profit of HK$174,000 to the consolidated profit for the year ended 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2011, the Company's new management team focused on the work theme of "advance through reform, teamwork for win-win" and identified two major drivers for future growth as "organic growth" and "external expansion." We established the "Five-Wins" benchmarking indicators as our operating philosophy and performance evaluation standard, namely "Winning in Profits, Winning in Products, Winning in Brands, Winning in Networks and Winning in Systems". Also, we defined specific evaluation criteria for future acquisitions. For a healthy business development, we not only continued to improve upon our four core competencies, namely "product innovation", "brand building", "sales and distribution network" and "supply chain management", but also continued to refine our management systems, organisational structure and human resources management.

During the year the management team succeeded the following key tasks:

(A) Change in organisational structure:

Reform has been the most distinct characteristic of China Foods in 2011.

During 2011, the Company formulated a detailed execution plan for the reform of its organisational structure in line with its development plan. We organised various functional departments to develop the restructuring plan and timetable. In order to succeed, we convened various meetings with managers and strategic distributors to canvas the reform proposals. Through this we refined the division of responsibilities and departments' functions, selected key personnel, formulated policies and procedures and also made adjustments to our management team, management method and organisation.

By the end of 2011, the Company had completed the reform and integration of its overall organisational structure. Save for the beverage business unit which will continue to operate independently as its operation is restricted to its franchised territories, the other business units, namely the wine, kitchen foods and confectionery business units were dissolved. The new organisational structure consists of a nine-region sales platform covering the whole China market and a centrally-managed supply chain system with the support from sixteen professional functional departments. This structure has achieved a "clear division of functions and a centrally managed regional operational platform managed by a professional team". We have transformed our organisation from a "product specific" business unit management model to a new centrally directed matrix organisation model of a typical "fast moving consumer goods company".

Commencing from January 1, 2012, save for our beverage business unit, we are operating under the new organisational structure. Accordingly, the management structure and information systems and sales of multiple product categories are operating under the unified sales platform which demonstrates the successful implementation of this reform.

This change has enabled China Foods to operate a large scale integrated sales and marketing platform with personnel, resources and management being integrated. From a future developmental perspective, it is envisaged that China Foods will not simply own a few industry-leading product categories, but more importantly, it will own and operate an efficient sales and marketing platform capable of handling multiple product categories and multiple brands.

(B) Achieving the budgeted performance during the reform:

The development of our business is as important as our reform.

We are pleased to announce that we have achieved encouraging annual results for 2011. Compared with 2010:

- Our Revenue Growth: reached HK$28,011 million, up 40.4%.
- Our Gross Profit Growth: reached HK$6,662 million, up 31.1%.
- Our Operating Profit* Growth: reached HK$1,112 million, up 41.1%.
- Our EBITDA^ Growth: reached HK$1,596 million, up 32.0%.
- Our Bottom Line[#] Growth: reached HK$646 million, up 51.0%.
- Our Earnings Per Share Growth: reached HK23.12 cents, up HK7.81 cents.

* Operating Profit of the Company and its subsidiaries (together the "Group") represents the aggregation of segment results less corporate and other unallocated expenses.

^ EBITDA represents earnings before finance cost, income tax expense, depreciation, amortization of other intangible assets, recognition of prepaid land premiums and share of profits of associates.

[#] Bottom Line represents the profit attributable to owners of the parent.

As a whole, our 2011 results achieved satisfactory growth and an improvement in profitability compared with those in 2010. Except for confectionery products, our overall performance in 2011 achieved our budgeted performance as the performance of each product type was better than its respective key competing products.

- ***Kitchen Food Products:*** Significant improvement for consumer-pack edible oil has been recorded in terms of both market share and profitability compared to 2010.
- ***Beverage Products:*** Robust growth in sales volume and sales revenue have been recorded in our bottling group's franchised territories driven by its marketing of the leading brands, resulting in an increase in market share and furthering its leading position amongst major competitors. Our profit margin remained relatively stable under the pressure of rising raw material costs.

- ***Wine Products:*** Sales volume has further recovered due to refinement of our new sales and distribution model and the continuing enhancement of product mix. Attributable to the continuing enhancement of product mix is that focus on the high-end "Greatwall Chateau Sungod" product and the launch of the new "Greatwall Terroir" wine series, which features medium- to high-end products from around the world. The average unit selling price in 2011 has markedly improved and, as a result, profit margins have also improved.

- ***Confectionery Products:*** Performance fell below our expectations at the beginning of the year, mainly due to rising costs of raw materials and the lack of economies of scale.

(C) Exploring new categories for future external expansion:

With respect to future external expansion, the Company has defined five selection criteria for acquisition targets including industry scale, rapid growth, high profit margins, low concentration and a similar business model to the existing product categories of the Company. We plan to select our product categories based on these five criteria. Following the acquisition of a Chilean vineyard and winery last year, the Group successfully acquired Château de Viaud in Bordeaux, France this year. We are actively seeking potential acquisition opportunities in the United States, Australia, Spain and other regions as sources of good quality and competitively priced wine for importation into China. In addition, we are preparing the launch of our new seasoning sauces including soy source and vinegar.

The management team's key performance tasks for the year analysed by the "five-wins" benchmarking indicators are as follows:

1. Winning in Products

(1) 2011 sales revenue analysis

- ***Beverage Products:*** Our sales revenue amounted to approximately HK$10,517 million in 2011, an increase of approximately 32.8% compared to 2010; sales volume reached approximately 570.35 million unit cases in 2011, up 17.3% compared to 2010. Strong growth in sales revenue and sales volume is mainly attributed to the effective execution of our distribution channel and market development strategy. At the same time, sales revenue per unit case was higher than that of last year through the optimisation of pricing and an improvement of our product mix.

- ***Wine Products:*** Our wine business was actively involved in the strategic restructuring of its sales and distribution model in 2010. It also enhanced its brand marketing and product mix by focusing on high-end and medium- to high-end products. During 2011, as the new sales and distribution model underwent further refinements, annual sales volume decreased by 2.1% compared to 2010, being approximately 132.29 million bottles (which is equivalent to approximately 1,330 bottles/ton based on a 750ml/bottle.) The decrease in volume was also a result of the comparatively high proportion of low-end wines sold during 2010 under the old distribution model. However, the decline in sales volume is clearly recovering when compared to the decrease in sales volume of 9.1% recorded during 2011 interim period. Our newly launched medium- to high-end "Greatwall Terroir" wine series, contributed approximately 10% of our sales revenue in the first year of launch. The sales revenue of our high-end brand, "Greatwall Chateau Sungod", increased by approximately 72% compared to 2010 whereas our high-end Chateau Junding, which conducted an ongoing promotion and marketing campaign, recorded an increase of approximately 96% in sales revenue compared to 2010. Driven by the above factors, the average unit selling price of wine products has markedly improved, and the total sales revenue stood at approximately HK$3,693 million, an increase of 18.6% compared to 2010.

- ***Kitchen Food Products:*** Sales revenue was approximately HK$13,141 million in 2011, an increase of 57.5% over 2010, and sales volume was approximately 1.035 million tons, an increase of 28.9% over 2010, which mainly reflects the strengthening of our channel penetration and the broadening of our sales network, the increase of product competitiveness and a significant increase in our market share.

- ***Confectionery Products:*** Sales revenue for the year 2011 was approximately HK$659 million, an increase of 14.4% over 2010, and sales volume was approximately 9,070 tons, up 19.1% over 2010, which mainly reflects the launch of new products, the strengthening of our channel penetration and an enlargement of our sales network.

(2) Formulation of new product research and development management processes

During the year, the Company has formulated, unified and standardised management processes for the research and development, and the launching and assessment of new products focusing on specifications in key areas. These management processes were approved by the research and development and innovation committee of the Company. We have been focusing on the application of new products research and development management process. This has included holding a wine products gift boxes workshop which has helped to create new concepts for presenting and packaging our products. Furthermore, we have proceeded to conduct customer trial exercises for new products in advance of their formal launch.

(3) Key new products launched in 2011 and their performance

- ***Beverage Products:*** A new product type "Minute Maid peach juice drink" (美汁源滑粒蜜桃) has expanded the product category of the Minute Maid series (美汁源"果粒家族"), thus boosting the sales volume of the Minute Maid series and becoming a growth driver for sales revenue.

- ***Wine Products:*** To commemorated the founding of the Chinese Communist Party and further to consolidate our brand positioning as the "Honour and Pride of our Nation," we launched a Greatwall Chateau Sungod Limited Edition Wine for the Chinese Communist Party's 90th Anniversary (長城桑干酒莊建黨90周年限量版紀念酒). In order to meet the demand for high-end wine gift box products, we have successfully developed the new Greatwall Chateau Sungod two-bottle pack and four-bottle pack gift boxes. With respect to medium- to high-end products, we have launched our new "Greatwall Terroir" wine series with a core brand positioning emphasising quality wines selected from the finest wine regions in the world. The "Greatwall Terroir wine" series was successfully launched through nine trade fairs and sales promotion seminars.

- ***Kitchen Food Products:*** We focused on the promotion of "Fortune Golden Origin Maize Oil" by communicating the theme of the health benefits of our edible corn oil to consumers, and thereby enhancing the image of "Fortune" corn oil. We aimed to develop the "Fortune" brand as the leading brand in the edible corn oil sub-category. Furthermore, we actively promoted another key product "Fortune Algal Oil DHA Grain Blended Oil" under the theme of "nurturing the brain, caring for all 關愛大腦、呵護老幼". We also launched the "Fortune zero-additive soy sauce series" under the "Fortune" brand, which is in line with "Fortune" brand's core values of "Product safety, healthy nutrition, care and happiness".

- ***Confectionery Products:*** We focused on the adoption of our product differentiation strategy for the innovation of new products such as our black hazelnut syrup aerated chocolate bowl series, orange flavored jelly candy with chocolate and strawberry flavored jelly candy.

Overall, new products launched in 2011, being products launched within two years, performed well, contributing some 16.3% of our sales revenue, an increase of 5.3 percentage points compared with 2010.

(4) Optimisation of production lines

- ***Beverage Products:*** We have optimised the volume of certain bottled sparkling beverages and juices to cater for customer preferences for container sizes.

- ***Wine Products:*** We have substantially consolidated our product mix and developed specific product series aimed at different markets and price points by optimising the different tiers of "Greatwall" wine from high-end to low-end and eliminating poorly performing products to help further enhance the brand image of "Greatwall."

- ***Kitchen Food Products:*** As consumer demand increases for enhanced oil types is on the rise due to a greater awareness of health, we have adopted a product differentiation strategy by increasing our efforts to promote the continued growth in high value-added oil products through the launch of "安達露西" olive oil and "亞油酸型" premium soybean oil. Capitalising on the advantage of the COFCO group's upstream production capacity, we have promoted further development of our two key products, namely the "Fortune Golden Origin Maize Oil" and "Fortune Algal Oil DHA Grain Blended Oil".

- With respect to confectionery products, we have refined the flavour, packaging and cost of our products and upgraded their market image.

2. *Winning in Brands*

(1) Market performance analysis

- ***Beverage Products:*** Coca-Cola sparkling beverage and Minute Maid juice brands recorded significant growth in sales volume according to market research conducted by AC Nielsen at the end of 2011. Market share by volume for Coca-Cola sparkling beverage and Minute Maid juice brands improved by 0.6 percentage points and 1.2 percentage points respectively, which continue to exceed their respective competitors and maintain the No.1 ranking in market share of their respective categories within the franchised territories of our bottling group. The overall market performance of sparkling beverages outperformed competing products. Minute Maid juice brand achieved outstanding market performance as evidenced by it maintaining its lead over competitors in both sales volume and distribution coverage.

- ***Wine Products:*** While the new sales and distribution model has been subjected to on-going refinement, sales volume decreased compared to 2010. According to market research conducted by AC Nielsen at the end of 2011, the "Greatwall" brand recorded a slight decline in market share by value of 1.2 percentage points, but it still maintains its leading position over its key competitor by a material margin and continues to maintain its No.1 ranking. Its market penetration remains stable and brand healthiness testing still ranks it higher than its peers, although a slight decrease in distribution coverage has been experienced.

- ***Kitchen Food Products:*** According to market research conducted by AC Nielsen at the end of 2011, the "Fortune" brand consumer-pack edible oil secured a No. 2 ranking in market share and its market share by value increased by 1.3 percentage points, as a result the gap between "Fortune" and the market's leading brand has narrowed. All other benchmarks such as distribution coverage, brand healthiness and market penetration have also improved.

- ***Confectionery Products:*** Key competing brands have increased their marketing investments during the year. According to market research conducted by AC Nielsen at the end of 2011, the "Le conté" brand ranked No. 3 by market share and its market share by value declined 1.2 percentage points. In order to enhance market penetration, we have organised sales outlet promotions and brand communication activities during major festivals.

(2) Clearly defined brand position and optimising branding strategy

- ***Beverage Products:*** We continue to consolidate the leading position of sparkling beverages by strengthening the qualities of the brand of "Refreshing 爽動" for Coca-Cola, "Cool to heart, free from heart 透心涼，心飛揚" for Sprite and "Everybody loves fruit granules 人人愛果粒" for Minute Maid juice respectively.

- ***Wine Products:*** We completed the repositioning of the Greatwall brand by giving it a clear focus on its position as the "Wine Expert" and by consistently emphasising the high-end premium wine image of the "Greatwall Chateau Sungod" and medium-to high-end wine image of the "Greatwall Terroir". We continued to rationalise our existing regional and table wine ranges by the release of new product offerings and elimination of less popular wines. We also initiated Greatwall Global Chateaux concept to promote our brand image.

- ***Kitchen Food Products:*** We clearly defined consumer-pack edible corn oil as the breakthrough category in our range and rapidly established a leading position for the category and enhanced its brand image. We positioned Fortune brand as the "Kitchen Foods Expert" with the intention of creating a wide range of kitchen products under the brand. This has been supported by our new promotion of Fortune offering a "Safe quality, Happy life 品質安全，幸福臨門".

- ***Confectionery Products:*** We continued the dual-brand strategy for "Le conté" and "Merveille". We completed the rationalisation of all the "Le conté" product line, refined its positioning and packaging. Our "Merveille" brand has positioned its product as being "delicious" and enhancing "happiness" through brand communication and sales promotion activities.

(3) Online media communication

- ***Beverage Products:*** We have integrated our advertising resources by placing advertisements through television, internet and outdoor broadcasting. Our advertising resources were mainly invested in core brands such as Coca-Cola, Sprite and Minute Maid juice. Furthermore, we have selectively increased media communication for Fanta and juice milk in certain key sales markets.

- ***Wine Products:*** We continue to advertise through national media which has strong national and industry influence and high credibility such as CCTV/Airlines and national news and business magazines to consolidate a high-end brand image. We also used new media and interactive channels such as internet blogs, LED display screens at office buildings and celebrity testimonials to promote the "Greatwall Terroir" series.

- ***Kitchen Food Products:*** We conducted television and outdoor media activities on a theme of DHA for the brain and also launched nationwide "Fortune Golden Origin Maize Oil" under the theme of "Golden Storm" edible corn oil in a multi-media campaign using television, outdoor advertising, radio, print and other media. Integrated with the concept of "Fortune becomes the designated edible oil for aerospace", we commenced a series of marketing activities to promote our products at the end of November 2011.

- ***Confectionery Products:*** We integrated the official websites for "Le conté" and "Merveille" and commenced the promotion and network communication of the "happy and affectionate Merveille" concept. We also conducted network marketing and promotion activities through the flagship store on taobao.com, and group purchase websites.

(4) Sponsorship and promotional events

- ***Beverage Products:*** We have continued to build a strong public image of corporate citizenship by organising the "Contest to select torchbearers, reporters and support teams at stadium of Universiade Shenzhen 2011", the "Sprite NBA Slam Dunk Contest" under the theme of「雪碧搜尋中國創意灌籃王」and the "COFCO Coca-Cola Photo Taking Contest" and effectively increased our brand's exposure to consumers and enhance the awareness and acceptance of our brands.

- ***Wine Products:*** We held a news conference following our appointment of international winemaking master Mr. Michel Rolland, sponsored the Boao Forum for Asia and held press release events following our acquisition of Château de Viand in France with an aim of strengthening the international image of the Greatwall brand. These activities attracted the attention of both foreign and domestic news agencies, China national and local media, resulting in many press releases and in-depth interviews.

- ***Kitchen Food Products:*** "Fortune" was the only edible oil brand selected by Millward Brown as one of the "Top 50 Most Valuable Chinese Brands" We also organised the "COFCO Fortune – 2011 National Vocational Students Cooking Skills Competition" with the Ministry of Education and commenced a nationwide project named "Beneficial to the People" to supply edible oil to low-income households.

- ***Confectionery Products:*** The "Le conté" brand cooperated with twelve magazines including "Rayli瑞麗" and "Fellow Traveller旅伴" to promote the brand with soft advertising under the theme of "For the Love of Chocolate" (《濃情巧克力》) during Valentine's Day in 2011.

(5) Promotional activities at point-of-sale

- ***Beverage Products:*** We have promoted all our brands under Sprite's theme of "Relaxing at Home" ("在家休閒") during the Mid-Autumn Festival and the National Day holidays. We boosted the sales volume of sparkling beverages, Minute Maid juice and juice milk by our "揭金蓋，暢飲暢贏" free-drink promotional campaign and, as a result, we successfully translated consumers' brand preference and loyalty into their desire to purchase.

- ***Wine Products:*** We conducted a marketing campaign for the launch of the "Greatwall Terroir" wine series through direct marketing by arranging free-tasting, complimentary offerings on purchases and outlet marketing at points of sale located in all key cities across the country with an aim of successfully promoting our core message of "Exquisite Wines selected from the Finest Wine Regions in the World全球甄選、共享天賦" to our target customer market. Also, we organised Greatwall Chateau Sungod wine tasting events followed by in-depth discussions with wine consuming opinion leaders and core customers. The Mid-Autumn Festival and National Day Holiday promotion activity which covered all wine categories was the first of such large scale in-store promotion activity to take place in China.

- ***Kitchen Food Products:*** We conducted a nationwide marketing campaign under the theme of "Happy Year to Rabbit to you, Happy life (Happy兔You, 幸福臨門)" during the Chinese New Year and "Safe quality, Happy life品質安全，幸福臨門" during the Mid-Autumn Festival and National Day Holiday. We enhanced the "Fortune" brand image by launching the "Fortune Golden Origin Maize Oil" with the theme "Originates from the Golden Corn Fields of the World源自世界黃金玉米帶."

- ***Confectionery Products:*** We employed a thematic promotion under the catch phrase of "Most rich and pure, Le conté my favour至濃至醇，至愛金帝" during important festivals throughout the year as the major platform to promote sales and increasing brand awareness with, for example, the expression of love during the Seven Sisters Festival and Valentine's Day and celebrating family love during the Mid-Autumn Festival, Christmas and Chinese New Year. We also promoted new products such as aerated chocolate and juice jelly candy at major cities and stores in China by direct marketing through free-tastings.

3. Winning in Networks

(1) Regional integration of sales platforms

In 2011, the Company decided to divide its national sales market into nine regions, namely the Beijing-Tianjin-Hebei region, Northeastern China region, Northern China region, Eastern China region, Shanghai region, Southern China region, Central China region, Northwestern China region and Southwestern China region. This was based on our assessment of each region's potential and our presence and performance in each region.

We designed the organisational structure both at the head office and regionally, established key positions and formed core management teams of all regions. We also developed the grouping criteria for different cities and different customer groups, set up unified customer service centres and mapped respective corporate customers and sales channels based on their differing characteristics. As an essential part of this restructuring, we have implemented it on a stage by stage basis in order to ensure its completion will not have any negative effect to the stability of the Company's businesses.

In July 2011, we successfully held the first strategic distributor meeting to publicise the Company's development plan. This received a very positive response from customers. Over 80 strategic distributors and 110 managers of the Group attended the meeting in which the new management team explained its organisational development plans. The Company's new management team also addressed questions raised by customers and openly discussed any matter of concern with them during a forum session. The meeting helped to align the development plan of the Company and the interests of its customers, and was successful in promoting our communication with customers and their confidence in the Company.

(2) *System building in sales and distribution channels*

With respect to beverage products, based on our analysis principles of visibility, controllability and profitability, we applied different sales models for differentiated markets with different degree of market sophistication. In rural markets, we selected business partners with capability to expand our retail outlet coverage in these markets. In urban markets, we continued to foster strategic partnerships with our key account customers with a view to establishing long-term, stable and strategic business relationships with major regional customers in order to develop an information sharing platform, joint information analysis and joint business plans.

The Company has taken the following steps to strengthen our sales and marketing platform by achieving synergy between different channels during 2011.

- We established a group purchase platform with centralised communications, settlement and customer services by formulating a group purchase plan and assessed the process effectiveness of the platform by evaluating it against various case studies. We completed a number of projects on this platform including group purchases of multi-product categories from Datang Microelectronics Technology, Shanghai Dulux and Shanghai Sanofi;

- We promoted the synergies of on-premise channels and developed a sales plan for a dining-in channel via sharing and discussion of experience. We set up a typical catering store under the model of "Serving both Frontend Store + Backend Kitchen前臺+後廚" in Beijing during the second half of 2011 and by selecting certain "South Beauty俏江南" restaurants as our "flagship stores" for on-premise channels which was a successful demonstration of a multi-product collaboration.

- We coordinated joint promotional activities for multi-product categories at a number of large supermarkets, including Walmart and Beijing Hualian Hypermarket during major festivals, and promoted sales in Beijing convenience stores operating under the 7-11 franchise. Benefiting from the Company's overall synergy, we entered into a national strategic cooperation framework with PetroChina uSmile convenience stores and formulated a unified development plan for multi-product categories. We will continue to promote business cooperation in other provinces and regions.

- Currently, China Foods has established a unified 4-tier sales organisational structure comprising its head office, regions, provinces and cities, together with central management team for special channels, on-premise channels and off-premise key accounts channels, ensuring professionalism and synergies for our regional platform in both channel management and customer management.

4. *Winning in Systems*

(1) Supply chain system

The Company regards food safety as critically important and has made strenuous efforts to establish a comprehensive risk management system through strictly complying with various external and internal quality standards and precautionary measures, enhancing the management of our product quality control department and strengthening the monitoring and inspection of our production processes. As the DEHP contamination scandal unfolded in 2011, the Company promptly established a specialised team to conduct thorough inspections of all product formulations and workflow processes, sent samples of products and packaging materials for inspection by third party laboratories and made arrangements for inspections by government organisations. No DEHP was detected. Meanwhile, we have strengthened food safety risk management through the inspection of our suppliers' product formulations and production processes. All relevant inspection reports showed that all the samples of our products, additive materials and packaging materials of our suppliers are in compliance with national standards.

In 2011, the Company contracted with an external audit firm to conduct a quality management system certification for our factories. All of our factories passed both the external and internal audits. We formulated a risk control framework for the complete value chain and a traceability system framework, and required each factory to establish a food protection programme. We have also issued unified "Health Standards for Quality Management System" and "OEM Certification Standards". The pollutants emitted from the factories of the Company and the concentration of pollutant conformed to national standards. Energy consumption per RMB10,000 production was reduced by 4% and total COD emissions reduced by 18%. The results of tests on energy consumption, efficiency and technique were all better than the benchmarks we had established. We have also instituted new operational management standards for all new, renovation and expansion construction projects. These new standards have applied to the construction of a new bottling plant in

Shijiazhuang and the installation of three new production lines in other bottling plants, the expansion of Château Sungod and the construction of our Ningxia winery.

To improve the quality of raw materials and enhance food safety assurance, we have committed to increase the ratio of grape supply from self-owned and co-operative vineyards for our wine production. Currently, approximately 63% of our grape supply comes from self-owned and co-operative vineyards.

In respect of production capacity expansion, we commissioned a new PET production line at our Gansu plant for our beverage products. We are now planning to add new production lines at our Hunan, Shandong and Hebei plants in order to support the expansion of our sales coverage in the area and improve our operational efficiency. As of the end of 2011, our annual sparkling beverages bottling capacity was approximately 600 million unit cases, a moderate increase compared with that at the end of 2010. Our wine production bases in Ningxia and Xinjiang are under construction. Bottling capacity at the Ningxia plant will be approximately 20,000 tons per annum while the fermentation capacity of the Xinjiang fermentation centre will be approximately 30,000 tons per annum. This too will enable us to expand our sales coverage and improve our operational efficiency.

In light of the increasing market demand for our edible oils, we have strengthened the collaboration with our parent COFCO group in order to benefit from their increased upstream capacity from new production factories and we have clearly identified the production capabilities for each oil type and category. This will enable us to optimise and improve the logistics efficiency and to ensure sufficient supply within our sales regions. Our relationship with third party OEM sub-contractors allows us to plan for optimal utilisation and logistic support to increase our responsiveness to the market and to improve our customer order fulfillment rate.

(2) Organisation and team building

During 2011, with respect to talent planning, the Company has formulated the "China Food 2011-2015 Talent Planning Report," which set out the talent demands, talent development measures and key projects for the next five years.

We used a variety of recruitment channels for our talent recruitment and focused on attracting talent in research and development, marketing, information technology and supply chain to fill causal vacancies arising from staff turnover. During the organisational restructuring, the staff turnover rate of provincial sales managers was lower than the average staff turnover rate of the Company.

During the organisational restructuring, we formulated clear standards and procedures for selecting appropriate talent. The candidates' experience in the fast-moving consumer goods industry, management experience in multi-product categories, educational attainment, leadership in managing large teams and past work performance are carefully reviewed and assessed. On this basis, we thoroughly assessed the leadership skills of the candidates by

360 degree assessment and conducted independent evaluations of their approach to work, which enable to us to understand better the overall qualifications of the candidates before conducting two rounds of group interviews. Following this, candidates who fulfilled the specific requirements of the posts were then selected.

In regard to our talent training, we completed a leadership development training for front-line supervisors and middle management during the period when we were implementing our organisation reform, and established the "China Foods Business School" in line with the development strategy of the Company. Upon the completion of the implementation of reforms, we organised cross-product category training for front-line business managers in order to improve their understanding and knowledge of, and familiarity with all our product categories, brands, sales and marketing models.

In order to retain and incentivise management, we granted a second batch of share options to our core management team. In coordination with the new organisational structure, the Company also set up an incentive program specifically for the sales teams of different product categories.

We continue our efforts to promote our corporate culture. In this regard, we promoted the smooth implementation of our reforms of our organisation structure, and communicated the philosophy behind the organisational restructuring through the core concept of "advance through reform, teamwork for win-win".

With respect of our system building, we continued to optimise performance management and commenced the use of an electronic performance assessment system.

(3) Information systems

The Company continued to refine the use of its enterprise resource planning and customer relationship management systems and installed its business process management system. Through internal and external network platforms, we have created an integrated management and control platform to manage our business by centralising the approval process and strengthening budget management with an aim of facilitating our organisational restructuring.

In addition, the Company launched a distributor management system (the "DMS System") to obtain channel stock data at distributor level and point of sale as well as information on retail prices. This will enable us to monitor the value chain of distributors and retail prices at terminal points of sale more effectively and promote the computerisation of distributors and refine their management. Such measures will strengthen our knowledge and control of the stock levels within the channel system. By the end of 2011, save for the beverage products, we have installed the DMS system at over 300 distributors of various product categories and we aim to complete the installation of our DMS system for a total of 500 key distributors by the first half of 2012. It is expected that the sales of those key distributors will comprise the majority of our sales revenue after the completion of installation and provide comprehensive real-time information on our distributor chain.

For our beverage products, we have been taking measures to promote and then expand the coverage of our mobile customer management system, as it can improve the efficiency of customer site visits by standardising the services provided by our sales representatives to customers and enhancing the quality of our service. Meanwhile, we have commenced our research and development of our "E3S Electronic Receipt and Payment Platform Project" with a view to provide our customers with one-stop delivery, receipt and payment services through mobile technologies and an electronic payment platform to improve efficiency in settlement and reduce operational risks.

(4) Internal control systems

In order to support organisational restructuring and regional integration, we have modified the overall structure of the audit department by establishing an information technology audit team and a sales region audit team along with the existing internal audit team, and disciplinary and supervisory team. We hope that these new teams will help to strengthen the monitoring of the core SAP system as well as the daily management and control of various sales regions.

With respect to risk management, we focused on certain high-risk areas identified in our risk assessment being principally food safety, authority and cost control risks. We conducted further analysis and refined our risk management system by clarifying specific control measures, control record keeping and personnel-in-charge for the respective risks.

In order further to codify and strengthen the internal management of the Company, we formulated the "China Foods Chart of Authority" which clearly defined the rights and responsibilities of all internal departments to ensure more effective control over costs and to ensure that our business activities are conducted in an efficient and orderly manner.

During the implementation of certain information systems, the audit department has verified and confirmed that those processes which involve alteration to data complied with internal control requirements.

Furthermore, the Company continued vigorously to combat various types of intellectual property infringement and strengthened the protection of intellectual property during the year. We also mitigated our legal risks through standardising contract management, effectively resolving outstanding litigation and disputes, improving the compliance system and completing special audits.

5. Winning in Profits

Beverage Products: We were able partially to pass through pressure from rising costs of key raw materials with the optimisation of the pricing and improvement of our product mix. To cope with the pressure from rising raw material costs under our cost management measures, we also applied diversified procurement strategies, strengthened cost control and budget management to improve cost efficiency. Segment results stood at approximately HK$531 million, an increase of 1.3%.

Wine Products: With our continuing effort to promote the high-end Greatwall Chateau Sungod and the successful launch of the medium- to high-end Greatwall Terroir series, the sales portfolio of our wine business continued to improve and gross profit margin increased by approximately 4.9 percentage points. Segment results recovered substantially to approximately HK$633 million, an increase of 73.4% compared to last year.

Kitchen Food Products: In order to cooperate with the government's goal of stabilising the volume supply and the selling price of edible oils, the Company has taken proactive measures to stock expected volumes in advance whilst seeking relevant government support. The Company actively optimised the product mix, strengthened its market penetration and developed sales and distribution channels, monitored the level of channel stock and maintained a balance between its business objectives and those of the government. As a result, both sales volume and profits increased significantly. Benefiting from its operating leverage, segment results improved substantially to approximately HK$162 million, an increase of 376.5% compared to last year.

Confectionery Products: Segment results recorded a loss of approximately HK$95 million, an increase of 20.2% compared to last year. As mentioned above, the performance of confectionery products fell below our expectations at the beginning of the year, which was principally attributable to the rising costs of raw materials and the lack of economies of scale. Despite this, we believe this sector holds out the prospects of satisfactory returns and it is apparent that a number of our competitors have performed well. We are confident that we can attain a similar performance as them after implementation of our new sales and marketing model in 2012.

For our treasury and liquidity management, the Company established capital planning procedures during 2011 to strengthen the predictability of cash flows and to enhance centralised capital management and funds allocation a through centralised capital pool for the purpose of saving external financial costs. With respect to our financing management, besides the use of centralised capital management, we continued to promote the use of supply chain financing and to utilise Hong Kong Dollar borrowings to finance our mainland business to reduce the effective cost of financing.

As regards our tax planning, the Company completed its feasibility study on the rationalisation of the effective rate of income tax and introduced more effective tax planning. As a result, the effective tax rate was reduced to 29.8%, compared to the effective tax rate of 31.9% in 2010.

OVERVIEW

In 2011, we not only completed our organisation reform successfully but also achieved in promising growth. Following the organisational reforms in 2011, our new management team, sales channels and system resources must continue to coordinate their efforts so that the Company keeps abreast with market development and is able to explore opportunities with it. This will enable our branded businesses to maintain growth, and enable the value of our Company to be further enhanced.

FINANCIAL REVIEW

Supplemental information to segment results of the Group for the year ended 31 December 2011 with comparative figures, are set out below:

	For the year ended 31 December	
	2011	2010
	%	%
Growth of volume by segment:		
– Beverage (unit cases)	**17.3**	14.4
– Wine (bottles)	**-2.1**	-18.4
– Kitchen Foods (tons)	**28.9**	25.6
– Confectionery (tons)	**19.1**	8.0
Growth of revenue by segment:		
– Beverage	**32.8**	11.6
– Wine	**18.6**	-2.6
– Kitchen Foods	**57.5**	38.9
– Confectionery	**14.4**	10.9
Segment results to revenue ratio:		
– Beverage	**5.1**	6.6
– Wine	**17.1**	11.7
– Kitchen Foods	**1.2**	0.4
– Confectionery	**-14.4**	-13.8
Effective tax rate *(Note 1)*	**29.8**	31.9

Note:

1. The calculation of effective tax rate of the Group is based on tax divided by adjusted profit before tax after excluding the contributions by share of profits of associates.

REVENUE

The Group's total revenue for the year grew by approximately 40.4% over the last year, as the combined effects of:

- The revenue growth of Kitchen Foods segment, with explosive growth in sales volume attributable to the strengthening of our channel penetration and sales network building, increasing product competitiveness and significant expanding of our market share.

- The revenue growth of Beverage segment, with strong growth momentum in sales volume mainly driven by the effective execution of distribution channel and market development strategy. At the same time, sales revenue per unit case was higher than that of last year through the optimisation of the pricing mechanism and improvement of our product mix.

- The revenue growth of Wine segment, with progressive improvement in its product mix enhancement mainly driven by key product types such as "Greatwall Chateau Sungod", "Chateau Junding" and "Greatwall Terroir" under the new sales and distribution model, that outweighed the impact of a slight decline in overall sales volume as the comparative volume was partially conducted under the old sales and distribution model; and

- The revenue growth of Confectionery segment, with improvement in sales volume attributable to the launch of new products and the strengthening of our channel penetration and sales network building.

GROSS PROFIT MARGIN

Overall gross profit margin dropped from 25.5% to 23.8% due to higher contribution to revenue by Kitchen Foods segments with relatively lower gross profit margin during the year.

For Wine segment, our continuing sales and promotion of the high-end Greatwall Chateau Sungod and the successful launch of the medium-to high-end Greatwall Terroir series contributed to the sales revenue together with gross profit margin increase of approximately 4.9 percentage points.

For Kitchen Foods segment, in cooperation with the government's goal to stabilize the volume supply and the selling price of edible oils, the Company has taken proactive measures to stock expected volumes in advance whilst seeking relevant government's support. Also, the Company actively optimised the product mix.

For Beverage segment, we were able to partially pass through pressure from rising costs of key raw materials with the optimisation of the pricing mechanism and improvement of our product mix. To cope with the pressure from rising raw material costs under our cost management measures, we also applied diversified procurement strategies, strengthened cost control and budget management in improving cost efficiency.

As a result, gross profit margin of both Kitchen Foods segment and Beverage segment slightly dropped.

For the small-scale Confectionery segment, gross profit margin decreased due to cost pressure from price increases in its key raw materials and packaging materials.

SELLING AND DISTRIBUTION COSTS

Aggregate selling and distribution costs grew by 26.5%, less than the magnitude of revenue growth. Overall selling and distribution costs to revenue ratio dropped mainly due to the benefit of operating leverage in scales of respective business segment and tightened selling and distribution cost control with room for on-going improvement.

ADMINISTRATIVE EXPENSES

Aggregate administrative expenses grew by 25.6%, less than the magnitude of revenue growth. Administrative expenses to revenue ratio dropped mainly due to operating leverage in scales of respective business segment despite the increase in administrative expenses attributable by the general expansion of management functions, pre-operating expenses of new subsidiaries in the PRC and overseas and increase in share option expense.

FINANCE COSTS

Overall finance costs dropped by 18.5% which was mainly due to continuing enhancement of the centralised capital management by allocating funds from centralised capital pool with an aim to save external financial costs.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates increased slightly by 2.2%, mainly due to cost pressure from price increases in its key raw materials and packaging materials.

INCOME TAX EXPENSE

The Company completed the feasibility analysis regarding rationalisation of the effective income tax rate and started the tax planning arrangement, which decreased to 29.8% during the year, down by 2.1 percentage point as a progressive improvement of the tax planning arrangement.

The combined impacts of uncertainty of tax deductibility of prolonged losses of certain subsidiaries, non-tax deductibility of certain corporate expenses at headquarter and certain business units, together with pre-operating expenses of new subsidiaries in the PRC and overseas contributed to an effective income tax rate relatively higher than statutory tax rate in the PRC, but with foreseeable room for improvement under group tax planning.

LIQUIDITY AND FINANCIAL RESOURCES

The Company's treasury function formulated financial risk management procedures, which are also subject to periodic review by the senior management of the Company. This treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange rate risks, reallocating surplus financial resources within the Group, procuring cost-efficient funding and targeting yield enhancement opportunities. The treasury function regularly and closely monitors its overall cash and debt positions, proactively reviews its funding costs and maturity profiles to facilitate timely refinancing, if appropriate.

As at 31 December 2011, the Group's unpledged cash and cash equivalents totalled approximately HK$1,790 million (31 December 2010: approximately HK$1,741 million), and the Group's net current assets were approximately HK$1,830 million (31 December 2010: approximately HK$1,525 million).

During the year, due to working capital changes for preparation of peak season sales during Chinese New Year, the net cash inflow from operating activities was approximately HK$666 million (2010: approximately HK$125 million) whereas the EBITDA amounted to approximately HK$1,596 million (2010: approximately HK$1,209 million).

Having considered the normalized cash flow from operating activities, unpledged cash and bank deposits and current bank and other borrowings and banking facilities available to the Group, the management believes that the Group's financial resources are sufficient to fund its debt payments, day-to-day operations, capital expenditures and prospective business development projects.

Held-to-maturity investments represented corporate bonds with expected redemption dates falling within the coming two years or three years at dates of purchase. The Company has no exposure in mortgage-backed securities, collateralized debt obligations or similar asset classes.

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 exchange rate downside risk exposure of the Group is limited.

The Company cautiously uses derivatives principally in the form of future contracts and interest rate swaps as appropriate for financial risk management purpose only, in hedging cash flows against the exposure caused by sharp rise in raw material price and interest rate volatility. Entering into derivative transactions for speculative purposes and investing liquidity resources in financial products with significant underlying leverage or derivative exposure are absolutely prohibited.

CAPITAL STRUCTURE

During the year, the total number of issued shares of the Company increased by 432,000 shares as a result of certain employees of the Group exercising their share options granted in 2007. As at 31 December 2011, the total number of issued shares of the Company was 2,792,891,756.

As at 31 December 2011, the Group had certain interest-bearing bank borrowings of approximately HK$1,761 million (31 December 2010: approximately HK$1,487 million) and other borrowing of approximately HK$56 million (31 December 2010: approximately HK$29 million).

Bank borrowings carried annual interest rates ranging between 0.61% and 4.63% (31 December 2010: between 0.72% and 5.31%). Other borrowing carried annual interest rate of 6.1% (31 December 2010: 4.59%).

As at 31 December 2011, net assets attributable to owners of the parent were approximately HK$6,670 million (31 December 2010: approximately HK$5,947 million) and net borrowing position of the Group (unpledged cash and cash equivalents less interest-bearing bank and other borrowings) was approximately HK$27 million (31 December 2010: net cash position of approximately HK$225 million) and the net gearing ratio was approximately 0.4% (the ratio of net borrowing to net assets attributable to owners of the parent) (31 December 2010: not applicable due to net cash position).

CONTINGENT LIABILITIES AND ASSETS PLEDGED

As at 31 December 2011, the Group had no material contingent liabilities.

As at 31 December 2011, certain bank borrowings of the Group were secured by charges over certain buildings and time deposits of the Group with aggregate net book value of approximately HK$118 million (31 December 2010: approximately HK$168 million).

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2011, the Group employed approximately 17,546 staff in Mainland China and Hong Kong (31 December 2010: 16,027). Employees are paid according to their positions, performance, experience and prevailing market practices, and are provided with management and professional training. Employees in Hong Kong are provided with retirement benefits, either under a Mandatory Provident Fund exempted ORSO scheme or under the Mandatory Provident Fund scheme, as well as life insurance and medical insurance. Employees in Mainland China are provided with basic social insurance and housing fund in compliance with the requirements of the laws of China. Details of these benefit schemes are set out in the Annual Report 2011.

The Company's share option scheme (the "Option Scheme") was adopted on 21 November 2006 for a term of ten years for the purpose of rewarding eligible employees of the Group (including executive directors and non-executive directors of the Company) based on individual merits.

As at 1 January 2011, a total of 16,344,500 share options of the Company remained outstanding. During the year, 30,880,000 share options were granted pursuant to the terms of the Option Scheme, whilst a total of 855,400 share options were cancelled and a total of 412,600 share options lapsed. In addition, a total of 432,000 shares were issued and allotted by the Company upon the exercise of share options by a former director and a former employee of the Company. Accordingly, as at 31 December 2011, a total of 45,524,500 share options of the Company remained outstanding.

FINAL DIVIDENDS

The Board recommended the payment of final dividend of HK4.25 cents (2010: HK3.21 cents) per share for the year ended 31 December 2011. An interim dividend of HK4.07 cents per share was paid on Friday, 21 October 2011 (2010: HK2.30 cents). Subject to shareholders' approval at the annual general meeting to be held on Friday, 1 June 2012, the total dividend in cash for the year would be HK8.32 cents (2010: HK5.51 cents) per share, and the recommended final dividend will be payable on Friday, 29 June 2012, to shareholders of the Company whose names appear on the register of members of the Company on Monday, 18 June 2012 (the "Record Date").

According to the Notice Regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management dated 22 April 2009 issued by the State Administration of Taxation of the People's Republic of China, the Enterprise Income Tax Law of the People's Republic of China (the "Enterprise Income Tax Law") and the Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China, all implemented from 1 January 2008, since the Company is an offshore incorporated company and is, among others, controlled by a Chinese enterprise, the Company is likely to be regarded as a Chinese resident enterprise and, if so, it could be required to withhold a 10% enterprise income tax when it distributes the final dividend to its enterprise shareholders other than those enterprises which are duly incorporated in PRC or under the laws of foreign countries (or regions) but with PRC-based de facto management bodies (such enterprises are defined as resident enterprises in the Enterprise Income Tax Law). The withholding and payment obligation lies with the Company.

In respect of all shareholders whose names appear on the Company's register of members on the Record Date and who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as enterprise shareholders), the Company will distribute the final dividend after deducting the enterprise income tax of 10%. The Company will not withhold and pay income tax in respect of the final dividend payable to any natural person shareholders whose names appear on the Company's register of members on the Record Date.

If any enterprise shareholder listed on the Company's register of members considers itself to be a resident enterprise and does not wish the Company to withhold the 10% enterprise income tax, it shall lodge with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, documents from its governing tax authority confirming that the Company is not required to withhold and pay the enterprise income tax in respect of the dividend to which it is entitled no later than 4:00 p.m. on Thursday, 14 June 2012.

If anyone would like to change the identity of the shareholders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government authorities and adhere strictly to the information set out in the Company's register of members on the Record Date.

In the event that the Company is not regarded as a Chinese resident enterprise and hence no enterprise income tax should have been withheld, to the extent that such tax remains in the custody of the Company and so far as it is legally able to do so, the Company will procure such tax to be refunded to the relevant enterprise shareholders in respect of whom enterprise income tax had been withheld pursuant to the arrangements set out above. The Company would make a further announcement in such event.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Thursday, 31 May 2012 to Friday, 1 June 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 30 May 2012.

For determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 15 June 2012 to Monday, 18 June 2012, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Wednesday, 13 June 2012. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Thursday, 14 June 2012.

CODE ON CORPORATE GOVERANCE PRACTICES

In the view of the Board, the Company worked on the principles and complied with code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year, except that the chairman of the Board was unable to attend the annual general meeting of the Company held on 8 June 2011 due to other commitments. Details of our work in corporate governance will be set out in the corporate governance report in the Annual Report 2011.

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") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Following specific enquiries by the Company, all directors confirmed that they have complied with the required standards set out in the Model Code throughout the year.

The Company has also adopted a code for securities transactions by relevant employees (the "Employees Trading Code") based on the Model Code concerning dealings by relevant employees in the securities of the Company. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are required to comply with the Employees Trading Code in respect of their dealings in the securities of the Company. The terms of the Employees Trading Code are no less exacting than the required standards set out in the Model Code. No non-compliance reports were received from any such employees during the year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKExnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.chinafoodsltd.com). The Annual Report 2011 will be published on the above websites and dispatched to the shareholders of the Company in due course.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in shares of the Company on The Stock Exchange of Hong Kong Limited was suspended with effect from 1:00 p.m. on 30 March 2012 at the request of the Company pending the publication of this announcement. An application has been made to The Stock Exchange of Hong Kong Limited for the resumption of trading in the shares with effect from 9:00 a.m. on Monday, 2 April 2012.

By order of the Board
China Foods Limited
Luan Xiuju
Managing Director

Hong Kong, 30 March 2012

As at the date of this announcement, our executive directors are Mr. Chi Jingtao, Ms. Luan Xiuju, Mr. Ning Gaoning, Mr. Mak Chi Wing, William and Mr. Zhang Zhentao; our non-executive directors are Ms. Liu Ding, Mr. Ma Jianping and Ms. Wu Wenting; and our independent non-executive directors are Messrs. Stephen Edward Clark, Li Hung Kwan, Alfred and Yuen Tin Fan, Francis.